



“Satin Creditcare Network Limited
Q3 FY2021 Earnings Conference Call”

February 15, 2021



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Moderator:

Ladies and gentlemen, good day and welcome to Satin Creditcare Network Limited Q3 FY2021 earnings conference call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involved risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for 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 Mr. H P Singh, Chairman and Managing Director of Satin Creditcare Network Limited. Thank you and over to you Sir!

H P Singh:

Thank you. Good morning and thank you all for taking the time out and joining us today to discuss our third quarter and nine months ended December 31, 2020 financial performance. We have issued the detailed press release and investor presentation for the past quarter. Hopefully all of you have had a chance to review it. During the third quarter we witnessed a broad based pickup across various sectors of the economy, we are also on the path of a healthy business growth with our disbursements picking up by approximately 154% on a sequential basis to Rs.1822 Crores reaching closer to the pre-COVID levels. Our AUM growth has also resumed from Q3 FY21 onwards backed by robust growth in disbursements. As of December 31, 2020 our consolidated AUM stands at Rs.7880 Crores registering a growth of 8.2% year-on-year and 2.1% sequentially.

More importantly we have witnessed a strong month-on-month improvement in our collections. Our collection efficiency for the month of December 2020 stood at 98%, which is close to a pre-COVID level. For the nine month ended December 31, 2020 our cumulative collection efficiency stood at 92% with 98% of the MFI customers having paid full installments against the demand in January 2021 as against 68% in September 2020. The number of nonpaying clients has improved from 11% in September 2020 to less than 2% in January 2021. This improvement in repayment rate highlights our underwriting and collection framework along with the resilience of our customer space. The bounceback is also testimonial to our investment in process and technology ever since demonetization when we were hit very hard.

In terms of state wise collection efficiency front, UP, MP, Bihar and Odisha clocked 100% in December 2020, Punjab was at 91%, West Bengal at 90% and Assam at 84%. The



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company has added support staff for collection in the hard buckets, which has yielded good results in terms of improved collection efficiency. We are confident that with the increase in GDP and overall improved business conditions, collection efficiency will improve in Q4 FY21 and FY2021-2022. For the third quarter our net interest income stood at Rs.160 Crores while our pre-provisioning operating profit stood at Rs.53 Crores. Adopting a conservative approach, we had a credit cost of Rs.159 Crores on account of the asset quality risk posed by COVID-19 induced disruptions and other external factors.

With this, our on-book provision stands at Rs.305 Crores as of December 2020 covering 5.7% of our on-book AUM. On the asset quality front, our GNPA stands at 1.5%, since the company has not recognized any NPA since August 31, 2020 in line with the interim order of Honourable Supreme Court. The GNPA without considering Assam stands at 0.5%. We have Pro forma GNPA of 9.6%, but if we exclude the Assam portfolio, our Pro forma GNPA stands at 7.6%. Ensuring portfolio quality is our foremost priority, we have tightened our credit assessment criteria post COVID-19, and this has held us in good stead as PAR1 percent for disbursement made in this fiscal year stood at 0.47%. The total portfolio outstanding of new disbursement made during April 2020 to January 2021 constitutes 49% of the on-book JLG portfolio as of January 2021.

Just to give you an update on our capitalization and liquidity position, our capital base continues to be strong with a capital adequacy ratio of 25.3%, which is well above the regulatory requirements. In addition, we have proactively taken steps to augment our capital position by successfully raising Rs.120 Crores via rights issue of approximately Rs.2 Crores partly paid equity shares in nine months FY2021. We have already received Rs.15 per share as share application money while the board has decided to make first call of Rs.30 per share on partly paid equity shares and the record date is fixed for February 24, 2021. Liquidity wise, we continue to remain comfortable with surplus cash of Rs.1831 Crores as on December 31, 2020. Furthermore, we have undrawn sanctions worth Rs.881 Crores, our structurally positive ALM also adds to our advantage. We received an ECB sanction of \$15 million, out of which an amount of \$10 million has already been drawdown in the month of January 2021.

