pnb Housing
Finance Limited
Ghar Ki Baat

April 30, 2021

The BSE Limited,
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 540173

National Stock Exchange of India Limited,
Listing Department
“Exchange Plaza”
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Symbol: PNBHOUSING

Dear Sirs,

Sub: Earnings Call Transcript

Please find attached herewith the Transcript for Q4 and FY2020-21 Earnings Call held on April 28, 2021. The Transcript on Page 23 includes data on GNPA movement during FY21 as it remained unanswered during the Earnings Call.

A copy of the same is placed on the website of the Company at www.pnbhousing.com

This is for your information and records.

Thanking You.

For PNB Housing Finance Limited

SANJAY JAIN

Digitally signed by SANJAY JAIN
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Sanjay Jain
Company Secretary & Head Compliance
Membership No.: F2642

Encl: a/a

"PNB Housing Finance Limited Q4 and FY 2021 Conference Call"

April 28, 2021

Participants from PNB Housing Finance:

Mr. Hardayal Prasad	**Managing Director & Chief Executive Officer**
Mr. Ajay Gupta	**Executive Director & Chief Credit Officer**
Mr. Kapish Jain	**Chief Financial Officer**
Mr. Nitant Desai	**Chief Centralized Operations & Technology Officer**
Mr. Anshul Bhargava	**Chief People Officer**
Mr. Sanjay Jain	**Company Secretary and Head Compliance**
Mr. Rajan Suri	**Business Head – Retail**
Mr. Jatul Anand	**Credit Head – Retail**
Mr. Neeraj Manchanda	**Chief Risk Officer**
Mr. Saurabh Suri	**Head- Remedial management Group**
Ms. Deepika Gupta Padhi	**Head - Investor Relations**

Moderator: Ladies and gentlemen, good day, and welcome to the PNB Housing Finance Limited Q4 and Financial Year 2021 Earnings Conference Call. 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 an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Deepika Gupta Padhi. Thank you and over to you, ma'am.

Deepika Gupta Padhi: Thank you, Faizaan. Good morning and welcome, everyone. I hope you all are doing good; you are safe and healthy. We are here to discuss PNB Housing Finance Q4 and Financial Year 2021 Results. You must have seen our business and financial numbers in the presentation and press release that we shared with the Indian stock exchanges, and also available on our website, which is www.pnbhousing.com.

With me we have our management team, represented by Mr. Hardayal Prasad – Managing Director and CEO; Mr. Ajay Gupta – Executive Director and Chief Credit Officer, Mr. Kapish Jain – Chief Financial Officer; Mr. Anshul Bhargava – Chief People Officer; Mr. Nitant Desai – Chief Centralized Operations & Technology Officer; Mr. Sanjay Jain – Company Secretary and Head of Compliance; Mr. Rajan Suri – Business Head, Retail; Mr. Jatul Anand – Credit Head, Retail; Neeraj Manchanda – Chief Risk Officer; and Mr. Saurabh Suri, who is Head of our Remedial Management Group.

We will begin this call with the performance update by the Managing Director and CEO, followed by an interactive Q&A session.

Please note, this call may contain forward-looking statements which exemplify our judgment and future expectations concerning the development of our business. These forward-looking statements involve risks and uncertainties that may cause actual development and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. A detailed disclaimer is in our Investor Presentation.

With that, I hand over the call to Mr. Hardayal Prasad. Over to you, sir.

Hardayal Prasad: Thank you, Deepika and Faizaan. Good morning, everyone, and welcome to our Q4 and Financial Year 2021 Results. On behalf of PNBHFL, I extend each one of you a very warm welcome. Thank you for joining us in the call in the early morning today, I am sure that must have been a challenge. Considering the spurt in the COVID cases we all are actually talking to you from our homes, and I hope that you and your families are safe and taking due precautions from COVID second wave. Stay healthy, stay safe.

To start with, I would like to appraise you on the strategic priorities laid out by the Company during the last quarter and presented to you. As I had mentioned in the last quarter that we will share the monitorables under each focus area. This time, we have shared the same and we will keep on updating the progress against them every quarter. These are important vectors that will help the Company to achieve its overall strategic goal of a profitable and growing housing finance company.

To start with on our human capital, the Company is in the process of further strengthening its management team through internal promotions and external hires as required for the execution of strategic priorities mentioned earlier, which are the business growth including Unnati segment, focus on digital initiatives, advanced analytics, cost saving, etc. During the year, the Company hired Head of Collections, Chief Information & Security Officer, Internal auditor and Head of FP&A. We are reconfiguring our retail and corporate risk management function. The current ED & Chief Credit Officer and the Chief People Officer are moving on from the Company. With the CRO already in place, the Company has also initiated the process of hiring a Chief People Officer. The Company has already hired a senior person to lead the strategic transformation, a project called "IGNITE", for which the Company has hired a consultant also, a advisor .

On the capital, PNB, the promoter of the Company informed PNB HFL on February 19, 2021, regarding its inability to participate in the fund raise. However, it was also advised that the Company should continue with the capital raise plan, which was a enabler. The Company initiated the process of evaluating multiple options for the capital raise. However, due to the silent period, it could not complete its process. A capital raise is being considered primarily to reduce leverage and accelerate the growth, especially in segments such as self-employed and affordable housing loans, like Unnati, where the Company has developed strong niche in terms of distribution network, underwriting capabilities and servicing. The CRAR as on 31st March 2021, is comfortable at 18.73%.

In the last meeting we also spoke about the advanced analytics. And with the advanced analytics across functions, we are integrating everything so that our digital journey is seamless. The Company has strengthened its underwriting and collection team, and added external vendors to enhance its reach on the ground. The collection efficiency for retail book stood at 98.2% for the quarter ended March 2021.

On the corporate accounts, the Remedial Management Group is relentlessly working towards accelerating resolution of corporate accounts. The Company resolved few large accounts during the year with nil haircuts. The Company has seen significant resolutions in the corporate book including a large NPA account. As a prudent measure, the Company carries 14% provision on the loan assets in the corporate book, with coverage ratio of 60% in Stage-3 accounts. During FY 21, the Company sold and received accelerated payments of approximately INR 1,880 crores. The corporate book has de-grown by 19% in absolute terms over the last one year and 34% in absolute terms in the last two years and stood at INR 11,786 crores, which is approximately 16% of the AUM as on 31st March 2021.

