CAPRI GLOBAL

April 18, 2022

The Secretary
BSE Limited
Pheeroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 531595

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No- 'C' Block, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051
Scrip Code: CGCL

Sub: Disclosure under Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Text Transcript of Virtual Analyst Interaction held on April 14, 2022.

Dear Sir / Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed text transcript of virtual analyst interaction held on April 14, 2022.

The link to the audio video recording on the website is https://www.capriloans.in/concall-transcripts/

You are requested to take the same on record.

Thanking you,

Yours faithfully,
for Capri Global Capital Limited

Bhatt

Yashesh Bhatt
Company Secretary & Compliance Officer
Membership No.: ACS 20491

CAPRI GLOBAL CAPITAL LIMITED *

Encl: a/a

CAPRI LOANS

Capri Global Capital Ltd.
Text Transcript of Virtual Analyst Interaction

Participants:
Ravikant Bhat, Sr. VP – Investor Relations, Capri Global Capital Ltd.
Rajiv Mehta, Lead Analyst, Yes Securities Institutional Equities

Thursday, 14th April '22

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Ravikant Bhat (RB): Good morning, Rajiv. I shall be referring to our Q3 FY22 Investor Presentation during this discussion.

Products
I will start with a discussion on our products. And while I cover products, I shall also cover the history of the Company as these products have been introduced over the course of last one decade or so.

We started with Construction Finance (CF) in the year 2010. When we started with this product, the ticket sizes were higher. We did a course correction in 2016 due to some asset quality events. After the course correction, the current avatar of the product evolved:

a) We currently finance affordable housing projects across cities like Mumbai, Bengaluru, Vizag, Delhi NCR, Jaipur, Ahmedabad, and Surat etc (Slide 8 of Q3 FY22 Investor Presentation). In Mumbai, we are more focused on redevelopment projects. We are going a bit slow in Delhi NCR.
b) We avoid township / gated community / luxury housing projects.
c) The ticket size at a portfolio level is Rs70mn.

In 2013, we introduced MSME. The version of the product was different back then. We did higher ticket sizes – around Rs5-7mn, which we course corrected due to adverse asset quality experience. We moved away from these ticket size and started focusing on the micro-segment of MSME.

a) Currently, the ticket size is Rs1.7mn at the portfolio level.
b) We finance small businesses.
c) Loan secured against collateral of residential or commercial property (place of business) of the borrower.

In 2017, we introduced Housing Finance (HF) through a 100% step-down subsidiary, Capri Global Housing Finance.

a) Once again, the focus here is on the affordable segment.
b) Average ticket sizes are Rs1.1mn.
c) Needless to say, by its nature and design, it is a secure product.

This apart, we have got some discretionary lending based upon balance sheet liquidity. We may lend to some of the smaller NBFCs for retail on-lending, or like we did last year, purchase a portfolio of home mortgages. The yields over here can be 12-13%.

These are our four main products. Last quarter, we announced our foray into gold loans, which is yet to be launched.

We have also tied-up for co-lending (CLM):

a) MSME: Union Bank of India and State Bank of India
b) HF: State Bank of India

To summarise (Slide 5 of Q3 FY22 Investor Presentation):

a) Our outstanding AUM was approximately Rs58bn.
b) Nearly half the AUM comprised of MSME loans, Construction Finance taking 19%, Affordable Housing 26%, and Indirect Retail Lending taking the balance 4%.
c) As far as Construction Finance is concerned, we want to keep its proportion inside of 30%. Our experience here has been very good on asset quality, Net NPAs are negative.
d) Although there is a fierce competition, there is a decent demand for us to grow.
e) The yields are also fantastic.
f) The proportion of CF may remain at current levels or drop as other products start scaling up. But from a growth perspective, there shall be a steady momentum in CF and we shall continue to focus on growing this portfolio.

This was a broad overview of our loan products. The underlying philosophy in our lending is we shall not do unsecured products; we shall focus only on secured products.

One other product that we introduced last year, and which has scaled up extremely well, is not balance sheet driven, is the New Car Loan distribution.

a) We distribute new car loans for five banks – HDFC Bank, Bank of Baroda, Indian Overseas Bank, Yes Bank, and Union Bank of India.
b) We distribute new car loans of these banks for a fee consideration.
c) The business has broken even in October'21.
d) To give a broad overview, this is how it looks like (Slide 10 of Q3 FY22 Investor Presentation) – it is an asset light model, we have got just about 5 branches for this business. At all other locations, we have got feet-on-street and these teams are managed by the respective sales manager.

