CAPRI GLOBAL

February 12, 2021

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: Transcript of Earning Conference Call pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

Dear Sir and Madam,

Further to our letter dated February 5, 2021 intimating schedule of the Earnings Conference Call to discuss the Company's Q3 FY21 Earnings, we are forwarding herewith the transcript of the said Conference Call.

The above is for your information and dissemination to all the stakeholders.

Thanking you,

Yours faithfully,
for Capri Global Capital Limited

CAPRI GLOBAL CAPITAL LIMITED ★ MUMBAI

(Harish Kumar Agrawal)
Senior Vice President & Company Secretary

Encl.: As above

Capri Global Capital Limited
(CIN: L65921MH1994PLC173469)
Regd. Off: 502, Tower A, Peninsula Business Park, Lower Parel, Mumbai – 400013.
+9122 4088 8100/4354 8200 contact@capriglobal.in www.capriglobal.in

Transcript

Transcription of Capri Global Capital Ltd

Event Date / Time	**:**	**10th February 2020, 12:00 PM IST**
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Presentation Session

Moderator: Good afternoon, ladies and gentlemen. I am Moumita, moderator for the conference call. Welcome to Capri Global Capital Ltd Q3FY21 Earnings Conference Call. At this moment, all participants' lines are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please press * and 1 on your telephone keypad. Please note this conference is recorded. I would now like to hand over the floor to Mr. Rajat Gupta from Go India Advisors. Thank you and over to you, sir.

Rajat Gupta: Thank you, Moumita. Good afternoon everybody and welcome to Capri Global Capital Ltd Earnings Call to discuss the Q3FY21 results. We have on the call Mr. Rajesh Sharma, Managing Director; and other members of the senior management with us. We must remind you that the discussion on today's call may including certain forward-looking statements and must be, therefore, viewed in conjunction with the risk that the company faces. May I now request Mr. Rajesh Sharma to take us through the company's business outlook and financial highlights subsequent to which we will open the floor for Q&A. Thank you and over to you, sir.

Rajesh Sharma: Yes, good afternoon everyone and thank you all for joining us on this call. We have uploaded our earnings presentation on the exchange and company website. I hope you have been able to view the same. The past year was marked by a decline in economic activity in the first and second quarter brought on by COVID-19 and a dramatic reversal in the third quarter in the economic output and unemployment partially reversed. This volatility contributed to dislocation across asset classes which were met by profound physical and monetary action taken across the globe.

I would now like to discuss some key metrics of our third quarter financial performance for FY21. Q3 has certainly been one of the better quarters for us with disbursement with INRC 79 Crores for the quarter, up 82% quarter on quarter and 28% year on year basis while all products saw a robust growth in disbursement this quarter; our mainstay product MSME loans and the affordable housing loans grew faster. MSME loan disbursement grew 82% quarter on quarter and 46% year on year basis while in the affordable housing segment loan disbursement grew 67% quarter on quarter and 132% year on year basis and we will continue our focus on growing this further. In construction finance we are maintaining a very cautious approach to keep stability in lending and we believe that CF is a percentage of overall loan book and may reduce going forward if other retail vertical grew faster. We continue to maintain adequate liquidity for the expected future growth, and we are also well capitalized with capital adequacy ratio of 39.3% additionally we have prepaid high-cost debt during this quarter of about 177 crores which were due in FY 22 further reducing the overall cost of funds. Our increased focus on collection with use of analytical model coupled with home-grown collection is reflected in the improving collections parameter. It is part of the collection's strategy. We are proactively working with customers to ensure that they continue timely repayments.

I will now touch upon some other key financial indicators. Profitability – reduction in the high yielding construction finance book and a conservative approach on the provisions has led to an overall net interest income to INR 94.4 crore down 4% year on year and 10% on quarter-on-quarter basis. However, this was partially offset by retail lending. The profit after tax was lower hit INR 49.2 crores, down by 1% year on year basis.