We also pleased to share two very significant improvements on technology front. While we successfully developed our in-house customer service app during lockdown, we have now added the option of paying through Satin website as well as UPI 2.0, which is an auto debit option, to scale up cashless collections. We have now geo-tagged 89% of our clients' homes



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for further control and centralized monitoring. The percentage of promoter pledge has gone down to 5.08% as on December 31, 2020.

An update on our subsidiaries, we are looking forward to growing our secure lending portfolio. All our subsidiaries have been taking good progress. Satin Housing Finance Limited, which primarily caters to customers belonging to the middle and low income groups in peripherals of Tier-II and below cities has now reached AUM of Rs.200 Crores with presence across four states. SHFL has 100% retail book comprising of 82% affordable housing loan and 18% LAP. Despite a challenging business environment, SHFL has had a profitable quarter. No loan was restructured and 20% clients have availed moratorium. Cumulative collection efficiency for nine months FY2021 stood at robust 99.3%. SCNL infused equity of Rs.15 Crores in SHFL, taking total equity investment by SCNL to Rs.95 Crores with capital adequacy of 97.3%. The monthly disbursement numbers are higher than FY2021. Satin Finserv, our MSME arm has reached an AUM of Rs.127 Crores with capital adequacy ratio as on December 31, 2020 stood at 85.5%. SFL has focus on secured retail MSME lending. Cumulative collection efficiency reached 96.6% while collection efficiency for the month of December reached 99%. To give you a more granular insight, as of December 31, 2020 out of the 1429 active loan clients, less than 2% are nonpaying while just around 3% of the clients have availed complete moratorium, around 7% of loans were restructured, and SFL moved to in-house software just recently. Our AUM under business correspondence services offered by Taraashna Financial Services has increased to Rs.646 Crores. As of December 31, 2020 the company operates in more than seven states through 202 branches and the company has more than 3.56 lakh active clients currently. Collection efficiency for December 2020 stood at 91% while cumulative collection efficiency stood at 84%. Two new BC partners are added during nine months FY2021, no loan was restructured, and approximately 16% clients availed complete moratorium. Although the contribution of secured lending portfolio has increased to 8% of the total AUM in line with the company's endeavor to diversify risk while achieving a better product mix to achieve the next level of growth. Our long term endeavour remains to achieve at least 25% contribution from our secured lending portfolio in the coming years. Finally, to conclude we expect our profitability to improve in the next financial year as provisions decline and disbursement and AUM increase in the coming quarters. We are quite optimistic about housing finance subsidiary to grow much faster as we have laid solid foundations during the last three years of operations and good team underwriting processes and technology controls. Our healthy balance sheet and strong liquidity position coupled with pickup in disbursement, will help us get back on a pre-COVID growth trajectory. Furthermore, the successful rollout of the COVID-19 vaccination program by Government of India in mid



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January gives us the hope for a quicker than expected restoration of normalcy in the economy. On that positive note, I would like to open the floor for questions. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Anand Bhavnani from White Oak Capital. Please go ahead.

Anand Bhavnani: Thank you for the opportunity. My question was if you can give us some sense of the cumulative NPA till date pro forma for each of our geographies and so on and what is the provision against for individual geography?

Jugal Kataria: We have seen improvement across geographies and things are improving generally in all the geographies. For the purpose of our ECL calculation we have taken the entire country as one in the blended trend in portfolio for the last five years as we have explained that in the previous call, so we have taken the blended trend and the blended portfolio policy for the purpose of calculating the ECL, but across geographies we have seen improvements happening from second quarter to third quarter and month-on-month also within the third quarter and in January the collection trends are positive in all the geographies.

H P Singh: Just to add I think a lot of people had concern about Assam Bill and everything coming in, but just to give you the flavor we stated the Assam collection efficiency that it is not completely lost over there and technically it is around 84%. When you got a blended ECL coming from across the geographies I think that probably takes into care whatever the collection efficiency levels are.

