



# “Ujjivan Financial Services Limited Q3 FY17 Earnings Conference Call”

January 20, 2017



**ANALYST: MR. VIKASH MUNDHRA - AXIS CAPITAL**



*Ujjivan Financial Services Limited  
January 20, 2017*

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**Moderator:** Ladies and gentlemen, good day and welcome to Ujjivan Financial Services Limited Q3 FY2017 Earnings Conference Call, hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “\*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikash Mundhra from Axis Capital Limited. Thank you and over to you, Sir!

**Vikash Mundhra:** Thank you, Janice. Good morning everybody and welcome to the Q3 FY2017 earnings conference call of Ujjivan Financial Services Limited. We have with us Mr. Samit Ghosh, Managing Director and CEO, Ms. Sudha Suresh, CFO, Mr. Rajat Singh, Head of Strategy, and Mr. Hiren Shah, Head of Investor Relations to discuss the results. I now request Mr. Ghosh to take us through the key financial highlights for the quarter, post which we will have the Q&A session. Over to you, Sir!

**Samit Ghosh:** Thank you. Good morning. Welcome to our fifth investors call. The circumstances of course are quite different today and as you know post demonetization on November 8, 2016 the entire microfinance industry was strongly affected due to the demonetization; however, we have during this period shown very a strong momentum in terms of our collection and our disbursement and has had a reasonably satisfactory financial performance for this quarter.

As you know, in terms of collections, the RBI guidelines were such that different institutions like banks or BCs were allowed to collect the demonetized notes for repayments, etc., whereas NBFCs were not allowed to collect these demonetized notes, so one has to bear in mind that as NBFCs we were operating in a different kind of rule environment compared to banks.

This was a disadvantage to us to a certain extent for our collections and despite that we have collected on a month-on-month basis 90% and the affected customers who have continued to repay to us with a lag of one or two monthly installments so consequently our repayment for November stands today exceeds 95% and our December repayment exceeds 91% and we expect this trend to continue.

This not being able to collect the demonetized notes on one hand was a disadvantage, but on the other hand it also gave us an advantage because whatever we collected was legal tender and we took a conscious decision that we would recirculate the collected

notes despite all the restrictions RBI had put on us in terms of how much we could withdraw from the banks, so we held the cash ourselves and disbursed loans to our valued customers, customers who had a good track record and consequently we were able to disburse over 965 Crores in the period of these two months, so which has helped us not only to ensure that our relationship with the customer base continues, but also it helped us in our financial performance for this quarter.

The second thing, which I wanted to highlight, is RBI has given us a leeway for the 90 days to treat these assets in this period in a special way in terms of provisioning. However we decided that we would as abundant caution, take a certain percentage of this in terms of our provisioning for this quarter. I think the details and discussions on that matter, Sudha will take you through that, but this is a matter of abundant caution for us. It is not a reflection of this is what we predict but we have always been very conservative and this is what we feel that this is a proven provision we should make and it is not that we should not make any provision for this portfolio.

The rest of the portfolio continues to be provided as per our provisioning policy, which is there right from the beginning. Now as you may be aware that we are in the final stages of conversion to a bank and in the first week of February we are planning to convert to a small finance bank. It is also our clear objective of the board that we enter this bank with a clean slate and we do not carry any kind of legacy from the previous periods.

So we have actually received most of the approvals from the regulators. We have also reduced our foreign ownership below 49%, so we are all set to launch our small finance bank in first week of February and in terms of hiring, in terms of technology, in terms of setting up our distribution infrastructure, which includes branches, ATMs, phone banking, etc., all are in the final stages and we should be able to launch in the first week of February. So we are looking forward to this transformation and meanwhile I think we have managed our entire microfinance business very well both in terms of collection and in terms of disbursement and which will give us a good momentum to go ahead with the bank. With this I would like to hand over to Sudha to brief you on our financials and take you through the rest of the presentation.

**Sudha Suresh:**

Good morning and continuing on the key highlights, which Sir has indicated Ujjivan has managed its business as well as the challenges due to demonetization quite well and we have posted our results for December 2016 on certain capex, which we are going to explain.

Coming to the gross loan portfolio we have 6588 Crores on books in terms of a gross portfolio and that has registered a growth of 43.55% over the same period last year and a 1.57% over the Q2 financial year 2017.

We continue with that focus on increasing the individual loan portfolio for both secured and unsecured products mainly the MSE and Housing space and that stands at about 14.26% by end of December 2016. Though we have had no new customer acquisitions during the months of November and December, we had an addition of about 1.02 lakhs new customer during the quarter which has initially aided in the period of October and November first week.

At the same time, we have continued in terms of our business through disbursements even during the demonetization period, which Sir had indicated, that stood at about 965 Crores for the months of November and December. We have continued also with our securitization transactions in December as per our plan and our securitized portfolio stands at about 542 Crores.

The net profit on a year-on-year comparison, we have reported a decline of 9.54% for the third quarter and our net profit stands at about 43.94 Crores. Our profits are mainly affected during this quarter due to the SFB related cost, which have gathered momentum and which have impacted duly in that financials as also the credit provisioning arising during this demonetization period due to lower collection efficiency.

As we have indicated though the RBI has allowed and given us a guidance to treat these overdues in terms of asset classification as standard assets for 90 days, Ujjivan has taken a conservative stand and based on the review of the entire portfolio has deemed it both as best practice and norm to set up a kind of provision for the same.

During this period, our net interest income has grown by 43.92% to 199.01 Crores. The cost to income ratio; however, remains low at about 49.33% during this quarter end. On the borrowing side, we would like to indicate that there has been significant improvement both in terms of improvisation of the sorting mix also considering on the demonetization front we have done pretty well because banks continue to lend to us and we were also successfully able to bring down the cost of funding. So the marginal cost of funding was quite reduced during this quarter and our average cost of debt reduced to about 11% and the marginal cost of debt stood at about 9.9%.

In terms of our NIM we have achieved a NIM of about 13.22%, our return on average assets stands at about 2.53% and our return on average equity stood at about 10.28% for the third quarter. With this I would like to hand over the session back to the moderator and we are ready to take on calls and questions from your side. Thank you.

**Moderator:** Thank you. We take the first question from the line of Amit Premchandani from UTI Mutual Funds. Please go ahead.

