

Transcript

Capri Global Capital Limited Q4FY20 and FY20 Results conference call

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Presentation Session

Bharati: Good afternoon ladies and gentlemen. I am Bharati, moderator for the conference call. Welcome to Capri Global Capital Limited 4Q FY20 earnings conference call. At this moment all participants are in listen only mode. Later we will conduct a question and answer session. At that time if you have a question please press star and one on your telephone keypad. Please note this conference is recorded. I would now like to handover the floor to Ms Sheetal from Go India Advisors. Thank you and over to you ma'am.

Sheetal: Thank you Bharati. Good afternoon everyone and welcome to Capri Global Capital Limited earnings call to discuss Q4 and FY20 results, we have with us Mr. Rajesh Sharma (Managing Director), Mr. Ashish Gupta (Chief Financial Officer) and Mr. Hardik Shah (Vice President-Corporate Strategy). We must remind you that the discussion on this call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces. May I now request Mr Sharma to take us through the company's business and financial outlook subsequent to which we will open the floor for Q&A. Thank you and over to you sir.

Mr Rajesh Sharma: Yeah, thank you. Good afternoon everyone and thank you all for joining us on this call. I hope you and your families are safe in these unprecedented times. This is extremely challenging time for all of us and our thoughts are with those most affected by COVID 19, particularly those who are on the frontlines of this crisis. I would like to highlight some of the ways we are responding to COVID 19.

As you know, we are focused on being there for our employees, our customers, our clients and our communities in what is an unprecedented and uncertain environment. While we don't know how this will play out and how long this will go on, we will be transparent hereabout what we know today. Our number one priority is to continue to provide our services in an uninterrupted way while also providing a safe work environment for all of our team members.

We are incredibly proud of all that our firm has been able to do over the past few weeks. The need of the hour for us is to ensure that we provide our workforce the right tool to ensure that they can effectively work remotely, including operations and finance team, sales and credit risk managers thereby ensuring their safety and wellbeing.

Currently we have majority of our workforce working from home across the company except collection team and for those who still need to go into the office or into a branch, we are taking extra precaution and being extremely mindful of their safety. We are aiding in other way to, for instances, we are offering free COVID related medical treatment for all our employees and their dependants. To cater to various communities

during this challenging time we have distributed groceries and essential item to almost 4700 families. We have been associated with the eight NGOs to reach out to the daily wage workers, tribal families, children to deliver essentials in this pandemic situation. On the consumer side, we are proactively trying to service customers through every possible mode. The customer care team is actively in touch with the customers via calls, emails and our business team are reaching out to customers and educating them about the impact of moratorium and other policy decisions.

On the business front, the COVID 19 lockdown had not any impact on our ability to render services to our customers or lenders. The sales and credit teams are actively communicating with customers, reassessing their portfolio and assessing their risk and further any requirement if any which we cater to.

I would now like to discuss the highlights of our fourth quarter financial performance. It might be an obvious point, but the quarter was really a performance of two months, January and February. During Q4 the firm reported net interest income of INR 94 crore, profit after tax of INR 35 crore and an annualized return on equity was 9.2%. While the underlying business fundamentals this quarter performed very well, we reported numbers of significant items all due to impact from COVID 19.

Given the uncertainty over the potential macroeconomic impact, we have made extra provisions for expected credit loss on the financial assets for Q4 FY20 and full financial year 2020. Accordingly, the company has increased the outlay by increasing probability of default and loss given default by 15% to 30% and made provisions of INR of about 13.6 crore specifically pertaining to COVID 19 impact. Based on the current indication of future economic condition, we consider these provisions to be adequate.

I would now talk through some key matrix. We continue to extremely prudent about our expenses and continue to strive our employees' productivity through utmost use of technology. This has in turn assisted us in bringing down our cost to income ratio to 38.4% in FY20 against 46.6% FY19. We are primarily funded by leading Indian banks and they constitute 95% of borrowing mix. During the last 12 months we have built and maintained a strong liquidity position with addition of new bank line for about INR 2,000 crore and have undrawn credit lines of about INR 605 crore ending FY20, the highest ever in the history of Capri global. Additionally, we have around about INR 435 crore of cash and investments, which make us well placed on liquidity front at this point to tackle for any short-term headwinds. Also, we have one of the highest capital adequacy ratios in the industry at 38.7%, which places us well for a future growth plans once the environment starts on recovery mode.