Over the last few months, we have undertaken various initiatives in the digital space to enhance productivities and bring in cost efficiencies in the system. As part of the transformation, the Company introduced ACE, our online sales platform in October 2020. The Company has seen an increasing trend in the digital logins through ACE, from 2% in October 20 to 28% in March 2021. Going forward, the Company will ensure that everything is seamlessly integrated, right up to the collection stage.

As a retail focused housing finance company, we will leverage our expertise in self-employed and mass housing, especially Unnati. The Unnati book contributed to 10% of the individual housing loan disbursement. The Company remains excited about the co-lending opportunity, for which it has tied up with the bank, and is looking forward to good opportunities emanating from there.

The GNPA of the Company stood at 4.4% as on 31st March on loan asset basis. Retail GNPA stood at 2.52% and corporate GNPA at 12.65%. Higher delinquencies on account of COVID-19 disruptions and de-growth in the overall portfolio resulted in increase in GNPA during the year. The Company has made adequate provisions in the book, and our total provisions to totals asset is at 4.09%.

Talking about the liabilities, the Company is seeing a downward trajectory in the cost of borrowings quarter-on-quarter. The Company, during the financial year, has worked aggressively on prepaying and renegotiating its higher cost borrowings. The incremental cost of borrowings for FY 21 stood at 6.8%, registering a decline of 167 basis points versus FY 20.

If you look at the financial performance, the profit has gone up as against the net loss during Q4 last fiscal. The Spread, Net Interest Margin, the Gross Margin, all these have shown upward trend.

As we go forward, I would like to open the floor for questions and answers. And the whole management team is sitting over there to respond to you directly as you ask these questions. Thank you very much, and you are welcome to ask questions from us.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Amit Ganatra from HDFC Mutual Fund. Please go ahead.

Amit Ganatra: A couple of questions from my end. One is that, in notes to account, there is some disclosure about restructuring, it is mentioned as personal loans restructuring. Can you clarify what this restructuring relates to? That is my first question. The second question is on, can you also provide information on full year gross slippages, how do they compare to previous year's, and the recoveries and upgrades during the year? These are my two questions, sir.

Neeraj Manchanda: On the restructuring personal loans, these are the COVID restructuring under the RBI's framework, the guidelines which came out with the RBI, and the personal loans are basically covering the retail loan. May I know your second question?

Amit Ganatra: These are secured housing loans, or these are actually personal loans?

Neeraj Manchanda: Our entire portfolio is secured. We don't have any unsecured portfolio. It's all retail loans, home loans and LAP, joined together.

Amit Ganatra: Okay. So, INR 1,000-odd crores restructuring has been done?

Neeraj Manchanda: It is INR 1,386 crores of restructuring has been done on the retail side.

Amit Ganatra: Okay. And the second question about the slippages during the year, how do they compare to previous year and the recoveries and upgrades?

Neeraj Manchanda: MD has already talked about that due to COVID implications there is a rise in delinquency. Our delinquencies and NPA levels have increased, we are at 2.5% of NPA in the retail book, in the corporate side also our NPAs are at 12.65%. In terms of recoveries, there has been a significant improvement, we have seen a positive traction and movement in our retail and corporate book in the last quarter, the collections efficiencies have increased significantly. As MD talked about, we have resolved few large ticket accounts also during the last quarter.

Amit Ganatra: Flow data you are not able to share? Generally, I mean, that is available in the annual report anyway. The flow of slippages, how do they compare to last year?

Neeraj Manchanda: See, as I told you, there has been slippages, but in the last quarter there were very, very positive improvement in the collection efficiencies also.

Amit Ganatra: No, no. So, I understand that, but I just want to compare that how the flow is as compared to previous year.

Ajay GUpta: I think what you want is, what are the additions to NPA and what are the resolution to NPA and hence how is the position of net NPA at the close of the financial year. I think we don't have it right now with us in that format, we will share that post earnings call by way of circulation, the additions and the resolution data. What Neeraj is saying is, overall, the resolution rates are looking good, particularly in quarter four. And within quarter four also if we dissect and see March numbers, given lot of confidence to the Company that we are back on the track, particularly in corporate book if you look at Stage-2 and Stage-3 number, while Stage-3 has remained static, Stage-2 there is a significant improvement from the previous quarters and previous year, we have only 2% on DPD basis, only 2% of our portfolio in is Stage-2. So, we will share the net additions and subtractions of NPA, that walkthrough of NPA by way of separate circulation.

Amit Ganatra: Whatever disbursements that you did during the fourth quarter, if we exclude the disbursement done for affordable housing loans, what would be the average yields at which these disbursements would have been done?

Rajan Suri: So, the average yield for our FY21 disbursement is 9.22% in retail.

Amit Ganatra: My question is that generally right now prime housing loans are being done at around 7% odd, if your average yields are still 9.22%, what kind of customer segment are we catering to? And what kind of asset quality risk then it further exposes to?

Rajan Suri: So, if I give you a breakup, you will understand that it's an average yield. So, if you see our salaried home loan yield, it is at 8.70%, and if you see a self-employed yield, it is 9.17%. So, total home loan yield is at 8.86% including Unnati loans which is at 11.24%. And the LAP yield is 10.05%. So, average becomes 9.22%, so it includes LAP also. So, if you see, we are catering to mass housing as pointed out, and that's our forte and we are moving a segment where we are doing majorly loans up to INR 30 lakh. And yes, we are not diluting on any of our norms for that matter, our CIBIL score if you see, most of the business happens above the CIBIL score of 750. So, be rest assured that we are not diluting any of the norms, so we are maintaining the quality as far as the sourcing is concerned, and the underwriting standards are as they were. There is no dilution on that front.

Hardayal Prasad: I think responding to you, the incremental business of the leading banks is coming at that level. However, we also have our own strong strength where we are able to deliver. And our interest rates have always been different than the interest rates of some of the leading banks. So, today, what you are talking about 7% prime and all that, we still have prime borrowers but our interest rates have always remained a little over the least that some of the banks have been quoting, because of the CASA advantages and other things. It's not just the rate at which a customer comes, there are a lot of other things that go in terms of the servicing, TAT, efficiency and other things.

Moderator: Thank you. Next question is from the line of Abhijit Tibrewal from Reliance Securities. Please go ahead.

Abhijit Tibrewal: My question is around your corporate book. So, if we looked at your last quarter reported GNPA, obviously, they were pro forma numbers. But seems like there has been a slippage of about INR 300 crores to INR 400 crores during H2 of the last financial year. Can you talk about the corporate account which has slipped?