**Amit Premchandani:** Good morning Madam and good morning Sir. Thanks a lot for the opportunity. Can you help us understand what is the quarterly repayment that you generally receive every quarter? Can you help me understand what was the quarterly repayment, which was expected to be received this quarter and how much you have received in absolute terms?

**Sudha Suresh:** I think overall we would like to indicate that in terms of the percentage received the repayment rates stood in October at about 99% and in terms of November and December we have indicated that as in November we had collection efficiency of about 90% and for December again the collection efficiency stood closer to about 89%.

What we need to see is that how this collection efficiency and therefore the repayment rate has improved over the period up to almost the January second or third week. In that context, we can further go ahead and explain that November dues, which were collected up to 90% in the month of November itself, further improved on to about 95.4% based on our collection report a couple of days back, so we have improvised and we have reached on the November overdues up to 95.4%.

In terms of December also, the collections, which stood at about 89% in December we have seen collections coming through in the month of January and that stands closer to about 91.5% as of date. So with this what we are seeing is that the collection trend and efficiency continues to improve over the month in January and as these collections are for the initial installment, we are seeing the collections coming albeit with the time lag, so therefore our customers currently are paying those who have not paid they are paying the December installment and closing that installment dues or in case they have not paid in November then they are paying November and December.

So we are seeing the collection efficiency of these two months improved and if we translate this a little further what we seen is that the trend is more towards repayment, there is an assurance of repayment and that is coming with the time lag.

**Amit Premchandani:** Madam, I was trying to understand based on the repayment trends of MFI loans over the last few quarters based on my numbers it appears that around 140 to 150 Crores of repayment, which was due has not come in this quarter. Is it a right estimate?

**Sudha Suresh:** Your estimates are on the higher side. I think the numbers are much lower than that.

**Amit Premchandani:** And the amount of provision of 56 Crores or 55 Crores that you have made is on what basis. So how much of repayment were overdue? What percentage of loans was overdue based on which you have made these provisions if you can share the numbers?

**Sudha Suresh:** I think internally these calculations and other things are a complex measure because we have taken into account what could be the affected portfolios and based on the affected portfolios we have taken a call bifurcating even including on GL or IL. So internally though we may not be able to completely come out with the calculation, we would like to indicate for your ample comfort that the provisioning has been taken on a much higher ground and the GNPA or for that matter the dues and which has shown an encouraging trend by January stands at fairly lower numbers and definitely far lower than what you have indicated.

**Amit Premchandani:** Madam, in terms of your 30-day past overdue that number is 3.7% and 3.8% right that you have mentioned in the PPT?

**Sudha Suresh:** Yes.

**Amit Premchandani:** So at a base of say 6500 Crores that numbers would be around 240 to 250 Crores?

**Sudha Suresh:** Yes.

**Amit Premchandani:** So 30-day past due is 240 to 250 Crores what I am saying is that based on my number overall repayment overdue will be 140 to 150 Crores, so why are my numbers higher than what is the overall 30 day past due number already, which you have reported?

**Rajat Singh:** See the provisioning, which has been made is made on the portfolio at risk and a percentage of that has been taken as a provision, so your number of 140 Crores of arrears could be slightly on the higher side for the quarter and we have made provisioning not on the arrear, but on the portfolio at risk.

**Amit Premchandani:** Some percentage of portfolio at risk?

- Rajat Singh:** Yes, to that extent as Sir and madam has said in the beginning itself, that it is a bit forward looking number. We have been a bit more cautious and provided it based on portfolio at risk, not at the base of arrears.
- Amit Premchandani:** Thank you and on the AUM growth front this quarter quite naturally we have seen deceleration in the growth. Can we expect next quarter to move towards the trendline of growth that you have been reporting over the last three to four quarters?
- Rajat Singh:** The growth or portfolio was planned to be muted for the last quarter of this financial year on the account of SFB launch and in addition to that now that due to this demonetization also, we have taken a positive call, so probably even in this quarter also we will see not a very high growth in our portfolio.
- Samit Ghosh:** So, consciously post demonetization, we have stopped new customer acquisition totally and we were only giving loans to our repeat customers who have a good track record. So consequently our disbursement levels came down. Now slowly we are opening up in terms of new customer acquisition in areas where the recovery rates are excellent and back to normal almost, but that we also want to do very cautiously. So I do not think you can expect that our disbursements in the next quarter will reach the levels of predemonetization, but it will probably be slightly higher than what has happened in the last two months.
- Amit Premchandani:** Shall we expect quarter-on-quarter AUM to increase or we can expect a decline given the high repayment rates in this portfolio?
- Sudha Suresh:** So I think this quarter we would like to indicate that there could be a slight moment, but post April we will see the situations have moved towards normalcy. Probably then we could definitely look at a quarter-on-quarter increase in the portfolio.
- Amit Premchandani:** This quarter we may see a decline quarter-on-quarter?
- Sudha Suresh:** It may not be a decline exactly there could be just a slight movement of status quo or a slight improvement.
- Samit Ghosh:** In the field what we find is that the currency shortage in most places have more or less eased up. There are still pockets where there is currency shortage, which the customers are complaining in terms of their inability to repay on time, etc.; however, there is an economic impact of this demonetization in terms of livelihood, how livelihood has been affected especially for the unorganized sector both in terms of loss of jobs or reduction,



if they are running small micro SMEs and MSMEs. You all have already seen the All India Manufacturing Association has published all their results in terms of how far there has been a decline in business, etc., and this segment is similarly affected both in terms of manufacturing, services, etc., have been similarly or if not more, so this impact we have to watch carefully as we resume our business. I think it will be premature to put our full back on the accelerator without clearly understanding what is the economic impact of this. Currency impact is easing up, there is no doubt about it, but the economic impact especially on the unorganized sector we have to move a bit cautiously. The time I do not think has come in terms of again trying to accelerate at this stage.

**Amit Premchandani:** Thank you Sir. That is it from my side.

**Moderator:** We take the next question from the line of Ashish Sharma from Enam Asset Management. Please go ahead.

**Ashish Sharma:** Thanks for the opportunity. Sir just on the growth aspect, I think in the previous call you mentioned about few of the states having collection efficiency, which was quite low so I think predominantly, you mentioned, about UP being quite low. In your assessment have those states where the collection efficiency rates have dropped to a drastic level have improved and are we sort of going slow where the collection efficiency had dropped to a drastic level, just some colour on that?