Risk management and provisioning: In line with our risk management philosophy, this quarter the company increased its coverage of potential bad debts by building in higher provisions. Accordingly, our GNP and net NPA for Q3FY21 stood at 2.08% and less than 0% respectively. The company incurred additional expenditure this quarter towards enhancing the capabilities on digital analytics and talent acquisition as this also includes provisions for CSR. With our continued focus on long-term borrowings, asset liability mismatch is comfortably placed across all the buckets. Bank funding is our mainstay and continues to be over 81% on our overall borrowing mix. Our return on equity stood at 12.4% while return on assets stood at about 4.2% for nine months FY21.

On the restructuring of the loans permitted by the RBI, our total restructured book stands at about less than 2-1/2%. We will continue to maintain our focus in the retail segment and that will be the key driver of our growth. We are studying entry to newer product that meant I am exploring multiple options and will focus on areas that fit our core business model. We are constantly striving for better customer experience and reduced turnaround time with the help of data analytics. Additionally, we have also strengthened our board with the appointment of Mr. Desh Raj Dogra as independent director who brings with him decades of experience in the financial sector and credit rating. Our priority continues to be implementation of risk control, efficient credit underwriting, collections with exemplary corporate governance. This pandemic has been a once in a lifetime event where we have learnt many valuable lessons in handling crisis and have emerged stronger to manage any unforeseeable future risk. With this we may open the floor for question and answers.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone telephone.

The first question comes from Mr. Tarun Somani from Rubics Investments. Please go ahead.

Tarun Somani: Hello? I am audible right? Sir thanks for the opportunity. I have a couple of questions and I would like to ask one by one. So, my first question is, in Q2 you made a provision of INR 2 million and now if you look at Q3, you had a substantial increase in that provision by 112 million. Actually, what changed between November and now? Is it because the macro environment is changing, or is it that the earlier estimates were lower or is it in anticipation of some other future stress that you are expecting? Can you highlight on any of the things?

Rajesh Sharma: So, I think in March quarter we made a provision of about 130 million and in June quarter we made a provision of about 200 million rupees and September quarter we made lower provisioning because that time numbers we were anticipating…the restructuring data was not available. This quarter we have made a provision being more cautious and our profitability is good so we have provided about 112 million rupees provisioning towards bad debts so that our cushion is there in case of any uncertainty we can meet through our provision. I believe that we have made adequate provisions in the past two quarters and in this quarter then that should be able to meet any surprises in the delinquencies.

Tarun Somani: Okay sir, got it. And my second question is, can you tell us the rationale of slowing down your construction finance book and what is the outlook on construction finance business going forward?

Rajat Gupta: So, if we look at our construction handbook nature, number one this is lending to small developer where every single size is about less than seven crores. These are the developers who are building four to seven storey building, mainly lower ticket size of apartment, ranging from 30 lakh rupees to seventy-five lakh rupees in cities like Pune, Vijayawada, Surat and Bangalore and Bombay ticket size in the range of about one crore or so. So, they are affordable segment based on that city. And we have not grown that book in the last two quarters. However, the repayment is coming in. We have seen because of the stamp duty relaxation a lot of sale has happened cumulatively in September and December quarter and that has resulted in foreclosure of some of the accounts as well. So, the book, while we have not grown the book, but book in usual pattern, more than that they have seen a lot of faster repayment and closure of that account that has reduced our book to about 770 crores. If you see about quarter-on-quarter basis it has gone down about 15%. While all other books have grown, this book has decreased significantly. This is the reason that….and that shows a good underwriting quality of our construction finance book.

Tarun Somani: Okay sir, got it. Thank you sir, for further question, I will get back to the queue. Thanks.

Moderator: Thank you sir. Our next question comes from Mr. Ravikanth Bhat an Individual investor, please go-ahead sir.