Saurabh Suri: So, if you look at the numbers last reported, they were pro forma NPAs, and we have not given staging of pro forma NPAs between retail and corporate. There has not been any major slippages, those percentages do not sound right because basically they are on reducing book, but there have not been major slippages. I think there is just one account which has got slipped between Q3 and Q4. Otherwise, we have been able to hold on to the rest of the slippages and actually pulled them back to Stage-I.

Abhijit Tibrewal: Okay. And what was the quantum of this account which slipped during Q4, around INR 300 crores to INR 400 crores?

Saurabh Suri: No, it's about INR 150 odd crores.

Abhijit Tibrewal: Then, I mean, how does it kind of explain your absolute corporate GNPA which was about INR 1,200 crores as on Q4 last year has moved to about INR 1,500 crores in Q4 this year?

Ajay Gupta: There have been resolutions as well in the corporate side, so accounting for those as well. So, the net effect of basically is the movement. So, we were INR 1,089 crores as on 31st March 2020, and we moved to INR 1,490 crores as of 31st March 2021.

Abhijit Tibrewal: This is INR 400 crores?

Ajay Gupta: So, there were pro forma NPAs which were being reported because of the Supreme Court embargo. So, that was basically split into corporate and retail. So, there was forward flows in that. So, there is INR 400 crores of slippages overall in the year.

Abhijit Tibrewal: So, even if you kind of compare year-over-year, right, there have been about INR 300 crores of additions to your corporate GNPA. So, INR 150 crores, like you suggested, was an account that slipped, I think, in Q4, the remaining INR 150 crores was another account that slipped during Q3?

Ajay Gupta: So, you are right, from March 2020 to March 2021, there is a delta of INR 291 crores. So, this INR 291 crores also is net of resolutions made during the year, cumulatively it will be little, additions will be little larger to about INR 400 crores kind of a number, which Saurabh mentioned. So, there are two accounts or three accounts which have slipped from March 2020 to March 2021.

Abhijit Tibrewal: Okay. And Ajay sir, I mean, you have not provided details of new accounts, I mean, in your presentation deck you actually provide a slide wherein you give out the corporate group remedial actions, the resolutions that you have achieved. But I don't see mention of any new accounts there. I think which last slipped in Q4 of FY 2020 is the one which has continued to remain there. I don't see any new additions to the corporate book on your presentation deck.

Ajay Gupta: Yes, so the presentation in the corporate portion, we have shown the resolutions which are underway. The new slippages which have happened in Q3 or Q4, and the team is working on it. And I think, give us some time, we will also come out with a resolution plan for those accounts as well. The plans are already being worked upon; I think this is a little premature to show what are the concrete steps we are taking. I think in next quarter or quarter after that we will disclose what are the resolution plan for the incremental accounts also.

Abhijit Tibrewal: Okay. And sir, in the interest of time, I mean, just one last question. So, every Q4 you kind of give out disclosures on some voluntary SICR that you kind of identify. So, if I recall correctly, last year you had identified in your corporate books something around INR 400 crores, and in the this year you have identified another INR 900 crores, so what is the status of those corporate accounts which were identified in the SICR in Q4 of last year? I mean, have they been upgraded to Stage-I or they kind of continue to remain there in SICR? And just one last question on your OPEX, I mean, a sudden sharp spike in your OPEX during the quarter despite no branch additions, I mean, how do we explain this volatility, both in your operating expenses and your other OPEX?

Ajay Gupta: So, I will answer the first question. First question basically is saying on SICR. SICR, just want to make correction, it is not INR 900 crores, it is INR 875 crores, five accounts which management has identified, there is a significant increase in the credit risk. Now, the journey between the last SICR and this SICR, the risk has fructified in the cases which we have identified in majority of those cases. Rest cases, one or two case we have either carried forward into the new pool of SICR, INR 875 crores, or they are part of Stage-2I. So, SICR has a natural result, on DPD basis the account moves into Stage-2, we don't classify that as SICR. SICR technically means a Stage-1 account, which is for the risk associated with it. We push it to Stage-2. Now, if there is a natural transition because of DPD into Stage-2, then it loses the color of SICR, the risk is fructified, right. So, cumulative of previous year this year, we have identified INR 875 crores which we have shown in part of SICR for closing March 2021 number. And the INR 400 crores incremental NPA number which Saurabh just mentioned, also includes some SICR of the last financial year.

Abhijit Tibrewal: Sure. And on the OPEX bit?

Kapish Jain: On the OPEX, we have been tight on our OPEX, and we are making sure that we are very diligent on our spends as well. The only reason why the OPEX has seen a marginal increase in this quarter, it is in line with our conservative approach to provisioning for our asset. We have also done provision for the stock of acquired assets that we have through SARFAESI and other measures. And on them we have done additional provisioning of around INR 25 crores, which is adding up to the overall operating expenses when we do our disclosures. So, these are not business expenses, but these are more around provisioning that we have added up in line with the way the market is.

Hardayal Prasad: Kapish, you can also talk about the the write-offs and other things.

Kapish Jain: So, write-off is separate, but this is more on the line of the provisioning that we have done in the operating expenses.

Abhijit Tibrewal: So, this provisioning on the SARFAESI asset reflects in your other operating expenses?

Kapish Jain: Yes, correct.

Abhijit Tibrewal: And the write-offs that sir was talking about was about what, INR 100 crores, during the quarter?

Kapish Jain: The write-off for full year is around INR 83 crores, for the quarter it is INR 49 crores. So, again, we look at our vintage assets that we hold, and we thought of cleaning our asset book while we continue to track them more specifically and separately as well. But the vintage assets is something that we wrote-off this quarter as well.

Moderator: Thank you. The next question is from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Firstly, what explains sequential decline in Tier-1 ratio for us?

Kapish Jain: Okay. In this what happened was, our CRAR is actually 20.61%. But then, at the year end, we actually did a fixed deposit investment with the parent bank as an arm's length transaction. And then if we do a fixed deposit with a company in the same group, that 10% beyond net owned fund gets deducted from the overall net owned fund; and therefore, the capital adequacy is appearing lower. Adjusted for the same had we done this fixed deposit with somebody else, the overall capital adequacy would have been 20.61% to be precise. Otherwise, even if you see the gearing has also come down from 7.3% to 6.7%. So, overall capital adequacy would have only improved.