Anand Bhavnani: My question was more NPA that pro forma NPA at the company level is 9.6, I want to understand which states are above this 9.6 number, some would be below? Which ones are above and by how much ?

H P Singh: So, technically if you look at Assam would be there in terms of the average out, but granularly if you have to go down we can probably let you know what it across over there in various states would be, but the only thing which you will have to probably keep in mind it is fine wherever it is going, but the trend becomes very positive for us and that is a good sign for us. UP which technically was our only state, which was like the highest we still have a significant presence is the lowest amongst all the PAR numbers across geography I do not have the exact numbers, but that is how it is panning out to be, so this is what probably should be looked at, but happy to answer it offline on the state percentages.



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Anand Bhavnani: Followup question on UP, you said the experience has been very good in fact the best, what are the drivers of this relatively better performance in UP?

H P Singh: You will have to get into the genetics of the pandemic technically and the overall genetics I can probably share it with you right now. For us all to understand is that it was a lull for about 9 months to about 12 months, now once there is a lull, which ended up with the lockdown for three months and then furthermore this happens three months and then start picking up the economy back in the system. The cash flow will always be erratic. Somebody who has missed close to about 8 to 10 installments for them to really come back in one go and get it by that is the reason why there has been a spike, this reason of spike is there all across the peers and NBFC and the banking space, the fact of the matter is that as I pointed out at that point 0.47% is now our PAR numbers for the disbursements made after April shows us that the portfolio mix of the old and the new disbursement is now 50:50 and as time progresses the old will start repaying back, but it is still a tail, which will happen, so that is something which we will have and the moment the numbers of the new disbursements starts overpowering the old disbursement you will see the difference happening in all the numbers, the NPAs and all put together and that is the genesis how it happens.

Anand Bhavnani: Lastly on provisions, now on Pro forma we see this number of 9.6, what is your assessment as of today the eventual NPAs and credit cost that you would have there?

H P Singh: I will answer your question, I had maintained this from day one of the pandemic because I know it, but if you look at the complete total credit cost in the ultimate analysis of the pandemic, this is what I am talking about, you probably should not look at quarter-by-quarter basis, and if I tell you the credit cost, which I maintained earlier will be around 5% to 6% and not more than that.

Anand Bhavnani: Sure, I will come back in the queue.

Moderator: Thank you. The next question is from the line of Rishikesh Oza from RoboCapital. Please go ahead.

Rishikesh Oza: Hi Sir, very good morning. Just one question from my side. What is your expected loan book growth for FY2022?

H P Singh: We are targeting since now disbursements are back to the pre-COVID level, we are targeting about 25% to 30% loan book growth in FY2022.



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Rishikesh Oza: Okay and the credit cost that you said 5% to 6% that is for FY2022 you are expecting right?

H P Singh: No, I said the overall blended credit cost when you look at the complete analysis, you will have to understand the analogy, the analogy is that the loan tenure is for about two years and now one year has probably gone by, what I am looking at is a complete thing, when the overall tail finishes, which happened in demonetization, ultimately in demonetization when we started, the NPA levels were higher, but once you finish off the complete tail and the recurrent disbursement which happens the ultimate credit cost was about 6% to 7% over there also, so that is what I am saying is right now the NPA would probably be at about 9.6%, which we were showing, but at the end the credit cost will be limited to about 5% to 6% not more than that.

Rishikesh Oza: Okay, got it.

H P Singh: I will just give you maybe one more point to it because it is the last three years, four years, on a year-on-year basis we still get write back against write-off, which are close to about Rs.20 Crores to Rs.25 Crores year-on-year and that is probably the way where you will look at the complete net off of the credit cost coming in at that percentage only.

Rishikesh Oza: Thank you.

Moderator: Thank you very much. The next question is from the line of Ritesh Gandhi from Discovery Capital. Please go ahead.

Ritesh Gandhi: If we look at the total AUM of people who are either under moratorium, have not paid as yet or have partially paid, how much does that come to and again how much have we actually provisioned up to now?