Ravikanth Bhat: Sir good afternoon and thanks for the opportunity. I have got three broad questions. The first one is on the disbursals. Now, you have had a very strong growth which you mentioned in your commentary both across MSME as well as home loans. Could you quantify the absolute amount what this would have been?

Rajesh Sharma: So, if we talk absolute total disbursement has been 379 crores during this quarter.

Ravikanth Bhat: Okay.

Rajesh Sharma: If we talk about MSME, the MSME disbursements were about 202 crores. Housing finance disbursement is about 102 crores and construction finance is about 75 crores.

Ravikanth Bhat: So broadly you have had a similar number in repayments which is why your book has stayed almost flat…I mean it is down QOQ and it is just about 1% YOY; is that right? Is the understanding, right?

Rajesh Sharma: Yes, basically in construction finance more foreclosure, more repayment than the fresh disbursement. So that book has come down. In MSME book on a closing basis it grew about 5%. Home loan grew 8%, but construction and finance have de-grown the book. So, in the overall basis the book is about 3% de-grown. The contribution of de-growth has come only for construction and finance while MSME have grown and home loan has grown.

Ravikanth Bhat: Sure. So, sir, now that you have been sharing the ANM slide now for many quarters now and you have always maintained higher inflows than outflows; so ANM has always had that positive gap. Going forward, I am asking this more from a spread management perspective because you seem to have had a negative carry. You are borrowings have gone up whereas your interest earning assets have stayed where they were. So how do you see this affecting your spreads or net interest margin and whether what we are seeing in Q3 is something where it will bottom out or are you going to see further decline before it stabilizes?

Rajesh Sharma: So, you are asking about the negative carry, the surplus fund we are carrying? Exactly this is what you are asking?

Ravikanth Bhat: Yes, and I see your spreads seem to have also been affected, so how do you see this going forward?

Rajesh Sharma: I think spread is not affected because spread is a function of at what costs you borrow and at what price you lend. The negative carry is basically about the fund we carry in mutual fund where they fetch a lower yield versus the cost of our borrowing. Since we in the time which were a little tough, we have maintained a very, very high liquidity about 1200 crore rupees since the last few months. Being a conservative, we don't lend or park money in equity funds or we have not given money other than the debt. So, we have tried to minimize this negative carry. This negative carry is normally a part and parcel when you maintain the high liquidity. But I think last quarter, because the interest rates have fallen steeply, there was negative carry. But going forward, I think our cost of fund is also coming down in this negative carry. Carry will come down, but this is never going to be zero because any given point of time we are going to maintain the funds and we always maintain the liquid and the debt fund where the return today currently in the range of 6% and our cost of fund is about 8%, 8-1/2%. That will always remain unless…. we don't want to lend this money into risky business for maintaining for liquidity purposes. So, I think this is part and parcel of the overall cost.

Ravikanth Bhat: Yeah, so this point is very well taken and understood. I think there is no doubt it was prudent to maintain whatever surplus liquidity that you maintain. My very limited question was, spread has declined from 7.5% to 7%. It was even lower in Q3 last year. Do you think it will stay at 7% or dip a little bit or it may stabilize and improve from here on? That was my limited question. I absolutely appreciate you maintaining the kind of liquidity you are maintaining. Probably it was more than warranted for the times that we were passing through, but given that the spreads have declined 50 basis points QOQ, do you think they will stabilize, or they can dip a bit and kind of pick up from here?

Rajesh Sharma: So, if you notice that our book from 917 crores to 771 crores in the construction finance book and that is where…. which is a high yield book which has come down and that has resulted in the contraction in the spread. I don't think the spread will go further down and further our cost of fund is getting reduced. That should also improve it and if we grew our overall book in that, construction finance book also will grow not with that base, but our spread will come back in the next quarter around 7-1/2% and going forward this spread can be maintained.

Ravikanth Bhat: Sure, and sir one last question, okay I am sorry, that's understood. I was just looking at the impairment of financial instruments; I think that is taken as provisions in the presentation. That's all sir, thanks a lot sir and all the best for the next quarters.