Nidhesh Jain: Sure. And sir, what is the outlook on asset quality, both in retail and corporate going into FY 22? As I see, we have been making, strengthening our provisioning for last five, six quarters, and every quarter we are having relatively high credit cost. So, do we expect similar sort of trends to continue into FY 22 or what is the outlook there?

Neeraj Manchanda: See, the Company is following a very, very conservative approach in its provisioning policy. As we have noted that, this time we are incrementally providing around INR. 778 crores of additional provision for the financial year 21. Now, looking at the last year and going forward, we see a substantial improvement in the kind of a scenario and environment we are operating in. Last year, we were not having any channel of resolution through a legal means, all of the recoveries were done manually reaching out to customer. So, this made our recoveries a little difficult, but we see a lot of optimism, we are cautiously optimistic given the kind of a scenario the emerging waves we are facing. And we are quite certain, positive that my forward flows will not be that higher, what it were in the last year. And my resolution rates for the NPA would be far better than what we had experienced last year. Coming on to the corporate side, we have resolved in tough time two, three big, accounts. Now, and that too in the COVID times there's a very good traction which we have measured in the last six, seven months with the developer community. And we are very hopeful of those resolutions. But yes, it is taking time, it has their own processes. And we are very, very hopeful that in the next year those positive reports will come out. On the provisioning part, we don't see that aggressive provisioning will be required, we have provided adequate provision, 14% of the provision and overall, at the book we have a 4% provision, retail is around 1.78%

and the corporate is around 14%, that's good enough to meet any unexpected shock which we are facing. However, we are keeping our fingers crossed, we are praying that this COVID wave, new emerging wave should be very, very brief and we are cautiously optimistic. Having said that, we have a good enough coverage to meet any unexpected shocks on that side also.

Ajay Gupta: So, just to supplement, if we look at our corporate book, 83% of corporate book today is zero DPD, right. And even if I add Stage-2, its 85% book is on DPD basis out of stress, 13% book is NPA, and we have identified 7% of book which is INR 875 odd crores as SICR. So, we have a very good traction on corporate book. One of the larger accounts, which MD mentioned in the opening statement is, it will get resolved in Q1 or maybe in July at the outset. So, this will give a very huge, INR 350 odd crores will vacate the NPA pool.

Now, coming to retail, the collection efficiencies have improved, the overall collection efficiency has actually reached the pre COVID level. We are now at 98.3% and pre-COVID level we were at 98.5%, 98.75% kind of a percentage. The collection efficiency is giving a lot of confidence to us that we are on the right track. Now, even if I see average resolution rates for bucket 1, 2, 3, which is basically pre-NPA kind of buckets, we have seen substantial improvement there also. So, it is close to 86%, 86.5% average resolution percent, pre COVID it was about 87%. So, we are almost there. We have identified a pool of INR 3,500 odd crores, which is basically a moratorium pool, which team is doing a lot of traction in terms of resolution, etc. So, net, net, we have identified where the problem is, and we have resolution plans to address those problems.

Now to your overarching question that how the performance will look like for the next financial year, these inputs is giving a lot of confidence here. With the portfolio showed its metal and we will see improvement there. However, to further quantify, I think it is a little too premature to assess COVID-19 second wave, its impact on overall performance. But as I mentioned from the recent past, we have confidence that we will be able to weather this unknown pandemic.

Nidhesh Jain: Thank you. Last question is on credit rating upgrade and cost of funds. So, we have done significant deleveraging in last two years, there has been a significant reduction in gearing, Tier-1 has improved, and I can see that the balance sheet has also been strengthened with the very high provisions that we are having on our balance sheet. So, what is the commentary that we are getting or what is the interaction with credit rating agencies, what is the pushback that we are getting for a credit rating upgrade at this point in time?

Hardayal Prasad: Credit rating agencies look at a lot of vectors, some of the vectors are extremely favorable, and they always look at the trend, and they wait for the things to happen. You had COVID, and then you have this COVID second, things were improving. You look at our collection efficiency, you look at the numbers that we have built in quarter four, they were also very positive that actually very clear guidance, overall feed was coming that things should improve. However, these things keep on changing very, very fast and rating agencies look at a lot of things. If you really look at the rating rationales that come out, one of the most important thing that is, what is our legacy, and I think that comes out very, very strongly with the second largest public central bank, PNB as our promoter. The kind of fund raising that we do is strong, we are very, very strong on that issue, and that comes out very, very favorable in terms of that. The availability of brand which is something important, is again a very important thing. These are actually all pluses that if you look at it.

However, there are a lot of other things also that they look at it. Obviously, you have been raising the issue on the asset quality, they will wait for it, they are seeing traction. So, they are waiting for the asset quality to improve. There are risks they like to watch on it. Obviously, all this leads to the profitability, which is again one of the most important things. The liquidity, again, remained strong for us, we have ensured and we have been able to renegotiate with all our lenders. I think overall, if you look at it, these are some of the important things that one looks at . We remain continuously engaged with the rating agencies. And we continuously give them that comfort that the company has solid and good control over what it is doing. It is just a work in progress. And as we move forward, things will improve. Some of the things that are likely to happen in terms of the resolutions that we are doing, in terms of the collection that we are doing, in terms of the digitization, in terms of the improvement in the business that we have done, I am sure that all this will be recognized. And going forward, whenever reviews are coming in, they might think after maybe six months' time that the Company has demonstrated, and we will be more than happy in case there are positive actions that are taken over there.

Nidhesh Jain: And sir, any concern on the capital raise from the rating agencies? Is it required that despite the gearing has come down quite significantly, do you think that capital raise is required?

Hardayal Prasad: We are continuously talking about it to them and telling them that both these things are very good in terms of the gearing and the CRAR also. We have also spoken to the regulators that when you say it is 12% gearing which is acceptable to you, the rating agencies have been actually asking for lower. However, we have continued to build on both these things. And if you look from March 2020 to March 2021, both of them have made significant progress. This is what we will continue to do. We are mindful of the fact that what the regulator says, similarly mindful of the fact what the analysts and the rating agencies talk to us. So, right now, I think the things are pretty well in terms of all these vectors. And we remain totally committed towards the growth that can come in because of these things, especially on the affordable housing side, Unnati in particular.

Moderator: Thank you. The next question is from the line of Ashish Agarwal from Pareto Capital. Please go ahead.