**Samit Ghosh:** In these states, which had initially a very strong impact what we are seeing is slowly customers are coming back, I mean, not all the customers, but slowly customers are coming back because initially I think there was a lot of expectation of loan waiver or loan deferral by three months, six months, etc., I think the Government and the Reserve Bank has been very clear and very supportive to the microfinance industry that this is not going to happen; however, individually if customers are affected we have a system and they have been encouraging us also to restructure the loan if required so that it eases up the burden, but what we are seeing in these states that slowly people are coming back. They might have missed three installments, but now they are coming back and paying one installment and what they are telling us is that they will not be in a position to repay the entire overdue of three installments at one shot, but they will continue to pay us one installment and we may have to extend the loan by two more installments at the end of the loan period so that is a very, very positive sign, which we are seeing in all these areas.

**Ashish Sharma:** But we are not trying to sort of slowdown in those states or are we sort of picking and choosing growths in states or it is business as usual?

**Samit Ghosh:** No you see what we are following is that first of all we are only giving repeat loans to our good customers who have a good track record. So they must have a track record of being completely current and paying on time. So in these states naturally since these types of customers will be less, so we are not going overboard in terms of giving loans in these states, but those who have excellent track records, which may be a smaller proportion than the other states, which have excellent track record, we are going ahead and giving them loans.

**Ashish Sharma:** Sir in your presentation you mentioned about the efficiency parameters and there is a slide on cashless disbursement. For Q2 it was 59.6% and in Q3 because of demonetization it had gone down to 31%. You expect it to resume to the normal levels in Q4 or will it be a lagged impact?

**Samit Ghosh:** The whole thing depends on access to cash by the customers in banks so during the first couple of months of demonetization they had very little access, so if we disburse the loan and went into that bank account they were not able to access it. As the access increases now that RBI is easing up from that we expect the cashless portion to go back to the original level, but it will take time. I think people have got a shock in terms of not able to access their own money and it will take time so customers still prefer that we disburse in cash.

**Ashish Sharma:** In the SFB architecture this number should be better than?

**Samit Ghosh:** Yes definitely. In SFB architecture everything will be disbursed into the bank accounts and hopefully by then they would have completely eased up in terms of access to cash.

**Ashish Sharma:** Perfect Sir. Thank you Sir and that is all. All the best for the next quarter.

**Moderator:** Thank you. We take the next question from the line of Dhaval Gada from Sundaram Mutual Fund. Please go ahead.

**Dhaval Gada:** Sir thanks. A couple of data points first. Sir what percentages of our borrowers have not paid for both November and December as of date?

**Rajat Singh:** Customers who have not paid in November and December that number is not very high. It is a small percentage of overall borrowers it could be over 1%.

- Dhaval Gada:** Even in terms of quantum the percentage of the MFI book would be 1%?
- Rajat Singh:** Yes.
- Dhaval Gada:** Secondly Sir have we made any changes to our appraisal process post this event in terms of like you must have seen a lot of borrowers have slipped their regular payments, so have you made any changes to our appraisal process for future loans not to the good borrowers, but to other set of borrowers?
- Samit Ghosh:** Actually we obviously look at the track record of repayment very carefully. Otherwise, I do not think we made any significant changes in terms of credit appraisal.
- Rajat Singh:** Only policy change, which has been made, is repayment. Loan has been given to group with 100% repayment paid, so that ensures good filter.
- Dhaval Gada:** The reason I ask this was could not this impact in some ways when we appraise the borrower for IL loans because if I understand correctly if the borrower slips for a couple of months I think then he is not eligible for the IL loan in the third segment, is that correct or am I missing something?
- Samit Ghosh:** Yes.
- Dhaval Gada:** Fine and lastly in terms of collections what would be the current number for UP, Maharashtra, and Karnataka like broad ballpark collection numbers for December?
- Sudha Suresh:** We have touched as on the December portfolio we have already achieved for UP more than 76%.
- Dhaval Gada:** And same number for Maharashtra and Karnataka would be?
- Sudha Suresh:** I think Maharashtra has already reached 96%.
- Dhaval Gada:** And Karnataka?
- Sudha Suresh:** Karnataka is also closer to 94%.
- Dhaval Gada:** Lastly Madam on opex growth how do you see that a bit trending for us from next quarter onwards since the bank will go live how do you see the opex shaping up for us?

- Rajat Singh:** If you see run rate of opex for last quarter was close to 120 Crores. In Q4 with all the SFB expenses coming into picture and now that we have a firm understanding of that date of our opening that number is expected to go up by almost 30 to 40 Crores.
- Dhaval Gada:** Thanks.
- Moderator:** Thank you. We take the next question from the line of Sandeep Jain from Birla Sun Life Insurance. Please go ahead.
- Sandeep Jain:** One thing overall the collection efficiency, which we have seen trend is improving, but is still not in the 99% the breakup of MFI loan and individual loan can we get?
- Sudha Suresh:** Yes the breakup as Sir was indicating it is closer to about 14.22.
- Rajat Singh:** See if you again see the number for November. So November collection latest is in range of 96% and for same unsecured individual loan that is close to 93%, so there is a lag of 3% to 4% between group loan and individual loan on an efficiency basis.
- Sandeep Jain:** On December also?
- Samit Ghosh:** Similar gap is there for December.
- Sandeep Jain:** What is the policy for the provision on individual loan? The individual loan provision policy I think it is very tough in term compared to your normal MFI loan right?
- Sudha Suresh:** Yes it is more conservative.
- Sandeep Jain:** What would be that if I can understand that how much if the past due is 30 days and how much will you provide past due 60 days how much will you provide kind of?
- Sudha Suresh:** I think in the normal core payment we have a provisioning policy for IL, which is very aggressive and also on the overall basis we have a 2% on IL provisioning, which has been maintained as a part of our normal policy.
- Sandeep Jain:** So it is nothing like to do with if IL is 30-day past due then you have to provide 20% kind of thing nothing is like that?
- Sudha Suresh:** No, we have a breakup, as per our normal provisioning policy we do have a breakup between GL and IL where the IL is definitely higher based on bucket.