As a result of our stringent cost control and strong risk management framework, we reported a strong and healthy FY20. Our profit after tax for FY20 stood at INR 161.2 crore, a growth of about 19% YoY. Our net interest income was 20% higher at INR 387.2 crore for FY20. During FY20 we disbursed approximately INR 1,276 crore taking our AUM to INR 4,035 crore. MSME lending continues to be the key focus area and constitute 51% of the book while the rest of the contribution comes from construction finance and housing finance constituting 24% and 22% of overall portfolio, respectively. The asset quality remained healthy with GNPA (90+ DPD portfolio) at 2.36% and net NPA 0.79%. Our net interest margin has improved to 9.5% in FY20 compared to 9.3% in FY19. While interest rate increased to 6.4% in FY20 against 5.7% in FY19. We have

maintained credit rating of A+ from CARE Ratings and AA- from Brickwork Ratings amid peer downgrades especially for the wholesale finance lenders. Our ROE stood at about 11% while our return on asset stood at about 3.7% for FY20. We have also received approval from the largest lender of the country for securitization of loans to tune of INR 500 crore rupees and we have signed MoU with the top PSB for co origination of loan during FY20. We continued focusing on expanding our retail book and successful adoption of low-cost technology driven hub and spoke model has assisted us in tapping underserved markets in cost efficient manner and optimize turnaround time.

The NBFC sector has been adversely impacted due to the COVID crisis and I would briefly explain how we are positioned in the current scenario. While the government and the RBI has taken multiple measures to boost economic growth, the sentiments are still weak and recovery is going to take some time. RBI also took unprecedented measures of permitting moratorium for all the loans till May 31st. We applaud them for the same, however, there are morale hazards and potential behavioral issues by the borrowers that we need to be careful about. Given the severity of the shock, RBI may be required to take additional such measures for NBFCs and housing finance companies and the government must also intervene to take measures of revival specifically for sector like MSME, real estate, hospitality etc.

Talking about our major portfolio that is MSME which have been severely impacted because of lockdown specifically for those MSMEs located in the red zone areas. The sector is facing challenges of asset quality and repayment due to lack of visibility of cash flows of these borrowers even when the lockdown is lifted. At Capri we have been focused to lending in tier-3, tier-4 city. Majority of branches falls in the orange and green zone where businesses have resumed operation. As a matter of fact, only 1% of our total customers are engaged in industries such as tourism and restaurant that are severely impacted by COVID 19. While the industry was reeling under severe pain prior to COVID as well, we already had slowed our pace of disbursals due to slow down in the business environment.

Coming to our construction finance portfolio, it does not pose us with the much threat as majority of our projects that we lend to are affordable housing projects and our average exposure to our construction portfolio stands at about INR 7 crore per customer. As per ANAROCK consumer sentiment survey May 2020, demand will remain undented post COVID 19 in case of affordable housing project. So yes, probably in middle income group, in higher income group kind of projects we are seeing subdued housing demand which will impact project cash flows and deterioration of asset quality, but that is exactly not where we lend.

On our housing finance subsidy, we have been lending in affordable housing to small ticket size borrowers with average ticket size of about INR 10 lakh. In this regard, we have been very proactive about our multilayer credit approach which ensures the credit team personally spends time with the customer prior to disbursement to understand the income source besides the adequate technical valuation the legal team also do their due diligence. We have an average loan to value of about 59% which would likely offset any fall in the prices and won't impact in our ability to recover even in the event of default from a customer.

While we are taking all possible steps to ensure, we can get back to track specifically in areas in orange and green zone. The situation is still very fluid. However, at this stage I would like to mention that we are in a comfortable position given our strong liquidity over INR 435 crore rupees cash in hand plus undrawn limits of INR 600 crore plus, which gives us enough headroom to manage our financial obligations.

So, to wrap up the challenge we are all facing as the COVID 19 crisis continues to unfold around the globe are unprecedented although we don't quite know what the path will look like going forward, what we do know is that we will continue to be there for all our employees, clients, customers and communities as we always have been and we have the required talent resources and operational resiliency to do so. Our employees have proven that being resilient is not just about maintaining operation, it is also about culture. And that feels a stronger than ever with our team across the country working harder than ever to continue to serve clients, customers and communities. We have never been proud of our people and we simply cannot thank them enough and with that we may please open the line for Q&A.