Ashish Agarwal: Sir, actually, I had one question and one clarification. So, the question was, you have mentioned about the quarterly movement of proforma GNPA to the actual reported GNPA from quarter three to quarter four. And I think you have also given the breakup of retail and corporate GNPA moving from FY 20 to FY 21. If you could give some sense on how the breakup is for retail proforma NPA to current reported NPA, from Q3 to Q4? That was one.

Neeraj Manchanda: See, in terms of the proforma NPA, in the quarter three to quarter four we have got in the pro forma NPA some resolutions also. And in the retail side, we were having the Proforma NPAs of INR 1,400 crores in Q3 which today stands at INR 1,271 crores, so these are resolutions in the retail side.

Ashish Agarwal: Thank you so much. And just one question again, more sort of a clarification, you did mention about it but there was some network issue. The current trends that you are seeing as of the current month so far, in terms of sanctions, inquiries and collection efficiency? Thank you. That's all from my side.

Ajay Gupta: Collection efficiency, as I mentioned, has gone to 98.3%, this is average of the last three months and it has reached close to 99% in the month of March. So, in Q4 also we see the collection efficiencies have improved actually, and we expect this to continue for the next few quarters also. Similarly, average resolution rate, which I mentioned, about 86.5%, average resolution of bucket 1, 2, 3, there also we see traction and within Q4 March number is higher than the average of three months.

Ashish Agarwal: I think you've given March numbers in the presentation also, I saw that. I was actually looking for any sense on what's happening in April month because the wave has really hit us harder in the month of April, till March things we still under good control?

Ajay Gupta: We are on 28th April and the collection team is working on it. If I see a lead indicator, which is a bounce rate, which was close to 5.96%. Thankfully, our cycle date is 5th and 10th, 90% of presentation happen on 5th and 10th and it will be significant this thing of the COVID scenario which has built up. So, luckily, the bounce rate has improved in April also and the team is working on the collection. Yes, there is a impact of field collection, but we are keeping fingers crossed, I think in April we should be able to match March collection efficiency number.

Ashish Agarwal: On disbursements?

Rajan Suri: Disbursements is moving in the right direction, and we were seeing increasing trend after the month of August, we saw that the numbers are moving, and it was a very good trend that we saw the numbers moving, if you see the numbers trending from Q1 from INR 694 crore, it moved to INR 4,103 crore, and in the month of March, we closed with a disbursement number of INR 1,560 crores and if you see Q4 it was a 50% increase over Q4 to Q4 numbers. So, that's a number trend looking very healthy. Now with this pandemic coming in, I think we have to restart our engine. So, that's about it.

Hardayal Prasad: Mr. Agarwal, responding to the two of your questions which are very pertinent, the kind of traction that we saw both on collection and disbursement, discontinued in April, also up to 15th there was no issue and we did pretty well in terms of that. Since then you have seen partial lockdown across India, all the cities are closed, we have been monitoring every state-by-state and we have realized that there are certain centers which are open. It's only the nine states which are badly affected which are contributing to severe number of COVID cases also. So, we see that there is some amount of traction that is happening. But I think overall with the lockdown, there is going to be a little bit of an issue in April. I don't think that one should really look at what is the number that is going to be in April? It's a question of how quickly you can bounce back. The COVID has taught us what we needed to do in Q3 and Q4 and how we need to actually adjust to our strategy, I think we have done that pretty well, and we will continue to push that to see to it that the moment that normalcy returns, hopefully I think the picture take place in the next seven eight days, we will come back and we will demonstrate once again that the collection efficiency as well as on the disbursement, especially the digital acquisition strategy, digital collection strategy, they come in good state to the company.

Moderator: Thank you. The next question is from the line of Kunal Shah from ICICI Securities. Please go ahead.

Kunal Shah: Just want to understand more on the Stage-2 part. So, particularly on the corporate side, how has been the flow on the Stage-2, are these like the newer assets or maybe last year also, we saw almost INR 1,000-odd crores, it's still continuing at INR 1,200-odd crores of Stage-2 in the corporate pool, so, how much we are worried about this Stage-2 flowing into Stage-3? Is this INR 875 crores included in the Stage-2 assets and we should see the positive trajectory out there? So, that was the first question.

Saurabh Suri: Our Stage-2 today is actually just 2%-odd, the SICR, which is actually Stage-1 today is something that we've identified and classified as Stage-2 today, we are seeing a significant increase in credit risk in these accounts, and very, very forthcoming, we say these are Stage-2 accounts for us, and we provide for them, and at the same time, we are working very closely to resolve the issues underlying these accounts. But we are very forthcoming and saying that the Stage-II is very minimal at 2% today, but the Stage-I INR 875 crores, which you rightly pointed out is Stage-1 today, and we've classified as Stage-II.

Kunal Shah: Sorry, Stage-2 you are highlighting 2%, I'm talking about corporate portfolio. Is it 2%? I see INR 1,200 crores which is 10%.

Ajay Gupta: Stage-2 which you are talking about is INR 1,200 crores, including of the SICR, SICR is INR 875 crore. Coming on to what kind of a forward-looking statement you want, as

I told you about, it is a process which we have to follow in our recovery and resolution for corporate finance. The way we have resolved certain accounts with the COVID around it, I'm sure going forward in the next year, there will be a good resolution, and in terms of the provisioning, we have adequately provided for it, I mean, if you look at INR 875 crores, we are around 35%, 36% already provided, even more than that. So, there is nothing to be worried in a sense on the provisioning side, on the resolution side, we are very much confident, we are hopeful and when we are providing SICR, it means that we are already in terms of the permanent resolution including all those accounts.

Hardayal Prasad: I think, Kunal, what they're trying to say is that if you remove the SICR, which Ajay had mentioned previously of INR 875 crores, which we feel that we need to keep on monitoring, it is actually a zero DPD, which means that it is at Stage-1. However, we felt that it was necessary that we should be quarterly doing. That's the reason that they are continuously pointing out that we remain confident of handling this, monitoring it, and hopefully COVID really doesn't come back, and the same way we definitely should be in a position to actually deliver on the work that we're doing.

Kunal Shah: This collection efficiency which we are highlighting at 98.3% and 99% for March, so how is this is retail, corporate, including, maybe how should we look at this number because on the other end, we are saying that it's like 83%, which is there which is zero DPD, so just trying to correlate 99% with the overall Stage-2, 3 assets which we have?