Moderator: Thank you sir. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. Sir, our next question comes from Renish Bhuva from ICICI Securities. Please go ahead.

Renish Bhuva: Hi sir good afternoon. I have a couple of questions; one is on our indirect retail finance book. What I can see in our PPT is that it's been very volatile since past many quarters. I am assuming this will be short-term in nature and hence in one quarter if we didn't fine the opportunity to line, I think that book will unwind very quickly and that can impact the overall AUM growth. So, what is the strategy to smoothen out these impacts going ahead sir?

Rajesh Sharma: So indirect retail post IL&FS crisis, we have not grown that book. Earlier we were lending to smaller NBFC MFI, then after that we have not grown that book. However, certain times to park the liquidity we have given the money to some of the people who deal in the AAA in government securities and when they need the short-term limit. So that is also given as indirect lending and that is where it comes as a volatility in terms of the AUM because suppose if you have given against the PFC or REC bond 50 crore rupees or 100 crore rupees of limit for 45 days, so some time quarter will show up and once the repayment comes that book completely goes away. So that is the reason it shows the volatility.

Renish Bhuva: Yes sir, so I was just sort of thinking that so maybe in that even finance is more of opportunities lending or it is a part of our central strategy?

Rajesh Sharma: No, it is more of an opportunistic lending and many times we use it to part our surplus funds also.

Renish Bhuva: Got it, got it sir. And sir, last question on the total provisioning buffer; so, I think it is roughly around 40 crores or so. So, do you think sir this provisioning buffer is enough to take care of any incremental stress which we can sort of start seeing from Q4 once the Supreme Court judgment comes?

Rajesh Sharma: So, I think we are taking cognizance of the overall delinquencies. We are not deciding our provisioning based on the Supreme Court guidance. So whatever way we think what could be possible and based on the cautious approach…. we had been quite aggressive in providing in the last two quarters and again this. Next quarter also we will be providing basis how…. but next quarter the book is also going to grow. So, I think provision part we have always been conservative. Currently I think our provision coverage ratio is almost 80%, that is quite healthy.

Renish Bhuva: Right, but this loss in the number will not capture the nine-month slippages right sir, because of the Supreme Court judgment. So, if you can share the proforma numbers would be helpful.

Rajesh Sharma: So, I have my colleague Raj Ahuja who is the CFO, I would like him to answer this.

Raj Ahuja: Hi Renish as on December end we have actually created the provision based on our own internal DPT calculations and not taking into account the Supreme Court order. Based on that we have done the ECL provisioning. So, to that extent we have been very aggressive in provisioning and not taking benefit of the Supreme Court order. No further disclosure purposes as defined by the Supreme Court. We are not declaring those cases as NPAs and we are not….in our books also we don't classify them as GNPA. For your benefit, the numbers basically are exactly on the similar lines as the last quarter. It has gone up from March obviously to some extent. Our proforma 90 days plus actual numbers stood at around 115 odd crores at group level versus 113 crores in September. So….

Renish Bhuva: This is on proforma basis or….?

Raj Ahuja: This is on proforma basis. This is done which is in line now for the last quarter. March – December stood at 95 crores, so it has gone up from that level but not very significantly alarming increase…95 to 115 and 113 in September. So that's the number we have in the NPA categories.

Renish Bhuva: Got it and sir what would be the PCR on stationary effect? If you can tell us.

Raj Ahuja: At a group level we have a PCR of 80% and we do an ECL provisioning and based on our security profile and our collection efficiency we have roughly around…. different businesses have different ECL provisioning for the NPA package. So, we have roughly around 24%, 25% weighted average PCR for the stake free assets.

Renish Bhuva: Got it sir, okay that's it from my side sir, thank you.

Moderator: Thank you sir. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. Sir, our next question comes from Mr. Nalin Shah from NVS Brokerage. Please go ahead.