Bharati: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question please press star and one on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing star and one again. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. First question comes from Raghav Kabra from Excel Investments. Please go ahead.

Mr Raghav Kabra: Hello, yeah. Good afternoon sir and thanks for the opportunity. Am I audible sir?

Mr Rajesh Sharma: Yes, I can hear you.

Mr Raghav Kabra: Yeah, sir I have two questions. The first one is, you know, sir just wanted to understand your view in terms of what are the key problems that NBFCs are facing at this moment? Yes sir, I will ask after you answer this question.

Mr Rajesh Sharma: Okay, so I think there is no key problem as such. This environment of uncertainty, how long the effect of COVID will remain and everybody is engaged in assessing their existing portfolio and also revisiting their underwriting policies. At Capri, we have already evaluated which are the businesses that are severely impacted, which are the businesses we are not going to lend, which are the businesses we have to lend more. So, I think NBFCs are in the assessment mode besides the retail side, we have to divide the problem between unsecured portfolio and secured portfolio differently, so while unsecured portfolio the problem may be severe in terms of NPA and customer not have prioritized repayment and the secured portfolio, the borrower is always prioritized to repay. Lot of NBFCs are which are focused on the more corporate lending in the big-ticket size loans I think they may not get the required funding from banks because banks are cautious and lot of rating downgrades we are anticipating from rating agencies. So, I think the effect and the problems will vary from a company to company depending on their portfolio and sector and how they operate.

Mr Raghav Kabra: Okay. Second one, even if it is uncertain, you know, during this current environment, but can you still tell us what sort of numbers are you working in

terms of growth and disbursements for the coming quarter if you have done some assessment?

Mr Rajesh Sharma: So, I think book will degrow in the first quarter, reason being except those businesses which are in the retail, grocery and support system of retail and grocery distribution and they have no other businesses we may start lending. Once the lockdown is lifted, in every branch level our local team will submit their analysis, what is their revised demand and what is the businesses they would like to lend? Our underwriting team is going to reassess that and then do the changes based on the localized policy for each region differently and then they start lending. So I think precisely we cannot say today what could be the growth numbers, we do not know how the situation will unfold in everywhere, however, more than 50% branches are in the orange and green zone, which means that 50% of business should resume operation by mid of June, however we are cautious, we have not yet started the disbursement except few retail, grocery and the stores which are operational as of now.

Mr Raghav Kabra: Okay sir. One more thing, how is the situation in terms of borrowing market as of now? Can you give us how much of bank lines have you added post this lockdown?

Mr Rajesh Sharma: So, we already have adequate liquidity as I explained, however, one of the lenders whose interest rate was high in this COVID time we have prepaid about INR 50 crore and some of the bankers we are identifying to prepay the loan because we have adequate liquidity. We are expecting under TLTRO we will get few bank sanctions, which are in the sanction stage and the final outcome of those bank lines we will come to know by mid of June. However, these additional bank line we are going to use to repay the high cost debt because I think for next 12 or 15 months we already have adequate credit line and that is not worrying, so these all additional credit line which we get are going to be utilized to repay some of the debt, which is expensive than the new credit lines.

Mr Raghav Kabra: Okay, that's all from my side. Thanks.

Bharati: Thank you sir. Next question comes from Darpin Shah from HDFC Securities. Please go ahead.

Mr Darpin Shah: Yeah, sir thanks for the opportunity. If you can, you know, take us through the moratorium which has been availed by borrowers in each of the segments.

Mr Rajesh Sharma: So, if we talk about our housing finance company, housing finance borrowers who have opted are about 34%, in retail and the MSME sector about 44% customer have opted for the moratorium and in construction finance almost 35% of the customer have opted for the moratorium.

Mr Darpin Shah: So, this by number or by value?

Mr Rajesh Sharma: By value.

Mr Darpin Shah: Okay, and so can you provide us with the number so by number as well?

Mr Rajesh Sharma: Yes. We can provide the numbers. So, if you go by count wise in CGCL, MSME is about 39.1%, and in housing finance it is about 29.7%.