- Sandeep Jain:** Based on buckets, can you share that?
- Sudha Suresh:** I think the provisioning policy is a part of our annual report note.
- Sandeep Jain:** I will see that and looking at the cash utilization in terms of your collection if I look at that the cash availability is increasing in the remote areas and also when we expect that the 99%, 98% kind of collection efficiency can be reached, in two months, three months kind of thing, if anything we have?
- Sudha Suresh:** The position there is as we were explaining what we are seeing is an intention to repay from our customers who have faced multiple challenges and they are coming forward to pay the November dues or their December dues right now and as we explained earlier also, this will take some time because in case we are able to pay one installment and they are not able to pay the current installment say for example, they have paid their December dues in the month of January they would require some time to pay for the January dues, they may ask by January end or it could even slip to February so what we are saying is that there could be a time lag where the repayment could move over and it may take four to six months by the time the cash flows could get adjusted and become current, but overall at least we are looking at a trend, which says that the loan repayment can get extended in the last installment by one more month or in max cases by a couple of months, so this is what we are seeing and that is by and large true except that in four to six months finally we may get a position if there are really over dues, which are not get paid and that could be kind of write-off or whatever is required that kind of a trend will finally emerge for that only after a few months and we would also like to reiterate that we have given a provisioning in terms of an ample cushion and comfort so that even in our bank regime in case after three to four or six months we are looking at some kind of a final numbers, which is noncollectable and we may have to write up or something we are more than amply provided for the same.
- Sandeep Jain:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Rajdeep Anand from Canara HSBC Life. Please go ahead.
- Rajdeep Anand:** Good morning. I think it is a good set of numbers given the circumstances. Now I have two questions. First being when do you expect to return to your usual collection efficiency of 99%, 100% level and what is the basis of calculation of provision for this quarter, so I think you have said that you have been conservative, but just trying to understand the Math behind this and the second question is on role out of your SFB, I

think you will open only four branches in this year in Bengaluru and may be I think you are having all the products ready, but some greater commentary around this would be appreciated?

**Sudha Suresh:**

Let me take on your first question. We do understand the investors concern when you say that when do you expect the collection efficiency to come back to your normal 99 flat percentage. In fact what we are seeing though slowly recovering from the demonetization effect, quite a few of our states have been probably reached that kind, some states are portfolio across certain states have already reached that kind of a percentage; however, some of them would be typically in a bracket say 97% or 98%, some of them again could be between 95% and 96%, so what we are seeing is it is a matter of time we may not be able to pinpoint at exactly in two months or exactly in three months, we foresee that we may come back to 99%, but what we are seeing is definitely that the trend in moving towards normalcy and if a large number of states are already in the positioning 97%, 98% or something and of course there are some states where portfolio is affected where it is picking up slowly. That would take little more time. Most of the states probably could take a smaller amount of time to touch base and reach the normalcy. We will not be in a position at this juncture to say that in exactly so many months' time, we could reach that 99%, but trend is so encouraging, because you are already seeing some states are already in that 98%, 99% zone. Your second question is how you perceive this on the SFB brand and Rajat will take this on.

**Rajat Singh:**

We plan to launch our bank in first week of February. We will start this launch with five branches in Bengaluru, Bengaluru being home centre and corporate office. We will run these branches for almost a month, it will be a kind of soft launch, we will test all the technical aspects, connectivity, ATM channels, etc., effectiveness of different aspects of SFB business, we plan to test it during one month and then in March, we will launch some more branches and once we are through with February and March, we will start rolling out our branches all across India. So that is the broader plan and the whole launch earlier when we spoke our plan was initially through launch everything within three months of our operation, now we have taken a call of spreading it across, because we have got a comfort from RBI that we can spread our branches to a larger timeframe, so we are kind of spreading our branch rollout over a period of time and that is getting spread across two financial years and to that extent our cost as well as the risks etc everything is getting minimize.

**Rajdeep Anand:**

Thanks for your answer. Just one more part of my question was like how have you arrived at this 54.75 Crores provisioning like what have your thought behind this?

**Sudha Suresh:** To indicate this what we have taken is we have reviewed the affected portfolio across pan India and we have taken what is the kind of collection efficiency across this affected portfolio and based on that we have put a percentage in terms of our business both GL and IL and arrived at the provisioning and as much as RBI standard provisioning is absolutely no and all the assets could have been transferred to standards, we have taken to the contrary conservative stand, which should stand as in good stead.

**Rajdeep Anand:** Okay, thank you for taking my question. Thank you and best of luck.

**Moderator:** Thank you. We will take the next question from the line of Prakhar Agarwal from Edelweiss Securities. Please go ahead.

**Kunal Shah:** This is Kunal over here. Firstly, in terms of collection efficiency, just wanted to know which are the three worst performing states in terms of collection efficiency and what would be the percentage out there where in we also have more than 3% exposure?

**Sudha Suresh:** I think in terms of the collection efficiency, we have the most affected state is UP and there we have Jharkhand and then probably we have Karnataka.

**Kunal Shah:** So UP, you highlighted at 76%, how about Karnataka?

**Sudha Suresh:** Karnataka post our provisions have been entirely good because we are looking at 94% there and there, because it is rapidly changing, it had only some issue during December, but that is fast coming back, so 94% there and we have said Uttarakhand, so Uttarakhand is standing somewhere at around 83%.

**Rajat Singh:** Very small portfolio.

**Sudha Suresh:** It is a very, very small portfolio.

**Kunal Shah:** Any which ways is lower, so to that extent I think UP is one wherein we have slightly higher exposure plus may be 76% odd collection efficiencies, so that seems to be the most impacted one.

**Sudha Suresh:** Right.

**Kunal Shah:** Okay and secondly in terms of the behavior of the customers post demonetization, are we seeing or may be is that any change in terms of our procedure initially may be in

terms of the cash collection, cash disbursement, some of the MFIs we are seeing that okay they are encouraging the customers to open the bank accounts and all, obviously we are transitioning to SFBs or that process would clearly be on, but now when we look at in terms of may be the transactions taking place, how would be the break up between the cash and the non-cash?

**Sudha Suresh:**

As you are aware, we had almost 60% cashless and 40% in cash kind of disbursement pattern. During the demonetization period, because the customers were hard put to withdraw the cash, we facilitated the customers by increasing our cash disbursements mainly to facilitate these customers being able to get their loans in cash, because otherwise withdrawal limit in ATMs, we would not have been in a position to withdraw this. Having done that, what we are looking at is as the position eases and the government is allowing higher withdrawals through ATM, we would see that again, we will be moving back more towards cashless and further as we launch our systems in the coming month, we are already looking at all the customers having savings bank account with us and all are disbursements moving through savings bank account. So I would say that it is just a matter of time and over the next few months, you will see that our cashless disbursement would definitely go up.