<u>Distribution Model</u>

As far as the distribution model is concerned, it is Phygital – slightly heavier on the street – from a sourcing perspective as we don't rely on DSAs. Entire sourcing is in-house from our feet-on-street sales team or Direct Sales Team (DSTs) as we refer to them. Post-sourcing, the process shifts to digital.

We get around 30-33% of proposals where borrowers don't have a formal credit history and source of income. We do a doorstep assessment of their creditworthiness through our own model that we have created, something a few other NBFCs might be following. This involves looking at:

a) Spend time at prospective borrowers' place of business, understand and estimate their cash flows, check their informal records of income and arrive at an estimate of their income;
b) Based on this income assessment, we arrive at the persons' eligibility for loan;
c) After this, the rest of the process involving localized checks, visiting borrowers' residence to a feel of borrowers' lifestyle, conduct fraud checks etc.

Rajiv Mehta (RM): Can you comment on the yields of each product, since it is a very nuanced, feet-on-street model, more a touch-and-feel model, and the ticket sizes are also very granular…

RB: Yes…I shall refer to the Slide 13 of Q3 FY22 Investor Presentation. This is how the (segmental) yields look like.

Over the last couple of years, we have also had the advantage of improving cost of funds (CoF), the benefit of which we have passed on to our borrowers. The Slide shows both portfolio yields as well as disbursal yields.

RM: I can see a good decline…not so much in MSME but in HF, you have passed on in terms of disbursement yields, right?

RB: Yes. In the last couple of years, we have also received refinance from NHB, where the spreads are capped. So, if we talk in terms of spreads, it would not have affected us in a meaningful manner simply because the borrowing costs have dropped, and the lending yields have been accordingly adjusted…

RM: I got it…so basically the spread is not impacted but the reported lending yield will come down because of NHB refinanced loans. And that is reflected in the CoF.

Is there a slide on delinquency and buckets for each product?

RB: We haven't given product-wise buckets. This is the slide on delinquencies (Slide 24 of Q3 FY22 Investor Presentation) …

RM: This at an aggregate portfolio level, right?

RB: Yes, that's right. And this is the asset quality at a product level (Slide 25). So, needless to say, within MSME, there has been some trouble. In fact, if you see the footnote in Slide 24, it says the maximum restructured accounts are in the MSME segment. So qualitatively, what we have been saying…in the last one year, there have been two lockdowns, one of which, was at the outset and was very harsh. Obviously, not just the cashflows (of borrowers) but the recovery efforts were also impacted as these require some amount of physical presence, persuasion etc.

However, we have seen things improving on ground. There is a willingness on part of the borrower to (service the loans)…realization on part of borrower about what has happened has happened and they need to move on and start servicing the loans. This has also reflected in the collection efficiency, especially MSME, which was on the lower side for us but has started improving.

The honourable courts' to once again allow SARFAESI and other legal recourse / mechanisms would also help in stabilizing the asset quality. Therefore, the key takeaway here is asset quality may not see further deterioration, it will stabilize and see subsequent improvements.

RM: Besides restructuring, any ECLGS portfolio in MSME?

RB: Very negligible.

RM: And this restructuring, what was the moratorium like. Or has the billing started on this 7% MSME pool that was restructured.

RB: Billing has begun in some and borrowers have started paying up while others could be under moratorium. However, we shall revert with the specifics.

RM: Okay. Also, can you just tell me broad tenor of loans…what is the experiential tenor of loans for MSME, HF, and CF?

RB: Ab-initio, the MSME is 15year loans, HF is similar, CF is 3-4 years' loans within which the project gets completed. In CF, we don't enter at a ground-breaking stage, we enter projects where ground-breaking has already happened.

Having said this, the typical weighted average tenor of loans would be inside of 10years. For MSME, it is on the lower side. HF is a relatively new business…we started in 2017 and have subsequently built up. So in HF, the (experiential) tenor could be higher. But in MSME, what we have observed is…especially for borrowers who don't have a credit history and get loans from us…they once having built a credit history, they are in a position to move out once having built a credit history in 5-6 years. The loans typically get taken over by a bank.

In one of the impact studies we carried out in 2019 (Social Impact Report 2019), what we observed was a decent number of borrowers saw their credit scores improving after taking loan from us and spending time servicing them.

So it may not make complete business sense to try and retain some of these borrowers. We tend to lose some of these in 5-6 years.