Nalin Shah: Hi, sir, I just had a couple of questions. First the AUM for the company is around the same range of 4000 crores. So, what are the plans for that going forward?

Rajesh Sharma: So, on the AUM as you know all lending businesses, January to March quarter is always better among all the quarters. This quarter will be very good and on an overall basis we should be able to grow our book about 6% to 7% on a year ending basis. Next year we are already in process to add a few branches and coupled with that, I think next year our target is to grow the book about 25% to 30%. So, the next year will be a good year, full year. This year as you know, March onwards all the disbursements were stopped and July and August onwards when lockdown was eased, activity partially picked up. October – November onwards full-fledged business started across urban and rural branches. Despite that we have not de-grown the book much and this quarter we should be able to do good disbursement but that should result in the growth about 5% to 7%. Next year I think will be a very good year.

Nallin Shah: Okay. Sir the provision coverage ratio is 116% for the company so what kind of position you are comfortable with going forward in terms of NPAs and all?

Rajesh Sharma: So typically, in overall basis our NPA we assume a tolerable level above 3% and we don't expect much deviation, maybe because of this pandemic and because of the restructuring finally there could be some increase of NPA of about 1-1/2% in the longer run and for that adequate provisioning has been made. I would like to draw your attention that we have all three products which are secured products; MSME and home loan. Our MSME customers' most important property is mortgaged with us. In our home loan most of the customers qualify for the Pradan Mantri Awas Suvidha subsidy is their further loan to value comes down. Having a hard collateral with us NPA could be accounting entry but as far as credit cost is concerned, because we have a strong recovery mechanism and now surface limits also have come down from 50 lakhs to 20 lakh rupees; we feel it is not going to impact our credit cost much because ultimately all these secured loans are going to be recovered. Does that answer your query, or you have any further doubts?

Nallin Shah: Yeah, thank you so much.

Moderator: Thank you sir. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. The next question comes from Preeti Singh from Value Investments. Please go ahead.

Preeti Singh: Hi, good afternoon. I just have a couple of questions. My first question is, if we continue to lose customers to banks as their credit profile improves, how do we compete with the banks who are targeting the same segments and have a much lower cost of funds? Are we getting adequate returns for the efforts? When will our CIA ratio come down from the 35% to 40% levels?

Rajesh Sharma: Normally our customer which is in MSME affordable housing are those customers who have a business, self-employed; but they do not have adequate income proof. These customers normally stay with us anything between four to six years time and then only they are able to migrate to the bank. Looking at the overall opportunity and the gap in the underserved customer, we are able to acquire good growth and good number of customers. Our customers who move to the bank for lower rate of interest and all I think is a good sign overall because our customers are acquired by the lenders, after a period they are able to demonstrate a good repayment track record. I believe the kind of gap this segment has another seven to ten years there is a good growth opportunity to cater to this market. Parallelly we are already in discussion with a couple of good consulting firms to identify the new product in the same geography, the same kind of customer we can add on and that will help us to do the cross-sell into our existing customer, our ability to retain them for longer and add new product and improve our margin by reduced cost of acquisition of the customers. So, with the increase in the bouquet of the offering we should be able to grow our overall book as well and I think there is a huge segment and we need many more companies like ours to cater to this market.

Preeti Singh: Okay. I have another question. Sir your team does not have enough NBFC experience and are we looking to hire a business CEO with NBFC background?

Rajesh Sharma: So, we have a good number of people on the business, credit risk, collection side who have done a similar work in the last 15-20 years. We have people who have been hired from AU, people who have been hired from ICICI Bank, Kotak Bank and L&T Finance and all, so I think we have a good mix of the team…from Aadhaar. Our risk head has come from Aadhaar, he was in Aadhaar for more than 10 years and he is with us for almost about…. this is his fourth year. We have business head from AU, which is done in the AU, in grey finance, more than 15 years he is with us. So, at senior level we have all the people who have done the similar business during their previous stint with their employer. So, I do not think there is any lack of experience with the team which is doing the business, collection and credit underwriting.