**Rajat Singh:**

The other thing is I do not think we have the percentage, but we got also a significant amount of repayment through cheques during this period compared to the pre-demonetization. Lot of customers have started repaying in cheques, some customers also have wanted to pay through the POS using their debit cards, so we had installed debit cards also in a number of branches, but unfortunately there is such a huge demand for POS post demonetization that we have not been able to get supply of installing these POS terminals in all our branches, that customers have generally moving towards cashless in terms of both using cheques and debit cards.

**Kunal Shah:**

Okay and thirdly in terms of the overall disbursement break up month wise if you can just provide just to get this higher in terms of how the disbursements were in October, November and December, I think post demonetization you have highlighted almost like 960 odd Crores, so prior to that should we assume like almost 600 odd Crores came in purely in the month of October?

**Sudha Suresh:**

Normal average disbursement could be around 600, actually in October we did 650 Crores plus and as we indicated in November and December put together we have done 553 Crores and 415 Crores, so which is put together 965 Crores during the month of November and December.



**Kunal Shah:** So 553 Crores would have been November and December would have been further down?

**Sudha Suresh:** 553 Crores for November and 415 Crores for December.

**Kunal Shah:** Okay, thanks a lot.

**Moderator:** Thank you. We will take the next question from the line of Saurab Das from Franklin Templeton. Please go ahead.

**Saurab Das:** Hello everybody and thanks for the opportunity. My first question pertains to you know we did discuss that the industry has gone through a lot of stress and has been coming out of it, but if you can highlight the differences between let us say some of the top two or three players versus rest of the industry players because I think they are close to 60, 65 people operating in the space and finally your thoughts that will it lead to some sort of consolidation in the industry access to capital both from debt and equity becoming more difficult for some of the players. Do you see that behavior also manifesting on the ground, so any thoughts around that first?

**Rajat Singh:** One of the key things is that players who have been able to continue to disburse loans, obviously probably we had better collection efficiency than those who have not been able to disburse loans and it depends also if your portfolio how diverse it is, if you have restricted to a particular area then you may be affected by yet those what is going on in that particular area if you are restricted only to Maharashtra or you are restricted only to UP etc. obviously you have different set of problems. It is difficult to say, who is affected how. In general, I think very well capitalized MFIs who are able to continue to carry on their normal operations in terms of both collection and disbursement, we will generally do better and it also depends on the collection practices which have been in place. I think people who have very aggressive collection practices has faced a lot of problems compared to others, one thing to the credit of Ujjivan is that we have not had similar complaint from any customer in terms of our collection practices not only during this period as long as I can remember, so we have had very good relationship with our customer.

**Saurab Das:** Second question is around selection of districts and areas where we want to do business, so we follow very exhaustive process in selecting a district within a state to operate based on various parameters, so if you can just highlight that some of the affected districts in these states is it the first time where you have seen political interference or where you are filters slightly lowered due to which you have seen your

exposures in these districts. If you can highlight some of that and any key learning's, which you have to take it forward from here or it just would difficult to predict, any thoughts on that?

**Rajat Singh:** In Maharashtra, we have very limited exposure in the Marathwada area, MP also we are not there and a lot of the rural districts where people have been facing lot of problems, so we have been able to actually stay away from a lot of the areas which are today troublesome, our only exposure really where I think is the Western UP, so it is lesson for us from that perspective.

**Saurab Das:** Finally on funding cost given that banks of cut rates so sharp, so does your spread outlook for next year improve from where you where initially add or do you think it is a time to pass through those benefits?

**Sudha Suresh:** I think that development is quite positive, because we saw the impact of lower funding cost right in the December quarter where we availed more than about back in December I think it will avail more than 700 Crores and we are also seeing the trend continue in January now, so at least on the funding cost, the trend has been encouraging and we are also able to get across a very good rate whether it is bank, funding or even through other sourcing and we expect that this will also help us during the SFB wedging where our oral cost of funding would get down.

**Saurab Das:** Has the bond market being supportive during this period what was the last issuance, which we did in bond markets?

**Sudha Suresh:** I think we did not do much of bond issue, the last we did was at about 9.65% and I think there could be not much changes on the bond market perspective may be 10, 20 BPS for the kind of movement, but I think definitely in bank funding, bank borrowings, definitely we have achieved much lower cost fund.

**Saurab Das:** Thank you so much and all the very best.

**Moderator:** Thank you. We will take the next question from the line of Bhavik Dave from Reliance Mutual Fund. Please go ahead.

**Bhavik Dave:** Just a question on throughout our industry, which we see on the rejection rates that we published, the rejection rates on behalf of loan exposure greater than 60000 has increased substantially in this quarter, which used to be 10% and 7% in the previous

quarter, now it is about 23%, so are we seeing any specific trend in the industry where overleveraging to the customer is happening by various players?

**Rajat Singh:** Rejection rate is actually overall basis more or less in the same range, we have seen slight increase mainly because some of the customers who have exposure to MFI or they have some default with other micro finance institution are getting rejected.

**Samit Ghosh:** 60000 have increased prior to the demonetization lot of less who are very interested.

**Bhavik Dave:** Are we seeing any surprises their on the areas of other players towards these customers where they are over leveraging these customers and now have come under the scanner because of this demonetization?

**Samit Ghosh:** Prior to the demonetization, I think the number of players has increased their loan sizes dramatically and they were quite aggressive, so I think probably this is the reflection of that or rightly now I think everyone has come down.

**Bhavik Dave:** We do not see as a big issue right, because this number has shorter quite significantly, are we seeing either customer behavior changing because of this, because they are not getting substantial money to repay the lenders?

**Sudha Suresh:** So far the trend that we have seen as what we indicated and specifically to Ujjivan we are seeing the repayments coming back, overall it will be very difficult to tell.

**Bhavik Dave:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.

**Rahul Ranade:** Thanks for the opportunity. I just wanted to know apart from the securitization, do we also have any other income by way of issuance of PSL certificates?

**Sudha Suresh:** So, we will be proposing to take that into account once we start off the bank and we shall be utilizing that most to augment our income, but that will come essentially the next financial year.