RM: My point is the borrower may have multiple loan cycles and requirements, right? So why give the borrower a 15-year loan and lose him in 5-6 years. You should typically offer a loan for 3-5 years and once he finishes it off, you can give him a fresh loan for a higher ticket size.

RB: But a Rs1.5mn loan for a 5year period…the EMI would not fit into the Fixed-Obligation-to-Income-Ratio (FOIR). If you have somebody, whose doing an income of Rs50-60K per month, you can't have him take a Rs1.5-1.6mn loan for 5-6years as it may entail an EMI which would be close to his existing income. Which is why, it has to be a longer period.

RM: Understood. In which case, you can reduce the loan size itself…and then increase the loan size in the next cycle…

RB: But then it (a smaller loan) may not fulfill the funding requirement. Secondly, there could be additional reasons for foreclosure at the customer level, including disposal of some other assets, which may give them liquidity to foreclose.

RM: Understood. And typically, FOIR would be what, while determining the income and assessing the eligibility?

RB: 50-60%...we don't exceed that.

RM: Okay. Is this for MSME or would this be similar for affordable housing, because even that is an assessed income segment.

RB: It would be similar…so EMIs would not exclude 50% of their income.

RM: And would that be at a household level…the income computation?

RB: Provided all the earning members are co-borrowers, only then it makes sense. Our borrowers will typically have a co-borrower. If the primary applicant is not a woman, then there could a co-borrower who is a woman, usually the wife of applicant. If the primary applicant is a woman, there may or may not be a co-applicant. But if there are two borrowers and they have independent, verifiable sources of income, that might be considered.

RM: Understood. So basically, if a borrower has a *kirana* store but his income is not sufficient to make him eligible for the loan, but his son, who has let's say a salary income can become a co-borrower and the combined income then can be used to underwrite the loan?

RB: Possibly, yes.

RM: And at the same time, you ensure the commercial or residential property that you take as collateral, the LTVs there are fairly comfortable. So what could the LTVs be?

RB: Usually 50-60% across. For HF, it could go higher but for MSME and CF, we stick to 50-60%.

RM: And for MSME, you consider the borrower's residential property or the commercial property, which is his place of business, right? Although it is understood your borrowers may not have multiple properties to mortgage and their primary / sole property is the one they would mortgage for taking loans.

RB: So the borrowers' primary property is their equity, which they may want to monetise, rather leverage. We consider only their primary property – either their place of business or place of residence. This is also the reason why we visit these places.

Another advantage of doing this is we gather some additional intelligence – understanding the borrower's lifestyle, getting some more localized understanding from neighbourhood checks. This is where having an in-house DST helps.

RM: So, the primary underwriting is of cash flow, wherein, if there are co-borrowers with independent verifiable sources of income, both their incomes would be considered. And secondary underwriting would be of property where you would do legal and technical checks, just like a home loan…

RB: Yes, yes, absolutely…

RM: …just to ensure the legal, technical aspects of the property are all clean and sound and also do a liquidity assessment on the saleability of the property…

RB: Yes. All that is done. Plus, we also have – Hunter database – for fraud checks. In fact, frauds also happen in bank account statements. We have developed tools to detect such frauds going into details like the fonts used in genuine statements vis-à-vis fraud statements etc.

On a quarterly basis, the frauds detected prior to disbursement are small. Post disbursement too we carry out a surveillance. Since last few quarters, we haven't detected any post-disbursement fraud.

RM: Besides the DST going and assessing the income and checking the property and the BM getting involved in overseeing the cases. Is there an independent decision taken on every case…whether a case has to be approved or not. Because the DST would be typically responsible for business, I don't know whether he is also responsible for collections. A credit manager can stop a case if it is not found to be sound and can reject it. So, what is the typical rejection of the cases at the branch itself by the credit guy.

RB: We have also been disclosing this ratio on an annual basis (reference: Annual Reports) – the logins-to-disbursal or you can rather put it the other way, the disbursal-to-login ratio. This number for us in FY21 has been 30%. For every 100 cases logged, we tend to disburse 30 cases. We were disbursing 34 cases for every 100 cases logged around 3-4 years ago. This number has now come down to 30%. This also broadly answers the kind of checks we have. We try not to go overboard in lending even though business growth is important.