H P Singh: Nonpaying is about 1.90% which are people who have not even paid us a single installment, now that is probably the number or the percentage, somebody whose paid even after six months, seven months who is paying partial even or fully, I think fully is close to about 85%, 86% who have paid each and every installment, about 13% to 14% would be who have done partial, somebody whose done even a partial collections technically means that he is not a defaulter or his intent to repay is not questionable because they will make the payments sooner or later, the only place I could have probably extrapolated when this question was asked on the credit cost, but what I have extrapolated is that 1.90% is the nonpaying clients, which is also getting back because if you look at the 11% nonpaying clients in September it is now down to 1.93%, so people are coming back slowly into the



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pool, but takes a while because of income is erratic as well as having an overdue which is significant enough to come back and clear off the complete overdue.

Ritesh Gandhi: Got it and so effectively we feel that we have got adequate coverage with regards to give up a bit, is there any risk that actually we have underprovided up to now and we may need to make additional provisions and as we look ahead, how should we be looking at a normalized profitability into FY2022 because AUM is now higher than we were in FY2020, so would we be expecting now higher numbers overall?

H P Singh: Ritesh both sides, in terms of our disbursement numbers definitely we are looking at growth now, so that is one. The second is I think the peak probably having 90 days and plus has peaked out, now the question is how much are we able to get back and that is being shown amply by our collection efficiency on new disbursement, our nonpaying clients coming down, so our peak has probably been there and that is the reason why I am saying long tails completely across over there, the credit cost in total of the pandemic will not go beyond 5% to 6%, so you can see that I probably will not be able to hazard a guess on numbers, but my sense is that the peak has probably happened in December quarter and I think now it is a question of how and how much we are able to scale it back to reach the numbers of 5% to 6%, I have still kept a margin for ourselves have been conservative because that is how people would like to judge us looking at the demon levels as well and this and this is what I want to probably put it across in a very, very clear manner, ultimately over there when 70% of our book was hurt, we were still able to contain our credit cost in a complete level to about 6% to 7.

Ritesh Gandhi: Got it and last question is just on Assam and potential implication you see and how you are playing out and if we think we are adequately covered in Assam?

H P Singh: So in Assam we have been making provisions since it is erupted in September to October 2019, so it has been there. Our sense is that ultimately we have stalled disbursements over there right now till the time the elections are not held and in spite of the fact that having stalled disbursements the collection efficiency still holds at about 84% so that is a very positive sign for us. It is a slow process of getting back the clients, which have already had overdue the crossover there, but I think we are practically covered in Assam right now.

Ritesh Gandhi: Alright thank you. That is all from me and all the best.

Moderator: Thank you very much. The next question is from the line of Anshukant Taneja from Asian Development Bank. Please go ahead.



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Anshukant Taneja: Good morning everyone and thank you for the update. This is really very helpful and we are very happy to see the rebound in Satin's operation. I think the conversation has clearly shifted from sort of safeguarding the portfolio about a few quarters ago to now talking about growth and scaling up. Can we get a sense please of what is the profile of the new clients that Satin is targeting and how do they fit in, in the context of first time borrowers versus existing clients of Satin and secondly a question, which is more on the financing side? Clearly there is an overwhelming level of liquidity right now and that is surely taking care of lot of the concerns around capital and provisioning, etc., but is there a kind of a longer term plan as to what level of liquidity will you retain going forward?

H P Singh: So to answer your first question we earlier were looking at only the existing clients and their disbursements so if we look at the proposition right now we made disbursements to the L1 customers, which is only about 34%, but the context is that slowly that is picking up from existing clients the base is shifting now to acquisition of new clients also, which also signifies our way of looking at how growth will really pan out in the next year or so. On the capital front I think since we are calling the rights issue money now and we had envisaged this earlier for us the only thing, which I can probably put across in the longer term is that we have always been capital proactive whenever anything has probably happened across and this has amply been shown when I think ADB also came in with us during demon. We would always be sufficiently capitalized to fund our growth, which technically is not even a concern for us right now having called for this call money during this time also. So on the overall front I think capitalization for us is probably not a big concern.