**Rahul Ranade:** Okay, so right now it is not material?

**Sudha Suresh:** So right now, it is a not matter factor.

- Rahul Ranade:** Okay, alright, thank you.
- Moderator:** Thank you. We will take the next question from the line of Mansi Sajeja from SBI Mutual fund. Please go ahead.
- Mansi Sajeja:** Actually my question is partly answered but on the overall rejection rate can you please repeat what is the number for MFI and individual loans separately?
- Rajat Singh:** Numbers are more or less similar for MFI, it will be closer to 14.5% and for individual loan it could be closer to 13%.
- Mansi Sajeja:** Closer to?
- Rajat Singh:** 13%.
- Mansi Sajeja:** Okay and follow-up on this is Sir, on the individual loan basis you said your collections are lagging by 3% to 4% generally and there are larger ticket sizes involved here, but on the strategy perspective any change in underwriting of these individual unsecured loans?
- Samit Ghosh:** So far we have not made any changes, because when we do this underwriting of these individual loans we take detailed cash flow analysis of these customers anywhere, anything which needs to be captured in individual get captured in current circumstances as well.
- Mansi Sajeja:** Another clarification again, on this rejection rate is after bureau rejection rate or it is including bureau rejection rate?
- Samit Ghosh:** It includes bureau rejection rate, predominantly it is bureau rejection only.
- Mansi Sajeja:** On your end, it is the less of rejection after normal bureau number that you have published?
- Samit Ghosh:** Post bureau rejection rates are minimal.
- Mansi Sajeja:** Small question again in terms of ALM I am sure it would look a very good match, but how does it actually look in the very near term buckets in terms of up to six months and beyond?
- Sudha Suresh:** No, I do not think there is much impact even in the shorter bucket.

- Mansi Sajeja:** With all the collection coming as I expected, there is no kind of issue there?
- Sudha Suresh:** Yes.
- Mansi Sajeja:** Okay, thanks a lot.
- Moderator:** Thank you. We will take the next question from the line of MB. Mahesh from Kotak Securities. Please go ahead.
- MB. Mahesh:** Good afternoon Sir. Just a couple of questions, Madam, just wanted to understand in your term loan that you have with banks how much of unutilized limits which is currently available with you?
- Sudha Suresh:** I think we had sanctions of more than about 600 Crores standing in December which we had not avail and then we had further sanctions coming in January also, so if drawn part of our sanction loans in December which is almost about 700 to 800 Crores kind of withdrawal in the month of December and we have further drawn now almost about 500 Crores from the bank and we also have certain in process withdrawals which is coming from our refinancing institutions which is typically NABARD and Mudhra, the last of the sanctions will get drawn in a short period of time.
- MB. Mahesh:** When you say withdrawn, because there was no need for you to draw it where the portfolio remains unchanged?
- Sudha Suresh:** Yes, so what we did was, we were planning in terms of keeping the SLR requirement ready and the board in abundant cautioned said that we should see that trend actually, when we say draw, it remains invested in mutual funds for a temporary period till such time they wish to invest in SLR Securities.
- MB Mahesh:** Okay, sure if I look at your borrowing mix future reported in Q2 and Q3 that the term loan fees has remained more or less it was 3560 has gone to just 3680, so the change is not much. If you have drawn in the month of December of about 600 Crores, how should I read into it?
- Sudha Suresh:** So, you will have to read it net of repayment also, so there is a repayment of the regular bank loans and the risk for the further loans also.
- MB Mahesh:** Okay, same question at a sectoral level you or Samit can answer this question, when you speak to banks what are they actually saying today in terms of increase in limits,

stable limits or cutting down limits, is there any broad trends that you are hearing when you are actually speaking to the bankers?

**Sudha Suresh:** What we hear from the bankers is and also from some of our PR institutions that where the organization are not well capitalized and where the trend of business and collections both have shown a significant impact. The banks are relooking at the kind of lending that we can do, but as far as Ujjivan is concerned, having seen our entire collection as well as business efficiency and track record, the banks have been more than open to go ahead and I think the proof of the pudding lies in the fact that we were able to draw from the bank as per our planned sanction line and get the sanction and also draw them in December and we also have fairly robust line up of whatever we wish to draw during January. So the underlying the fees is that for companies who have operated well in terms of both their business and profitability and including in these challenging times, managing the business well, banks are not looking at any kind of issue in terms of going ahead and keeping their commitment.

**MB Mahesh:** I am just going to extend this question a bit more, because the worry right now which one has is that another two, three months, as some of these lending is curtailed to some of the smaller players, will it kind of lead to an issue on the ground that the smaller players will probably find it difficult to refinance loans and that triggers some level of pain at the portfolio level for the entire sector which could potentially have secondary impact on the portfolio for larger players, is that a risk that you foresee or do you think that you have enough headroom that you can possibly replace some of these smaller players?

**Sudha Suresh:** The way you know one has to see how the industry pans out in this way. Lot of these MFIs are being BCs to banks and there is a kind of tie up there where automatically some amount of risks and risk mitigation, transfers and to some extent banker also cautious in terms of the future lending that they wished to do with smaller MFIs there could be also some possibilities that you see acquisition of some of the smaller MFIs by banks or other institutions. We will have to watch at large what is next probably six month period brings about in terms of changes also a lot of the MFI players are getting converted during this period into SFB, so you will see some amount of significant changes where the larger MFIs have moved onto the zone of the coming finance bank and then practically how things pan out in terms of mid sized MFIs or moderate MFI?

**MB. Mahesh:** My second question is when the customer is defaulted, pass due, do you actually report it to the Credit Information Bureau?

- Sudha Suresh:** Yes, it does get reported because our data on a weekly basis gets reported to the credit bureau.
- MB. Mahesh:** By regulation you have been given the exemption of not reporting yet right?
- Samit Ghosh:** No, I do not think so, we have to report any pass dues.
- MB. Mahesh:** But the customer was given these benefits of not making the payment?
- Samit Ghosh:** There is a provisioning norm. In terms of classification it can be treated as standard, but overdue is overdue and it has to be reported.
- MB. Mahesh:** No, the reason I am asking this question is the customer was given the option of not making the payment, would you read it that way or do you say that it was a classification benefit given to the company?
- Samit Ghosh:** RBI has made it absolute clear that it is not an option given to the customer. It is only a provisioning norm and classification of the asset.
- MB. Mahesh:** If the asset has not defaulted then how do you do reported as NPA to the Credit Information Bureau?
- Sudha Suresh:** The bureau requires data on the customers loans and repayment status, so automatically the overdue would be shown in the bureau report, because this is an automatic system upload of our entire customer's loan data and repayment data which goes into the bureau.
- MB. Mahesh:** The reason I am asking is hence forward in the next couple of months, you will see your rejection rates probably be higher because of the events around this particular two months, so is that a fair way to look at some of these borrows?
- Sudha Suresh:** Yes, but we are also seeing parallelly where they are affected and there are cases which have to be restructured for genuine cases or it is only a time lag of implement. All these are a point of consideration when we are looking at the customer's history and database with respect to any kind of future loans.
- Samit Ghosh:** In MFIN there was decision taken that if existing customer has offered MFI as default with another MFI then that MFI can take a call if necessary give a repeat loan.
- MB. Mahesh:** Which MFI, the one which has to be to whom is defaulted to or one?