We have been trying to address this although we haven't discussed the Data Analytics (with external stakeholders) in much detail as it is still a work-in-progress. But MSME business is now 9 years old, and we have a decent set of data on logins, disbursals, behaviour of customers and so on. Basis that, we are developing data analytics tools to determine right at the login stage whether they can go through or not and thereby improve decision making and save time. This will address the productivity and the low disbursal-to-login ratio. But as I said, this is still a work-in-progress and may take 6-7 months' time.

But going back to your question, the salesperson also tends to have some primary responsibility in ensuring the disbursed cases sourced by them continue to do well.

RM: Just two questions here. Firstly, is there an independent credit manager at the branch level? There seem to be two rejection levels – one at the branch level itself, where the Branch Manager rejects. Then there will be the logged in cases, of which, 30% get approved for disbursal. The point is, if out of 100 cases logged, if 70 were not that great cases to pass, why are so many cases going for login. Why are they not being rejected at the branch level itself? The independent credit manager, who sits at the branch level, can also reject at the branch level. That can improve the system, people efficiency.

RB: Right. Like I said, these are the very issues that we are working upon to ensure that only those cases get logged in that have a higher probability of eventually getting disbursed. Like you said, the credit chap is the independent guy at the branch level, who looks at this. Hopefully, I think, we shall improve this and improve the productivity in the next one year…I am not very sure within one year but should happen eventually.

RM: Got it. And on collection, you said the DST / sales guy also has this collection responsibility. So which buckets does he take care of…is it the initial bounce bucket or all the buckets till 90DPD?

RB: No…the 90DPD bucket is handled by the collections team. In initial cases (first bounce), it is the sales guy who follows-up including reminders or visits. But as cases get escalated to higher bucket, it is the collection team that comes in. At that point of time, we set in motion the entire process including deciding whether we may have to resort to legal recourse.

[Update: Delinquencies in <12 MOB vintage are managed by Sales team. All others are managed by Collections team].

RM: And does the collection team member sit in the branch or is there a regional level team that comes into action?

RB: A collection team member will have an assigned branch. But given the nature of his work, he may not necessarily sit in the branch. Also, the collections team would be smaller than sales team…broadly at least 1 member per branch.

RM: Understood. And the branches for MSME and HF. Is the business for both these products responsibility of same BM or are there separate branches in separate locations? How does this work?

RB: Except Madhya Pradesh, everywhere it is a common responsibility. In Madhya Pradesh, we have had a better intensity. So, we never merged the teams in that state. The branches are common, but the teams are different. Elsewhere, the sales teams are common. The sales team can source MSME or HF loans. And this is where we got operating leverage. If you check our DuPont for annual numbers, although our spreads have not expanded, the cost-income ratio has improved. So the cost efficiencies did come in.

RM: Besides MP, where you have common DST, elsewhere, the DST KRA would have both MSME and HF loan origination. Is that right?

RB: So DSTs have a certain target in terms of the value of loans to be procured. It could be MSME or it could be HF. But the incentives are tied to the amount of loans they procure and that is how you should look at it.

RM: You mentioned a interesting thing that your entire business is self-sourced. There is no involvement of DSAs or connectors. Right?

RB: There are connectors…we have connectors in the sense it is more of a referral program. We do pay out a small amount of fee, sufficient to make a connector happy, whosoever refers a case to us. But not like a DSA who will make the file and may be interested in flipping the customer from one lender to another after say a two-year vintage.

In our connector model, an existing borrower may refer to us someone requiring a loan. And if the loan gets passed, then we pay them a small amount of fee – a decent number that could make the person happy but not somebody who is looking at this as a livelihood…who wants to keep procuring loans to earn higher amount of fees.

RM: So typically, market commission for DSAs is around 1-1.5% and connector commission is around 30-40bps. Would that be correct in our case as well?

RB: Yeah, you could assume that.

RM: Okay. And when you speak of connectors, who are these people? And are these used for MSME and HF loans?

RB: Yeah, for both. Connectors, like I said, these could be our existing borrowers.

RM: Okay, so word-of-mouth, referral kind of program. Not someone, who belongs to a specific geography, region and does this kind of work dedicatedly. It is more of someone who gets to know a person requiring loan and passes on the lead to you.

RB: Yeah. See, dedicated people again would be those who do it for their livelihood. Then in such cases, I doubt whether a 30 or 40bps kind of fees would make them content.

RM: Understood. And what is the geographic break-up of the SME portfolio?

RB: Refer Slide 7 of Q3 FY22 Investor Presentation. I don't have a comparative pie-chart here. But if you go through our previous quarterly presentations, you will notice we have grown more in Gujarat, MP, and Rajasthan. Incrementally, these two states would be contributing more. In Maharashtra, we have gone a bit slow due to post-Covid related issues, stress.