Preeti Singh: Okay. Thank you so much, I think I got it. That's all from my side.

Moderator: Thank you. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. The next question comes from Radhika Loya from Mirae Asset. Please go ahead.

Radhika Loya: Hi good afternoon. Sir just two questions from my end. If you could give some color on your stage one and stage two assets and the second question would be if you have done your restructuring bill date.

Rajesh Sharma: So, I will ask my colleague Raj to answer this.

Raj Ahuja: Good afternoon Radhika. Our stage one and stage two assets obviously have moved in quarter three versus quarter two. In quarter two we had the privilege of moratorium which went on till August. September when the moratorium was lifted, we had only 30 days in that quarter for the stage two move. With that we have seen a sudden increase in the stage two assets in the current quarter. We have actually increased the stage two assets from 180 odd crores to roughly around 400 crores in December versus September. Our stage one asset actually at this point of time was constant so we were at 3021 crores earlier and now we are at 3100 crores. This is more or less in line with the industry and this is in line with the pre-COVID levels also. We had similarly around 400 levels which is roughly around 10% of the book in the stage two in the past also. So, September two was aberration but September three we have caught up back to around 10% above book in lying in the stage two line. Does that answer your question Radhika?

Radhika Loya: Yeah, definitely it does. On the restructuring side?

Raj Ahuja: On the restructuring we have…. like on the housing loan we had the time window till December for invocation and implementation till March and SME we still have the restructuring window open till 31st March 2021. We have got roughly around request of 2-1/2% of our assets to be restructured which is well within the lines of the industry. Industry is reporting roughly around 3% to 7% levels based on the product mix whatever they are having. We are at 2-1/2% now and by March we are expecting another 1%, 1-1/2%. So, I think we will end up with more or less 4% around book in the restructuring loan. In December end we were around 2-1/2% of our total book where we have received requests for restructuring. We intend to close the implementation by 31st March as per RBI guidelines.

Radhika Loya: Okay that was very much useful. Thank you so much. That's it from my side.

Raj Ahuja: Thank you Radhika.

Moderator: Thank you. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. The next question comes from Mr. Bunty Chawla from IDBI Capital. Please go ahead.

Bunty Chawla: Thank you sir for giving me the opportunity. I am sorry I joined late and if I repeat the questions. Sir if you can share the stage three numbers which you have already highlighted proforma around 115 crores. What will be the provisioning against that as well as restructured asset you have given as 4% which is 44 crores and what will be the provisioning against that restructured asset? Similarly, what is your thought process for the credit cost and the slippage in FY20?

Raj Ahuja: So, Bunty we are at 115 crores in the stage three assets and I have already answered that question that we do an ECL provisioning based on our security profiling and their capability profiling based on the past history. In our weighted average provisioning again, stage three comes to roughly around 24% to 25% out of the total which translates to 80% TCR ratio. That was the answer to the first question. Second on the restructuring fees, the RBI as per their guideline, we are supposed to make 10% provision over and above the standard provisions what we do on the assets and we have taken 10% provision flat on the restructuring book, which is roughly around 110 odd crores, 2-1/2% of our total books; so 110 odd crores. We have taken 10% based on that particular book and that is outside the stage three calculation. So, this is over and above the provision done under the stage three of 24%, 25%.

Bunty Chawla: Thirdly sir, outlook on slippages as well as credit cost for FY22?

Raj Ahuja: We are expecting a similar level of provisioning maybe a little bit heightened provision in Quarter four. I think as of now we will have to start watching this space because we have just come out of the moratorium window and people have started back. Economy is going back on track now so quarter four looks like we might have some slippages which is higher than quarter three. But I am not saying it is very alarmingly high, mainly because of our profile and the security backups what we have, so the customer obviously like to pay first to the lenders they have their personal securities mortgaged. So, to sum up the answer to your question, I think it will be a little higher than quarter three but not very high. So, like this quarter we have done 11, I don't think this to go up more than 20%, 25% at an overall level.