- Samit Ghosh:** Let us says there is one customer who has repaid us and on the record we see that there is one or two months default during this period, the demonetization period with another MFI, we can take a call based on that whether we want to extend another repeat loan to that customer.
- MB. Mahesh:** That is perfect and just one last clarification is that do we still follow two MFI 60000 or is it now three MFI in 60000?
- Samit Ghosh:** Two MFI 60000.
- MB. Mahesh:** There are some chatter around the lines at it has now been extended to three?
- Samit Ghosh:** Two MFI 60000.
- Rajat Singh:** That is RBI guideline.
- Samit Ghosh:** RBI guideline has not changed.
- MB. Mahesh:** Okay, thanks a lot.
- Moderator:** Thank you. We will take the next question from the line of Animesh Shah from L&T Mutual Fund. Please go ahead.
- Animesh Shah:** Thank you Sir for the opportunity. As you mentioned that overall collections in UP is around 73%, so there will be diverse across some districts, so some districts would be affected more compared to others, so how you are approaching collections in those affected districts, are your collection agents going or what exactly is happening in those districts?
- Samit Ghosh:** We are mostly in Western UP and it is uniformly affected and our brands team, we do not have separate collections team and acquisition team, our brand team has accessed to most of these area customer, very few areas there might be restrictions in terms of entering because of political interference.
- Rajat Singh:** In fact we have stepped up our customer communication process, we have given them brochures and we have also communicated to them that if they have any stress or any problem, they can write to us or they can mail us or they can even call or call centre, so customer communication actually has been stepped up in last 45 to 60 days.



- Animesh Shah:** Basically your people visit customer may or may not pay at the point of time, but the interaction is happening on the ground?
- Samit Ghosh:** Yes in most places.
- Animesh Shah:** What is the general feedback, the thing, which you mentioned that it might be delayed by one or two months?
- Samit Ghosh:** Yes, what we are seeing slowly UP which had completely sort of frozen in the first month or so, slowly customers are coming and repaying one installment at a time, some customers not all that.
- Animesh Shah:** Okay, thank you.
- Moderator:** Thank you. We will take the next question from the line of Roshan Chutkey from ICICI Prudential Security. Please go ahead.
- Roshan Chutkey:** Thanks for taking my call. For the managed loan portfolio and securitized book, how much is the interest income rate, because you will get paid after the current owner of the book gets paid right?
- Sudha Suresh:** The processes that for waterfall mechanism, which the trustee has adhered to whatever collections we have received we have given to the trustee and the trustee has been able to pay that to the investors.
- Roshan Chutkey:** Did you have to take any interest income because of this?
- Sudha Suresh:** I think yes we did have small piece there.
- Roshan Chutkey:** How much is it approximately?
- Sudha Suresh:** I can just get you that number. Offhand I do not have that right now.
- Roshan Chutkey:** What is your opex cost guidance now, is there any change to it for FY2018?
- Rajat Singh:** We were talking about that number for Q4, right now our run rate is 120 Crores that is with an extra additional 35 to 40 Crores opex in Q4. For next financial year that numbers could be even on the higher side.
- Roshan Chutkey:** How higher does it look right now?

- Rajat Singh:** Compared to this year it could be 150 Crores plus.
- Roshan Chutkey:** Okay, alright and therefore any outlook on ROA also here for FY2018?
- Rajat Singh:** I would say it is little early for us to give that direction.
- Roshan Chutkey:** Sure and just one last question, is there difference between how private banks, MF and PSU banks are behaving in terms of offering loan limits to you?
- Sudha Suresh:** At least at Ujjivan we have not seen any difference in terms of the behavior of both private and the public sector banks and of course out of we have the financial institutions and also NBFC. We have seen fairly good comfortable interest from all these institutions in terms of lending to Ujjivan.
- Roshan Chutkey:** Thank you so much. All the best.
- Moderator:** Thank you. We will take the next question from the line of Aditya Jain from CLSA. Please go ahead. Aditya Jain your line has unmuted. Please proceed with your question.
- Prakhar Sharma:** Good morning guys. This is Prakhar. My question is from the structural perspective one to two years down the line, what big picture changes would you like to do to ensure that if the demonetization as an event is one time sort of an event, but structurally there could be more restrictions on how the cash moves in the market and how people behave around it. Thank you?
- Samit Ghosh:** I do not know. The Indian economy is so cash dependent, I do not think things will change significantly over a very short period of time; however, since we are becoming a small finance bank and all our customers have access to bank accounts etc., we are also moving very aggressively towards sort of non-cash initially through bank accounts, debit cards, mobile, but it is a question of educating these customers and it will take sometime, but immediately I think people will fall back on the cash.
- Prakhar Agarwal:** Sure. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Chhanda Barman from Franklin Templeton. Please go ahead.
- Chhanda Barman:** Just a follow up to the answer that you had given that MFIs which could continue disbursement perform least affected compared to MFI, which could not, so I just

wanted to understand how would have been your collection efficiency being impacted if you had not been able to continue disbursing to your existing customers?

**Samit Ghosh:** Very difficult to say, but...

**Chhanda Barman:** A range should be fine Sir.

**Samit Ghosh:** Pardon.

**Chhanda Barman:** A range should be fine.

**Samit Ghosh:** I think, if you look at the NBFC MFI we are at the highest range in terms of 90% plus, in terms of collection and you have at the bottom down to 60%, 70%, so that is the range actually, somewhere you would have been in the middle of that.

**Chhanda Barman:** Okay Sir. Thank you.

**Moderator:** Thank you. We will take the next question from the line of Piran Engineer from Motilal Oswal Securities. Please go ahead.