Anshukant Taneja: Sure thank you for elaborating that. I think we also want to understand that there are right now substantially high levels of liquidity, which is probably also required given that banks are wavering risk appetite in the recent past, presumably this is the rundown as your portfolio expands, so is there a kind of a target level of liquidity that you would keep going forward?

Jugal Kataria: We have deliberately maintained higher amount of liquidity in the nine months during COVID period, which has given comfort to all the stakeholders. As things are improving and bankers are also opening their wallets etc., once things are stabilized a little bit more. We generally used to work between 45 and 60 days' liquidity, as on today it is close to about 75 to 90 days, but as things will improve we will bring it back to those levels and then we will take the call depending upon how the overall ecosystem will work.

Anshukant Taneja: Got it. Thank you.



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Moderator: Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Good morning Sir. I hope everyone is fine at your end. Sir one question when the Assam problems started in 2019 there was a very clear support from the ruling party towards the industry that is at least my understanding, now as the elections are progressing, leading up to the elections the statements that the politicians are making and the kind of promises they are making, do you think there is a tone shift with respect to the industry and is there a risk, which is brewing now where the credit culture may go for a toss post elections and this method may be used in other states like West Bengal and then next year I believe we have UP next year so what are your thoughts there on the political risks now which are emerging? Thank you Sir.

H P Singh: So, Agastya I can probably state one thing whenever this kind of, it is the prerogative of the political party to do what they probably think is right to do. In spite of the fact that there have been statements made and whatever way the bill is probably being enacted and whatever it is. The collection efficiency still holds and that is a very big contributor I think it is not something, which is irrelevant for everybody to really look at. So if 84% of the people are paying means the bill has probably no impact right now and to support this thing I think MFIN, which works overtime to probably look at RBI, which also probably give them that support kind of a thing. My sense is that the way the laws could probably be enacted in states is not a concern, which probably is there because at the end of the day I think governments do also realize that microfinance serves the purpose, which is there for the unbanked, which probably interferes in the complete ecosystem is not good for the borrowers in the ultimate context. Having said that our sense is that whatever is happening on the ground probably has no relation to what the bill would probably come in. Everywhere else we do not have any kind of a concern anywhere any which ways, which we are talking about it, so I think my own sense is that its kind of becomes far-fetched even with the current state also and with the other states. So my sense is that is not something, which probably is a point of concern because then the whole financial ecosystem will probably go for a toss.

Agastya Dave: Right, Sir have you heard anything from the RBI on this matter since the bill was presented in state assembly?

H P Singh: As I said MFIN keep on their channels on so I think the channel is already on. The Finance Ministry, the RBI, the state government, MFIN, all stakeholders are in conversation because



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it would have been that easy for us to really just go for a kill, I think it would have happened a long time back. My sense is that all this takes a while, but our own sense is I think and I am not a crystal gazer, but I can still crystal gaze and tell you that Assam will probably be in the next six months once the elections are over.

Jugal Kataria:

Just to add the last statement with the monetary policy when RBI has said that they will come out with a consultative paper in terms of harmonizing the regulations or all the regulated entities, I think it is going to be much positive for the microfinance institutions. There are some restrictions, which as on today given only to MFIs, but not to other regulated entities, so when those regulations will be aligned I think these things will be much, much lesser.

Agastya Dave:

Sir two macro questions and then I am done for the day, one is how do you see the cost of funds going forward for the company and second question is on what you are seeing on the rural side, is the recovery persisting or is it kind of tapering off, some companies have said that January was not that great, but others are saying that the momentum is actually accelerating so what exactly are you seeing because you are seeing the pan India and across industry so that is it from my side for today?

Jugal Kataria:

On cost of funds broadly it is stable, we have not seen any increase in the cost of funds that is broadly in the range of 11%, which was pre-COVID level means the lenders have not passed on the entire benefit of policy rate cuts, but we have not seen any increase in cost of funding so it is broadly stable.