Mr Darpin Shah: Okay. And sir one last question from my end is, how are the banks, you know, what was the discussion with banks regarding moratorium for NBFCs? Are they allowing you to avail moratorium or what kind of discussions you are having with them?

Mr Rajesh Sharma: So I think of late every bank have allowed, but since at Capri we are having so much liquidity available it was not making any sense for us to go to avail the moratorium, so we are not going to avail our all banks, majority of banks have offered the moratorium, but we have already conveyed them in writing that we do not wish to avail the moratorium from banks, while we are giving to our customers, but we are not availing it from banks.

Mr Darpin Shah: Okay. And one last thing, how much repayment, sorry how much liability payments do we need to do in the next six months?

Mr Rajesh Sharma: Next six months it will be about INR 400 crore.

Mr Darpin Shah: Okay, okay.

Mr Rajesh Sharma: But if you see we have a steady cash flow of repayment also and already there are bank lines with us including cash and cash equivalent which is lying in the mutual fund and all is about INR 435 crore and about INR 600 crores undrawn line, plus INR 500 crore additional lines available for securitization which we have not yet used. So visual liquidity available, we don't foresee that we will require any further funding and despite our customer chooses the moratorium and even the RBI increases the moratorium further, I don't think the liquidity is issue. The major challenge is how to restart the business, how to redefine the policies, how to take the advantage of the market where lot of NBFC may not be able to lend even to the needy and good borrowers and that is what we are strategizing when the market reopens up we will find that many players may not be willing to lend and that is the time we can choose our borrowers very carefully and with the high LTV margin, with the more safety by picking a good borrower we can grow our book.

Mr Darpin Shah: Okay, sir. Great sir. Congratulations and thanks a lot.

Mr Rajesh Sharma: Thank you.

Bharati: Thank you sir. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. I repeat ladies and gentlemen, if you have a question please press star and one on your telephone keypad. Next question comes from Pratik Chheda IIFL Securities. Please go ahead.

Mr Pratik Chheda: Yeah. Thanks for taking my question. My question is, you mentioned that there is a possibility of a moratorium being extended, so just wanted to understand if there is a situation where the moratorium gets extended by a month or so is there any anticipation where how much of the customer then would, you know, opt for

moratorium and if there is a steep rise in this number, what is the threshold level where you as an NBFC then would want your liability side, you will start applying for a, you liability side moratorium? And how the banks, you know, are approaching this? Are most of them, you know, allowing NBFC moratorium or they are hesitant right now, what is the current situation in that respect?

Mr Rajesh Sharma: We do not know whether the moratorium will come or not and whenever it comes based on the situation I think case to case basis we will take the approach, but as of now we are not opted for the moratorium with the lenders, so we really cannot comment in a detail way on these things if moratorium is extended, how many months this will be extended and whether bank will do or not. I think that is left to the RBI and to the lender.

Mr Pratik Chheda: Okay. Okay. And second question is within MSME, I mean is there any segment wise breakup of which industries are, you know, witnessing good amount of collection efficiency and which are the segments which are, you know, pretty low in terms of collection efficiency?

Mr Rajesh Sharma: So that analysis we have not done, but our business is very small ticket size lender, so it is not as such we can figure out the sector wise, but I think these are all front end and small units of manufacturing and assembly and service areas. So, we have not figured out that and maybe we can do that and we can post that on website.

Mr Pratik Chheda: Okay.

Bharati: Thank you sir. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. Next question comes from Preeti Singh from Value Investments. Please go ahead.

Preeti Singh: Thanks, Bharati. Good afternoon sir. Sir my question was do you think that the measures taken by RBI are enough for smaller NBFCs to survive during this COVID pandemic? And what other measures do you think that the government or RBI should be taking in this time?

Mr Rajesh Sharma: So, I think RBI has timely intervened and done the targeted repo operations, they have pushed banks to lend to NBFCs, so I believe that NBFC and housing finance company may not have the major challenge in the liquidity side except few specific NBFC, who might have issue because of their rating or may be because of their high corporate or high exposure to the high-ticket size real estate developers. I believe that some of the NBFCs may wish for one-time restructuring offering to their customers which are in the real estate sector side, but so far, I think NBFC sector is quite comfortable on liquidity side. I think major challenge every NBFC is figuring out is how to do lending and which are the sector they can lend, they have to figure out their way because so far it is not clear that when the normalcy is going to come back. I think that is the question nobody has the answer by when we have a protocol medical treatment which is effective or maybe we can find a vaccine, everybody can be free from the fear of this contagious disease.