**Piran Engineer:** Thanks. I just need a clarification to one of your prior questions. I was just trying to reconcile some data, you said that your November collection efficiency as of January stands at 95%, 96%, but then you also said that only 1% of people have not paid in November and December, so just trying to reconcile should not that we closer to 4%, 5%?

**Sudha Suresh:** No, I think that earlier question was on a core LAP?

**Rajat Singh:** No, November, December.

**Sudha Suresh:** Core LAP, so that question was something different.

**Rajat Singh:** So a lot of people have actually made their two EMI payments in month of December at the same time, there were new set of customer who did not pay in December. The actual figure falls between 1% to 2%.

**Piran Engineer:** Okay, so your 90% December collection efficiency also includes overdues from November, is that a good way to think about it?

- Rajat Singh:** 90% of collection efficiency of December meaning whatever was due in December and 90% of that got paid in December, but that also comes from the additional new customers, who had not deposited in November, but they did it in December itself, only in December because of all the change in political climate.
- Piran Engineer:** Okay, understood. That is all. Thank you.
- Moderator:** Thank you. We take the next question from the line of Haresh Kapoor from IIFL. Please go ahead.
- Haresh Kapoor:** Just wanted some clarity on the provisional front you already mentioned, but if you could just give some color in terms of what is the normal provision and what is the excess provision you have taken because of the portfolio at risk if you just quantify it, it would be helpful?
- Sudha Suresh:** If you want to take standard asset provision, which comes at 1% of GL portfolio and 2% of IL portfolio, so that is the normal overall limits we would say in terms of standard provision, but on a simple basis you can look at the overall provisioning that we have now, which stands at about Rs.122 Crores and you can see that on a portfolio it would come to more than 2.5%.
- Haresh Kapoor:** Sir just some clarity in terms of branch conversion in terms of last concall you had mentioned that you would actually convert some of your existing branches to bank branches and that would help reduce your cost. There been some additional, could you just throw some color on what would the numbers in terms of branch expansion or even just converting the existing one look like in the next year?
- Samit Ghosh:** Our plan remains unchanged, only the timeline to convert those branches has been extended. We would like to convert all our branches into bank branch and we will not be opening any regular new branches; however, to meet RBI compliance of having 25% branches in rural area we might have to open additional branches, which will be very, very small branches, so as per current RBI guideline that number will be 150 and as we were also talking about RBI coming up with revised guideline on branch authorization policy if that gets approved, that number would be 63, so addition of un-banked rural branches would be on the higher side, it will be 150 and if regulation changes it could be 63, 64.
- Haresh Kapoor:** Okay, that is it from my end. Thank you.

**Moderator:** Thank you. We will take the next question from the line of Amish Kanani from JM Financial. Please go ahead.

**Amish Kanani:** Do we have a breakup of our customer who has access to bank accounts via Jan Dhan and normal bank account versus still maybe there are set of customers who may not have opened the account. The reason why I am asking this is twofold, one is we have seen the news report of some bank Jan Dhan accounts getting money from the other places and they may have been parked in some Jan Dhan account point number one and two as we convert into a bank, do we have the access to those customers who still not opened the bank account and we might kind of be able to tap that?

**Samit Ghosh:** Overall almost 60%, 65% of our customers do have bank accounts. We do not have breakup of how many of those accounts are actually Jan Dhan account or regular account, but we do know that 65% of them have these bank accounts, which they use mainly for getting government subsidies. Remaining customers might not have opened their bank account, but in their family member there must be some bank account. As we convert ourselves into a bank we plan to open Ujjivan Bank Account for everyone because this bank account will be slightly different from the regular bank accounts, which they have for this bank, access to these accounts will be much easier because we will be meeting them during the center meeting and at least in a month you can provide them those step services so we plan to open bank account for every customers whether they have currently bank accounts or they do not have.

**Amish Kanani:** Second question is, do we have, there are news report also that the affected customers mainly the SMEs might get some benefit from the government maybe in the budget or even after that. The question is do you think that might happen and does it then increase the bankability of our customers and also whether we have some split of our customers who are mainly small and tiny enterprise versus the customers who have used the loan for personal purpose because as what probably you said the tiny SME enterprises have been impacted more because of the dealing in cash?

**Samit Ghosh:** In fact our micro and small enterprise portfolio, which has very small remains completely unaffected, so our couple of months of experience suggest that in fact repayment in micro and small enterprise is almost 99% and also our secured housing portfolio is close to 99%. We are expecting some good news to come in the budget, but we would not be able to comment on that at this point of time and if that happens probably that will make the business a bit more viable, which will be good for us.

- Amish Kanani:** Thanks a lot and all the best.
- Moderator:** Thank you. We take the next question from the line of Ravi Singh from Ambit Capital. Please go ahead.
- Ravi Singh:** Thanks. Most of my questions have been answered. Just a query on the collection efficiency, which was 90.6% in November, 88.2% in December, what is it for the first three weeks of January right now?
- Rajat Singh:** As of yesterday our November collection efficiency, which was 90.6 on November 30, 2016 has gone up to 95.6%, it is almost 5% higher, December, which was at 88.2% has gone up to 91.4%, which is almost 3.2% tie up.
- Ravi Singh:** Any indication for the dues for first three weeks of January?
- Rajat Singh:** January numbers are again in line with what we have seen earlier, 80%, 85% as of now and which with the time lag this goes up to 90%, 92%.
- Ravi Singh:** One quick question on the statement, which Samit made that you like to start the bank on a clean slate. So looking at the portfolio at risk, which is around at 3.7% roughly Rs.200 Crores of loan book, does it indicate that by the launch of bank you would like to make provisions against most of this book somewhere closer to 80% to 100%?
- Sudha Suresh:** What we have made provision in the December quarter itself is a matter of abundant precaution and as a conservative stance and what we would like to indicate that our provisioning as it gets carried forward to the bank and in the bank parlance whatever normal provisions are made, I think it will definitely take care of any kind of exceptional circumstance, which may be evident more closer to four to six months from now, I think we will be amply provide it.
- Ravi Singh:** Okay, that is helpful. Thank you.
- Moderator:** Thank you. That was the last question. I now hand the floor over to the management for their closing comments. Over to you!
- Sudha Suresh:** We would like to thank all the participants who put the questions for your interest in Ujjivan. Thank you very much.



*Ujjivan Financial Services Limited  
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**Moderator:** Thank you. Ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.