Ajay Gupta: You're trying to compare apples to oranges actually, because overall these are two different metrices. When we say 99%, we are only talking of retail. Corporate, actually it is more than 100% because there are by way of natural escrow mechanism and sale traction we receive in a normal course higher than the billed amount. When we talk of collection efficiency, it is more granular and a concept related to retail. If you're asking me bifurcation, 99% is retail and over 100% for corporate.

Kunal Shah: And corporate how it would have moved over last three quarters? If I were to look at it maybe just because I think in other HFCs, the efficiency or maybe the collections on the corporate were much on the lower side. Today, we are seeing it's 100%-plus, but how it would have been say, getting into Q2, Q3 and Q4?

Saurabh Suri: Q2 was mainly the morat period. So, Q3 the comparative number will be 91% and it's crossed 100% for us in Q4, because of better collections and escrow sharing that we have in place.

Kunal Shah: Again, to touch upon in terms of the credit cost. Just want to maybe get the clarity, on the corporate given that 30% of the Stage-2, and almost like 60% of Stage-3 is covered, and on retail also, we had done 11%, 12% on Stage-2 and 30%-odd on Stage-3. So, are we comfortable in terms of the credit costs and no further credit costs would be needed? And whatever provisioning was for that this quarter this was largely because of the recognition which happened after the classification of the proforma, so are we now confident about it?

Ajay Gupta: Yes, pretty much, you're on the dot. I think our journey on provisioning and credit cost both in retail and corporate is done, for ECL corporate we have done provisioning is actually14%, we made aggressive provision in Stage-I by applying management overlay and for Stage-3 also we increased from 40% to 60%, predominantly to keep net NPA at sub-2.5% level. For retail also, 1.78% is a healthy coverage, we have further stressed in PG/LGD for getting these numbers. So, from FY'22 and '23, we expect the credit costs to come down. We would like to see the credit costs coming down to 35-40 bps, but given the COVID thing is still going on, we expect it to be on higher side around 70-75 bps to be on a conservative side for next year.

Moderator: Thank you. The next question is from the line of Shalini Vasanta from DSP Mutual Fund. Please go ahead.

Vivek: Hi, good morning. This is Vivek. I had two set of questions. Goes back to the first question that was asked in the question-answer session, could you please give us a little more texture on the customer that you target because the customers obviously paying a higher rate given the fact that mortgages are always advertised at extremely low rate, why would the customer come to you, do you see a lot of business transfers, in terms of repossessions, is it good for this customer or not? The second question is around support from one of the sponsors PNB. We understand that they couldn't participate in the capital raise. But do you have arrangements given the fact that they also do their own mortgage lending, anything to do with loan buy down, securitization or co-origination? These are my two questions.

Rajan Suri: So, as I pointed out earlier also, the rate of interest do play an important role, there is no doubt about that, but yes, we have got many of our USPs where we are good at. So, we have got a very strong distribution network, number one. Number two, from the customer segment, we have been very transparent in our approach to our customers in terms of charges that are there, in terms of all those things, rate of interest and everything, we are very transparent at this. Turnaround times which we offer to a customer for sanctions, we are best-in-class and kind of certainty that we give to a customer and the loan amount, as we have got a lot of training done to our staff, which is there in the field. So, customer is pretty sure of what he's getting and again the approach that we have, when we're dealing with a customer. So, all those things definitely play an important part. And as I said, we are not very way off from the competition. Earlier also we were kind of 30-35 bps higher than the competition. Yes, lately, it became a little high on that front, but yes, as we have got many ways, here the customer service is one of the most important criteria right now, we have moved into a digital space, where everything customers can get digitally right from all the statements and accounts and all those things he can get digitally. So, all those things, if you see put together as a package, customers would like to come to us and obviously the kind of trustworthiness our customer has on us because of our strong lineage. I was just mentioning earlier also, we are talking about you know, just rate of interest, but yes, as I said, quarter-on-quarter if you see we have been giving some kind of leeway on the rate of interest also, it is not that we have been just static and we have not reduced it. So, we have done reduction four times on rate of interest also. And that has also led us to get more business and as I said in the month of March, we have closed the numbers of INR 1,550 crores, a good milestone for us to move forward. On the second part on co-lending piece, you said how is PNB thing going on. If you see RBI policy, we are not allowed to do co-lending with the parent bank, we cannot do it with PNB, so that is one. But yes, we are moving with one of the big banks and we have already done a tie-up with them, it is there in the public domain also now. And secondly, we are talking to one or two more institutions where we want to get into co-lending. It will be a very strong thing to come in for the future as a strategy point.

Hardayal Prasad: Jatul, you could also talk about this underwriting and everything and the TAT and efficiency, productivities. Why the customer comes to us.

Jatul Anand: Correct. So, as already talked about, the customer does not only look for the rate of interest, it is a turnaround time, the way he has dealt, the transparency in the system right from his file gets in and the engagement with the customer whether through messaging or other digital means, till the time of sanction and disbursement that also holds good. And as you said that it is not the balance transfers coming in, we are not targeting as such much of balance transfers, our endeavor is to cater to the customer directly and that is what is our main source of business on month-on-month basis. So, these are the quality parameters and the digital interventions which keep the customer engaged and hooked to us. So, we ensure that the turnaround time if you see 80% of the cases we do around less than four working days irrespective it is salaried or self-employed. That's a clear differentiator in the market today.

Vivek: I mean business transfer out, I mean, you can get the customer but then again they might go shopping for a lower rate and move out. So, that was one of the issues and then about repossessions and whether customer segment in the affordable home, it's more difficult than the normal salaried home loan segment?

Jatul Anand: That has always been the nuances of the trade I would say. And if you see the business transfers coming in, business transfers going out, it is how you deal with the customers even the post sales service, what is your level of engagement, how you retain, whether you are able to assess customers future needs also because it's a long-term loan, customer always need a top up also, many times customer goes in. So, we have a lot of internal digital tools which we use to our advantage which gives us the triggers which customers are looking out for loans, etc., So, our retention team proactively engages. So, in-house recipes are there to arrest this thing. And so we don't see just because of rate of interest, the customers goes out.

Hardayal Prasad: Vivek, there will always be sometime this push towards the interest rate, there have been, I'm not saying that there are not, but actually we are realizing that people are looking at many other things also over and above. Very importantly, whether your loan is being properly judged in terms of the amount of loan especially in the self-employed and other things. So, I think the company has a wherewithal, the strong bench strength and it does a good job in terms of finding out what should be the right amount. Giving loans which are lower than what you should get everything. I think these are some of the strengths of the company which holds it in good stead. I'm sure that interest rates also, as we move towards a different environment, we've already brought down the differentials to the pre-COVID levels, we will continue to do that.