RM: Okay. Similarly for home loans, is it similar?

RB: Refer Slide 9 of Q3 FY22 Investor Presentation. So, what we are saying is we shall focus on Gujarat, MP, and Rajasthan for growth and keep adding branches in these states. May be in future we could consider some adjoining states. But as of now, the West and North is where we see our business coming from.

RM: Right. Just one question I had when you showed me the Consolidated Stage-wise assets and Stage-wise provisions (slide 24 of Q3 FY22 Investor Presentation), I saw that your PCR or your ECL-cover on Stage-3 assets was in high-80s. Its been 85% and if you look back also, its been very high percentage. Unlike if you see other NBFCs, who are in similar products and having a Stage-3 ECL cover of 25-30% for same products – MSME as well as HF. So, why are you maintaining such a high provision? Is it reflective of our previous credit losses and we are therefore estimating a higher LGD or is it just a completely very conservative step?

RB: So just to clarify, this is inclusive of aggregate ECL provisions. If I were to look at the Stage-3 ECL provisions to Stage-3 assets, then it would be something around 30-odd-per cent for MSME and may be higher for CF.

RM: Understood. I can see the Stage-3 ECL cover is given separately and it is in sync with the cover maintained by other NBFCs.

RB: Yeah. We haven't had a big loss experience in our products apart from the odd credit events that have happened (mentioned earlier in the call). However, what we have begun doing is started taking small overlay provisions over and above what our model throws up as required ECL provisions. We are also revisiting and re-looking at the entire data and checking whether the LGD experience is actually better than what we are assuming. We shall have a more detailed commentary post-Q4 FY22 results.

RM: Understood. But typically, in long vintage products like those in MSME, which are on books say since 2013…what has been our experience there?

RB: For the 2013-15 MSME loans, those were a bit troublesome. That is what made us course correct, as I mentioned at the outset. We exited the higher ticket size lending in MSME and began focusing on the micro-MSME loans.

At a systemic level too, the asset quality experience has been better for the micro-MSME category. The last edition of MSME Pulse reports (published by SIDBI-TransUnion Cibil) also showed a better asset quality in the sub-Rs5mn category of MSME loans.

The portfolio we have built over the last five years, the experience has been quite good.

RM: Okay. And the restructured assets – how much of these are in Stage-1, Stage-2, and Stage-3 as of Dec'21?

RB: Stage-3 would be very minuscule, due to a technicality. But from a classification perspective, restructured assets are in Stage-2 assets.

RM: And the Stage-3 movement between Q2 FY22 and Q3 FY22 is flattish – at Rs1.72bn. But in Q3 FY22, the RBI circular on asset quality led to a lot of re-categorisation of Stage-2 loans as Stage-3 loans, for a lot of NBFCs who decided to show it in Ind-AS. This was because full recovery was mandated by RBI to upgrade the Stage-3 loans. I feel you have not shown that in Ind-AS.

RB: We have reported Rs10mn slippages on account of the RBI circular.

RM: That's it, Rs10mn? This is very surprising, given the customer category we are, the products we offer, and the yields that we charge. Ideally, there should have been a significant chunk of loans – 2-3%...

RB: Yes. For that to happen, loans should have slipped into the 90+ category…

RM: …and come back…

RB: …yes, and such loans then could not be upgraded without fully recovering all the past dues. So obviously, you make an effort to ensure those in the 60+ category do not slip into the 90+ category. And had these slipped in chunks, then upgrading them would have become a problem…

RM: That will be an incremental focus, which I agree. But the circular itself was a shock to everyone…it was not expected. The timing of the circular was also very bad as everyone had seen how the flows were impacted due to Covid. So, by then, a lot of NBFCs had loans that had already gone past 90DPD but then corrected to below 90DPD. But then RBI circular stated such upgraded loans cannot be considered upgraded unless they were fully recovered. So how can CGCL report just Rs10mn as one would think given your customer profile and the inherent weakness of customer category to service all overdue EMIs in lumpsum, there would have been higher slippages.

RB: So, the experience has been something quite else. I think we were also on course to improve our collection efficiency (Slide 26 of Q3 FY22 Investor Presentation). If you see our collection efficiency reported earlier, it wasn't very good. And we were on way to improving our collection efficiency due to which, the circular might not have affected us much. We will try to get more colour on this for you post-Q4 FY22 results.