Bunty Chawla: That was very helpful sir. Secondly you shared the collection efficiency for secured and unsecured for the December month. If I were to compare with the pre-COVID level; what were these levels at pre-COVID level time? Same for the cheque bounce rate also?

Raj Ahuja: I don't have a cheque bounce rate readily with me, but at collection efficiency side, we are now at pre-COVID levels. Roughly January, February we were around 85% levels in SME and affordable housing loan segments, and we are back on the pre-COVID levels which were roughly around 60%, 70% in the last quarters. So, we are seeing that kind of a comfort coming back, and we have already achieved pre-COVID levels now.

Bunty Chawla: Okay, thank you that was very helpful sir. Best of luck for the future.

Raj Ahuja: Thank you.

Moderator: Thank you. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. The next question comes from Tarun Somani from Rubics Investments. Please go ahead.

Tarun Somani: Hello, thank you sir for taking me back again. I have a couple of questions. First one is like, you have mentioned that you will be foraying into new business segments. So, can you enlighten us a bit more on to what particular business segments or geographies are you targeting, and would it mean that you would slow down on the existing business verticals like MSME or affordable housing?

Raj Ahuja: I will take up this question. At this point of time, I think like Mr. Rajesh has already said that we are looking at some new segments but that is more to enhance our business and a little bit more cross-selling to our existing customer base to optimize the cost of acquisition. So, we are very, very clear that this is not at the cost of the existing products. Our existing products are doing very good and we have created a niche in those products, and we are very comfortable in those business segments. So, we continue to grow in the existing business segments. On the new products, we are still working on what are the products where we can have synergies. We are internally yet to close our product mix for our future. As and when we do any kind of new product launches and all we will obviously come back to the community.

Tarun Somani: Okay sir.

Raj Ahuja: But those products will be more synergetic to our existing lines and we are not trying to get into very different or non-niche products for ourselves.

Tarun Somani: Okay sir, got it. Sir one more thing, I just wanted to know, what is your five-year AUM growth or target or how many branches you will have to open to meet up that target? Anything you can say on that?

Rajesh Sharma: So currently we are operating from Maharashtra, Gujarat, MP, Rajasthan and NCR. And currently we have 80 branches. We intend to go deeper in these markets because we already have our regional team in place…the entire team is there. Regional sales team, regional credit team, operational, collection everybody is there so I think there is enough scope to grow there. So, we can add another 60 to 70 branches in this region in the next about two years' time. Further after one year, which is 23 onwards we are going to add Karnataka, Andhra, Tamil Nadu also in our geography in the same product, MSME and affordable housing. So, this will help us grow our AUM on a good amount maybe 30% plus. Second, we will add a few more products, to the same customer we can offer from same branches, same kind of income profile. That will also further contribute to us a growth in the AUM. For that we are already in discussion with good consulting firm and I think by December 2021 the entire plan will be ready. Our entire technology as well as the mapping team and then we should roll out in the last quarter of the coming financial year and then that product will be stabilized in 22, 23. So that is the plan.

Tarun Somani: Okay sir. Got it, that's it from my side. Thank you sir.

Moderator: Thank you. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. Sir, that was the last question for the day, now I hand over the floor to Mr. Rajesh Sharma for closing comments.

Rajesh Sharma: Yes, thank you all for joining the call. As we said we will continue to remain focused on our strategy of growing the retail book and we feel that the coming quarter and the next year is going to be quite exciting for us in terms of AUM growth as well as the profitability. Thank you all of you. Thank you so much.

Moderator: Thank you, sir. Ladies and gentlemen, with this we conclude our conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may all disconnect your lines now. Thank you and have a good day everyone.

Note:

1. This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.ble