HP Singh:

On the second question I will be very, very honest with you. If the collection efficiency goes down by 1% probably I think that is not significant for us to really look at, but it is in the broad range. Rural income has started picking up and as I told you earlier in my comments with some other question is this does not happen overnight and there is going to be a time and it is not like a borrower who probably you will find in a city or somewhere who can actually rebound back and pay you an instalment, which is there. For them, it is a tail, which will happen, but if you look at the only thing, which you probably should look at is nonpaying clients, if the numbers are going down, collection efficiency up and down, what somebody pays or not pays I think probably does not hold good enough.

Agastya Dave:

All the best Sir. Thank you very much.

Moderator:

Thank you very much. The next question is from the line of Pranav Jhaveri from JNJ Holding. Please go ahead.



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Pranav Jhaveri: Good morning Sir. Thank you for giving me this opportunity. Can you just throw some light on the slide number four, which says collection efficiency, the partial payment, which was say around 21% in September has gone down to 14% in December and very negligible in January 2021, so does this say that basically those who had not paid one, two, three and four instalments have paid all of that in January can you just elaborate please?

Jugal Kataria: No what we are saying is that when I am talking about December and we are saying 84% number it represents that 84% of those clients have paid their full demand for the month of December. Similarly, when we are saying in January 2021 at 98% it means 98% of the clients have paid their full amount, which was due in the month of January. If you really look at the difference between December and January if he has made a partial payment in December that person has made a full payment in January on the demand so this probably answers the other question earlier asked as well as what you are asking now so that 14%, which was made partial has become fully payable, so 98% paid complete full installment of their January demand, so that is a huge improvement.

Pranav Jhaveri: So basically the guy who would have skipped three, four installments have started paying in January would pay for the earlier installments, but you would have taken for January is that correct understanding?

H P Singh: So very simple is, we get two instalments in a month, so in December if somebody paid may be one instalment has paid both the installments in January so that is the change, which has happened.

Pranav Jhaveri: Okay Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Dhvanit Savla, an Individual Investor. Please go ahead.

Dhvanit Savla: Hi Sir. My first question is regarding the growth in the disbursement we have in this quarter, I just wanted to know, can you give us a timeline by the time we will reach around an average working disbursement of Rs.1000 Crores?

H P Singh: It is anybody's guess, but our own sense is that we have reached close to about Rs.650 Crores to Rs.700 Crores. Our own sense is once we get into FY2022 basically April onwards we probably will be reaching this number.



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Dhvanit Savla: Actually I was just looking at our numbers, so before the pandemic we were close to around Rs.920 Crores I think so, what I actually wanted to know is like from a business perspective when will we return back to say 2019 or a pre-COVID level, so you are saying that is that possible in FY2022?

H P Singh: So when I said back to the pre-COVID levels it was close to about Rs.700 Crores to Rs.800 Crores on a standalone basis, and consolidated at the Rs 920 crores number, which you are saying. We are closing to that basically so our own sense is if we are looking at 25% to 30% growth in the next year definitely this number, which you are probably saying would be reached.

Dhvanit Savla: My second question is regarding any disturbance, which we are expecting in upcoming collections, I know that Assam elections are coming up as well as are we having any disruptions on account of the protests in Punjab and UP and Haryana?

H P Singh: See there are slight disturbances in Punjab basically because of the ongoing protests across over there, but that was more prevalent I think pre January 26, 2021, which we were talking about, but post January 26, 2021, the whole euphoria has probably dried down quite a lot so that is the reason why I think that whatever little disruption, which was there maybe earlier also has been probably been taken away, but there is no probably kind of this thing, which we see in any other state which is there and that is the reason why we stated very clearly our collection efficiency in all these states i.e. Assam, West Bengal and Punjab.

Dhvanit Savla: All things considered you think that what kind of collection efficiency, which received in January 2021 could be going forward or even get better?

H P Singh: Absolutely I think we are eternal optimists in whatever things happens across over there and unless and until there is probably something which God would probably bring in, but humanly I think we are probably on the right path to probably go forward.