Moderator: Thank you. Next question is from the line of Subramanian Iyer from Morgan Stanley. Please go ahead.

Subramanian Iyer: I had a couple of questions. So, one, if you could split your restructured portfolio into Stage-1 and Stage-2 the way it has been classified? So, that was one question. The other question is that you spoke about a large resolution in the first quarter. So, what is the kind of LGD you are expecting that and who should we expect some substantial provisioning release there as well? And finally, my last question is on the incremental retail lending that you are doing. What is the budgeted credit cost in that business, Is it the 35-40 basis points that you earlier mentioned?

Neeraj Manchanda: Hi, Mr. Subramanian. Okay, talking about the restructured cases, all restructuring has been done with the COVID framework of RBI. We have got INR 1,386-odd crores on restructuring in the retail and INR 337 crores in the corporate, out of INR 1,386 crores, INR 250-odd crores is classified as a Stage-2 and rest in Stage-1, in corporate, out of INR 337 crores, around INR 100 crores in Stage-2 and rest is in Stage-1. Your second question was on the big account resolution. We have been conservative in our approach, but at the same time we have adequately provided for, we have already built in the cushion. Let me tell you that whatever cases have been resolved so far in the corporate side are with the nil haircut, though we are holding a very-very significantly high kind of coverage ratio, 60%-65%, but we have not experienced any haircut in all these cases.

Subramanian Iyer: On the budgeted credit costs in the new retail lending that you're doing? There will be basically a certain credit cost which you will be budgeting in your product program, right. So, if you're say maybe lending at 9% yield or say 8% yield, there will be certain credit costs you'll be budgeting to see annually, maybe 25 basis points, 50 basis points depending upon the risk profile.

Neeraj Manchanda: You are talking about the pricing? This credit costs are already part of the modeling which we are doing in terms of ECL and everything, so, this is already baked in, if you look at the pre-COVID level numbers, those are actually on an average credit cost which we're building it up.

Subramanian Iyer: So, you might be modeling around 35-40 basis points that you mentioned earlier that you would have wanted like to go back to in the next years?

Neeraj Manchanda: We cannot compare actually these COVID times with normal kind of our pricing mechanism. As I told you, whatever we are building it up pre-COVID times, that is part of the pricing policy, these are the special time, I mean, if we look at a macro factor in March '20, everybody was talking about contraction, it doesn't mean that I will start building up those macro contraction and negative 10% contraction in the pricing. So, whatever was there in a pre-COVID time, that is a part of the pricing policy and also it depends on the kind of profile you are getting, we have got internal scorecard model where we do the assessment, and the pricing piece is already part of that.

Moderator: Thank you. The next question is from the line of Avinash Kumar, individual investor. Please go ahead.

Avinash Kumar: My first question is, can you tell us what is the collection efficiency without including prepayment and overdues and further if you can give a breakup of retail and corporate as well?

Ajay Gupta: So, the way we calculate collection efficiency is basically amount collected over billed amount. Now, the way system is configured out here, if I start removing overdue amount collection, it does not segregate the current due also. So, there is some limitation of getting the correct. So, if there are three EMIs due and the customer pays three EMIs, we will consider everything in the numerator for calculation. Ideally, what you are saying is take two out and consider only one. The present system does not have that functionality. We did a manual check a few months back the delta between what we are saying 99% and if we remove overdue intuitively and just calculating and telling you is about 95%.

Hardayal Prasad: Mr. Kumar, sometimes it goes beyond 100% also because the way you look at it that but that's not the way actually the collection efficiency is looked at. It can go beyond because the moment you say there is going to be overdue also added, there you got billed and everything because there are some old overdue and what you have billed today. So, the way we can calculate is amount collected over the amount. We can dissect this data, we can look at a lot of other things, but that in any case get reflected into the stage wise distribution as well as the NPA number that I want to follow.

Avinash Kumar: Once you're calculating excluding overdues, you also do excluding prepayment also for the collection efficiency?

Ajay Gupta: Pre-payments in retail, we don't consider that in the numerator, so it is already discounted prepayment. In terms of corporate account, any bulk payment, any payment received on account of bulk security release, etc., we don't consider, because of escrow sharing if the developer is able to sell more and recover more from the customer and hence the incoming escrow is more, even if his due is about INR 100, I may end up collecting INR 110, INR 120. So, for me, I can't segregate that INR 120, it is BAU for corporate accounts. Any prepayment in retail, which is easy to segregate, we don't consider when we do our collection efficiency number, we don't include that.

Moderator: Thank you. We'll take the next question from the line of Deepak Mittal from Edelweiss. Please go ahead.

Deepak Mittal: Sir, my question is to do more with the long-term ROA, ROE that you expect the business to produce on a steady state basis. I know the current focus is more around asset quality and just keeping control of what we have today. But if you sort of think through one or two years forward from here, hopefully we get to a normalized situation, what kind of an ROA do you expect and how will they be kind of split from let's say corporate book versus retail book versus loan Unnati book, could you comment a little bit on that?

Hardayal Prasad: Kapish, if you could speak a little bit on the ROE, ROA and the future, Ajay or Neeraj can handle about it.

Kapish Jain: As you've seen that our corporate book coming down, we get the opportunity to lever more, MD highlighted earlier in the call as well, there's this disconnect between what the regulator allows us and what the rating agencies are more pushing for in terms of gearing, but I'm sure with more of retail and more of the home loan portfolio, we'll be able to gear more which tells me in my RoE and with all the efforts that we are putting in, we have upward our credit cost already in the last couple of years, and as the market settle down this will be more normalized. And the cost is something that we have been also working on very, very closely. Somebody would argue that the retail might have a lower yield, but then it also gives me the benefit of higher gearing and lower cost of borrowing as well. With all these, we will think we will get to a ROE which could be in the range of around 1.6% to 1.8% over the next one or two years, and with a gearing which could potentially touch around 7.5, -8 should give us ROE of around 15%. That's something that we see and there could be additional elements which could play out and give additional push up as well, whether it's coming from co-lending, and some of the other elements like cross sell as well. But this is how I would see the book should look like.

Deepak Mittal: So, ROA of 1.5% at a gearing of 7, I don't even see you will exceed ROE of more than 12%, right?