RM: Okay. And typically, on due date, what were our bounce rates in MSME and HF?

RB: We haven't put out the specific CBR (cheque bounce rate) data in public domain. But it is going back to pre-Covid levels.

RM: I can understand we are moving back to normalcy and may be, we have already moved back to normalcy in/by April-May'22. But roughly, what was it pre-Covid?

RB: Maybe we will this month…but my understanding is we still had some distance to cover. Like I said, we haven't put this number in public domain in the past. But we will get back on this.

RM: No problem. Just the last bit. Give me some colour on the management…who is heading the products, their profile.

RB: Refer Slide 39 of Q3 FY22 Investor Presentation. MSME and HF are both being managed by Amar Rajpurohit. He has previously worked with AU and Gruh.

RM: How long would Amar have worked in AU Financiers? It has very strong processes and highlighting Amar's stint in AU Financiers could inspire a lot of confidence.

RB: Sure. CF is headed by Mr. Surender Sangar. He retired as GM from Union Bank of India and has been with CGCL since last 6 years. You can see the remaining team in the slides.

RM: Okay. And Group Collections Head Prasanna Singh worked where previously?

RB: Prasanna joined us from Bajaj Housing. Prior to that, he worked at PNB Housing.

RM: Okay. And the Credit Policy Head is Bhavesh Prajapati, who has joined from Aadhaar. It is a good institution.

And something about our Promoter Mr. Rajesh Sharma and his shareholding?

RB: So the Promoter Group owns close to 75%, +5% is held by LIC, based on their recent declaration to the exchanges. Rest is distributed amongst private corporate entities, who have been our shareholders since quite some time.

RM: Any institutions – MFs, FIIs, Private Equity?

RB: Very negligible. We were part of some portfolios in the index fund.

RM: And change in Company name happened when?

RB: It happened around 10 years ago. We onboarded the founder of Capri Capital Partners LLC, Chicago Mr. Quentin E Primo as Chairman. The name of the Company changed to Capri Global Capital Ltd. We made a royalty payment of Rs7mn to Capri Capital Partners LLC for same.

RM: Are we still paying the royalty?

RB: No. It was a one-time royalty payment. We would have declared it in our 2013 or 2014 annual report.

RM: And our MD sits in Mumbai?

RB: Yes, in Mumbai.

RM: Just touching upon a few things. You said we have tied-up with Union Bank of India and SBI for MSME and HF co-lending. What is the quantum of arrangement?

RB: Around 7-7.5bn, both put together for MSME.

RM: And SBI you mentioned for HF? What size is that?

RB: We haven't yet disclosed it. We shall get back on it.

RM: And the HF segment you would do under co-lending would be different from what you are doing currently?

RB: See, our expertise is the customer segment we are serving. It is likely we have been getting higher ticket sizes that we don't want to do. So, ticket sizes could go higher. SBI has capacity to look at higher ticket sizes. But initially it has to be a customer segment we are comfortable doing with.

Secondly, the bankers too have to be comfortable. Proposals approved by us will have to also be approved by our co-lending partners…

RM: Yes, I am aware how the mechanism works…but it will be coming to you at 7-7.5%?

RB: Similar to where our CoF is?

RM: Okay, so 8.2%...

RB: Could be slightly higher…plus a spread over the same.

RM: Okay. This was a pretty comprehensive view of the Company. Shall look forward to your earnings calls. Are these led by your product Heads or the Promoter also comes in?

RB: It is the Promoter, Mr. Rajesh Sharma, who leads the call. We try to keep commentary comprehensive, pre-empt certain questions, so that we have more time for qualitative discussion.

RM: Just lastly, what is the credit rating and capital adequacy?

RB: Capital adequacy is 35% and credit rating is CARE A+ (Outlook Negative).

RM: Thank you so much for your time, appreciate it.

RB: Amongst the things I need to revert on is the CBR – we have to decide whether we can start talking more specifically on it next concall onwards, more granular colour on the asset quality buckets and the impact of RBI circular being low, as well offering some more colour on the credit process at the branch level.

RM: Also, on any Saturday going ahead, would like to visit any of your branches that do both MSME and HF. It could be a branch on the outskirts of Mumbai – would like to visit to understand how the branch operates.

RB: Sure. Let me talk to talk to the Business and Credit Heads and identify the branches to visit.

RM: Thank you very much.

RB: Nice talking to you, Rajiv. Let's keep in touch.

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