Dhvanit Savla: Thank you very much Sir and all the best for the coming quarters.

Moderator: Thank you. The next question is a followup from the line of Anand Bhavnani from White Oak. Please go ahead.

Anand Bhavnani: My question was about the growth opportunities in various states, different states have had different experience in terms of our collection efficiency and the political climate and the



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penetration levels in terms of microfinance, which states going forward do you see given that overall experience present a better opportunity for us?

H P Singh:

I would probably not say a state, but I can only probably tell you that we are there on a very low key in the Southern states and that is one area, which we are picking up now going forward. We have opened up a few branches in South and we still are not yet present in a couple of states across over there. So for us our next level of growth is probably would be there, which if you look at the skewness between North and South and I think that is what we will try to look at maybe correcting to a certain extent. So our major growth would probably be there now in South.

Anand Bhavnani:

So, South is relatively seen as well penetrated and has had lot of established players not one, but several established players so how do you kind of seeing yourself being able to get the best credit profile and get the right customers there what will be your reason to win the right business?

H P Singh:

Anand see I do not have granular numbers to really tell you, but we have been growing in the Southern states since the time we started our operations across and that will continue. Our own sense is that there is still a lot of need, which is left apart in the Southern states and if you do it the way we have encountered the Northern states in a much better fashion I think South will probably be an easier task for us. I think once we enter the South I think we will be able to do justice to the way we have done justice to even the troubled waters of UP and other states.

Anand Bhavnani:

Sure and lastly Sir there has been some discussion paper around changing the limit for borrower on the basis of the monthly EMI that they should be paying absolute level of EMI kind of might be the benchmark if the current proposals go through, so I have two questions: one is how likely you think is this regime change in terms of borrower limit and second if it were to come through how do you see its impact on overall our way of functioning and overall the opportunity for us?

H P Singh:

Anand, I am not aware of the first question. There is no regulation, which is there to my mind, which affects any kind of EMI number or may be the amount I am probably not aware of it.

Anand Bhavnani:

I am not telling you it has come, I believe it is in discussion phase so currently whereby the total amount lent to a borrower is what is kind of is the deciding factor in terms of how MFIs operate, now the discussion is instead of absolute amount to be lent the EMI that a



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borrower can sustainably pay would be the criteria, this is under discussion it is not get implemented, so I was just curious as to say what is the likelihood of this happening if you have any sense and how it will impact us?

Jugal Kataria:

We are following all the guidelines as on today. We do not foresee any kind of a negative impact of these things it is still in discussion stage, so we will see what the final sort of outcome will be, but on the regulatory side as I mentioned earlier in one of the questions is that the RBI announcement of issuing a consultative paper on harmonizing the regulations for all the regulated entity is going to be very, very positive for the microfinance sector. As on today there are some restrictions, which are given only to microfinance institutions and not to the other entities who are doing microfinance. So from that perspective we feel that even these changes will also be equally applicable to all the entities and will not have any negative impact. Not to forget technically when the first regulation after the AP crisis came in I think for us that 10% margin cap was like something people said that will kill you completely, but I think we have been able to go through that and come out more stronger, so our own sense is that any regulation or any kind of a thing, which comes in as long as it is not something which kills the industry which probably nobody would probably bring in. My sense is these are all navigational, so we will navigate that once it comes.

Anand Bhavnani:

Thank you.

Moderator:

Thank you. As there are no further questions I now hand the conference over to the management team for closing remarks. Over to you.

Aditi Singh:

Good morning everyone. I would like to take this opportunity to thank everyone for joining on the call. I hope we have been able to address all your queries. However, if you would like any other information or discussion you can get in touch with me. My name is Aditi Singh; I handle the investor relations. You can also get in touch with the Strategic Growth Advisors who are our investor relation advisors. Thank you. Stay safe. Stay healthy.

Moderator:

Thank you very much. Ladies and gentlemen, on behalf of Satin Creditcare Network Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.