Kapish Jain: No, no, so I'm saying a range between 1.5 to 1.8, right, and then gearing could turn around 7.5, 8x with higher share of retail, already brought it up to around 85%, that's what we talked about in the beginning of the year as well, and with more corporate sell down and then normalize layoff in the retail book, should help us to gear more as well.

Moderator: Thank you. The next question is from the line of Onkar Ghugardare from Shree Consultancy, please go ahead.

Onkar Ghugardare: For the upcoming one or two years, what kind of loan growth you're targeting, and what would be your approach regarding this?

Rajan Suri: So, we are very optimistic in terms of the loan growth rate if you're talking about. I can't give you a forward-looking statement on this, but I can tell you we are very optimistic on the growth rate as we will be looking around growth rate of say somewhere around the range of 50% to 60% from here onwards, that is what would be our growth rate from here in terms of the fresh disbursements. And yes, on a AUM front also, we are expecting single digit growth rate in terms of AUM and from next year onwards say FY'23, we will be at some double-digit growth rate. So, that way we are positive and I think business will look much more stronger in coming next few years.

Hardayal Prasad: We'd like to split this; one is actually corporate, which we have very clearly decided that we are going to run out this book, which was in 2019, the company decided and we have demonstrated it also that we are continuously reducing the book. Coming back to the retail, obviously, we have had our own challenges in terms of the interest rates, borrowings and other things. So, we are continuing to monitor this portfolio. One is that we have also shared in the Q4 results, we have got back with increasing our retail disbursement from INR 2,600 crores to INR 3,900 crores, 50% increase. We expect that we are going to continue to grow like this, our intention is to grow at least as the industry is growing at the level. But if possible, going forward at some stage, yes, we will also like to cross it. There is one very strong element that comes about is our focus on the affordable housing, especially in the Unnati. If you would see, we have been gaining ground on the affordable as well as on the Unnati and our progress is very good. That's another segment which is going to propel some of the growth as we settle down with the new infrastructure that we are setting up and that will take us forward in terms of the numbers that you are looking in. I would not like to give you any forward-looking statement at this stage, but going forward we have shown it in March '19, March '21 numbers and we will continue to build on it. But for these kinds of black swan event that keep on happening, we are sure that we will continue to keep our business absolutely in focus and grow.

Onkar Ghugardare: You mentioned loan growth of about 15%-16%, if I heard you correctly?

Hardayal Prasad: No, actually, what he mentioned was that we'll work on the very, very high disbursement numbers, as we demonstrated in the Q4 with a 50% increase YoY. Now, I think that is important. The industry is not even growing at that level, industry is growing at a much lower level than overall. However, once we settle down with the COVID, and the demand for housing, which is showing a major shift in the way people are looking at acquiring of house, we will see that there is going to be a major shift in the way the overall housing finance and the mortgage industry is run.

Onkar Ghugardare: As far as the earlier participant's question on RoE and RoA, I mean, how does that math work out because around 1.5%, 1.7% of our RoA and gearing of around 7 to 8, it doesn't go about 12.5 to 13?

Kapish Jain: Why will it not? If I talk about 1.7% of RoA, and if I talk about gearing of 8, then I add up my own capital, that's possible.

Moderator: Ladies and gentlemen, we will take the last question from the line of Vinayak Sanghvi from Citibank. Please go ahead.

Vinayak Sanghvi: While the capital adequacy is very comfortable at the moment, just some color if the management can share around the timing of the proposed fundraise, that would be helpful, and essentially, the participation of the large private equity name excluding PNB. And second, if we can get some more color on the breakup of the corporate loan book in terms of the larger borrowers, maybe the top 10 or 20 names, the exposures, what percentage does that form of the book?

Hardayal Prasad: Okay, in terms of the capital raise, I would not be able to comment on the large shareholders, or any of the entities who would like to come about in terms of the capital raise and what would happen. However, as you are aware that we were waiting for the capital raise with participation of PNB and INR 600 crores was earmarked since then. But after the permission was not given, we have initiated the process of evaluating all options and modes for the funds raise. But we could not actually actively engage with everyone because of a silent period. And the silent period actually ends within a couple of days and we will initiate the fundraise process soon after the end of silent period and we'll update you regarding the progress. In any case, our current CRAR at 18.73%, Tier-1 at 15.52% and gearing at 6.7x. This is good enough. And if you factor in the deposit amount that we kept with PNB, CRAR goes up to almost 20.61%. So, I think that is what is important for us that we will continuously engage with everyone the moment our silent period is over. In terms of the breakup of the corporate book, I think Saurabh, Ajay can actually respond to it.

Saurabh Suri: On the top 20 developers, these are marquee names in the industry, and that constitutes 69% of our corporate book as of March '21. We've actually brought down this part of the book as well. We decelerate it by around 12%-odd from March '20 numbers. So, this is what the top-20 developers look like, it's around INR 8,200 crores as on March '21.

Hardayal Prasad: The kind of developers that we have, they are strong developers, they have names, they have abilities too. It's just a question of the way the COVID pandemic happened that there were these problems. However, most of the top-20 developers that you are seeing, we continue to remain very, very engaged. We have worked very, very hard with them in terms of either pairing it or recovering the amount wherever it was possible. Yes, there will be issues because of the sales either not happening or the workers are not there to complete the projects. However, we are very confident that the corporate book control that we exercise today is far superior to what we had about a year back and during the COVID time. I think that is more important whether we are in a position to have a good handle over the corporate book.

Vinayak Sanghvi: What would be the average ticket size of the top-20 of the 69%?

Saurabh Suri: We can give you an average ticket size the component wise. Construction finance book, it's 160-odd crores.

Moderator: Thank you. That was the last question for today. I would now like to hand the conference over to Ms. Deepika Gupta Padhi for closing comments.

Deepika Gupta Padhi: Thank you, everyone for joining us on the call. If you have any questions unanswered, please feel free to get in touch with investor relations. The transcript of this call will be uploaded on our website, which is www.pnbhousing.com. Thank you, everyone.

Hardayal Prasad: Thank you, everyone.

Moderator: Thank you. Ladies and gentlemen, on behalf of PNB Housing Finance Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Gross NPA movement during FY21

Particulars	Amount (INR Crore)
Opening Balance as on 01st April 2020	**1,856**
Add: Additions during FY20-21	1,206
Less: Recoveries during FY20-21	300
Closing Balance as on 31st March 2021	**2,762**

The addition in GNPA in FY21 is primarily on account of COVID-19 pandemic and the recovery process is underway for these accounts.