Preeti Singh: Thank you sir. Sir another question....

Mr Rajesh Sharma: Hello.

Preeti Singh: Yeah sir. Sir my next question would be how do you think the housing market will pan out in the next few quarters, since the repayment capability of many borrowers will be hit because of the salary cuts and the job losses?

Mr Rajesh Sharma: So, in housing finance, I think demand from salaried customer may not get impacted much, but from the self employment section the demand may be slowed down. Further I think the property prices also developer will start offering at lower prices to push the inventories. So, we have to see while larger project may face the problem of labor, because lot of labor have already migrated, so this year is going to be a difficult year for real estate side. Smaller projects may face the problem, which may not be that acute and the larger project may have much more difficult times.

Preeti Singh: Okay sir. Also, sir given the fact that the moratorium was available from 1st March, so your MSME, NPAs have gone up significantly in the quarter one, so what sort of stress do you foresee in your MSME portfolio in the coming quarter?

Mr Rajesh Sharma: So, coming quarter till May there is a moratorium available, so I think we will know in June. Definitely there will be some spike in the NPAs, but we cannot assess it so far. Once we start collecting from the customers whose moratorium is ended and who is impacted and who is not, that we are already trying to assess the situation on ground our credit team and branch people are already in touch with the customers. Some of the customers from their available cash flows, they are still paying and not opting for moratorium despite that is available. I think that kind of a customer when they require money we will be able to lend them further as well. However, the real impact on NPA we will come to know only in June.

Preeti Singh: Okay sir. Sir one last question, it's data point, so what percentage of your portfolio be in the green or orange zone at this moment and what are the trends and terms of repayment you are seeing here?

Mr Rajesh Sharma: So, in terms of branch percent, it is 50% in the red and balance 50% in the orange and green and as far as branches are concerned, Ashish have we prepared that analysis?

Ashish: Presently that is not there.

Mr Rajesh Sharma: Okay, I think we should upload that on our website also. So, ma'am that detail is not readily available. You can either contact us or we can definitely upload this information and add one slide in the presentation when we have it.

Preeti Singh: Okay, thank you so much. I will look at it on your website. Thank you, that's it from my side sir. Thank you so much sir.

Bharati: Thank you ma'am. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. I repeat ladies and gentlemen, if you have a question please press star and one on your telephone keypad. Next question comes from Alok Shah from Monarch Network. Please go ahead.

Mr Alok Shah: Yeah, thanks for the opportunity. Good afternoon sir. Two questions from my side. Clearly the first question here being, the strength for Capri lies in its strong capital position, you know, capital adequacy of 38% and the strong liquidity, the number that you have talked about, but what is if that you are gathering some circles of NBFC, especially the ones which are low on capital in terms of some kind of, you know, liquidity aid or some relaxation on the capital side because we also have housing finance norms in terms of increasing their capital adequacy that starts from this year?

Mr Rajesh Sharma: Correct.

Mr Alok Shah: So, what it is that, you know, you have been hearing, talking between your circles of NBFC entities, you know, to ensure that there is liquidity in the system to add to their liability obligations? Or what is it that, you know, should really provide a wheel to kick start the overall credit cycle?

Mr Rajesh Sharma: I think there are two aspects of it. One is liquidity available to NBFCs so that they can meet their repayment obligations, that is one aspect. Another aspect is liquidities NBFC require for onward lending, for the fresh business. So, liquidity available for repayment, the banks are already proactively working with that to knowing how much repayment obligation they are having, how much cash the deferment is happening because of moratorium. So, the data is already sort by RBI as well as the banks from their customers and based on that they are addressing this need on a case to case basis where banks are taking term loan request and doing that.

Mr Alok Shah: Okay, okay.

Mr Rajesh Sharma: Yes, however, no NBFC is able to yet figure out how much lending they will be doing the current year. So, I think that question nobody has a clear answer. While everybody knows their repayment obligation and all that but I think it differs from a company to company, but I think liquidity is not going to be a major challenge this year because banks are proactively providing and banks are taking corrective step and government have realized all NBFC and housing sector is key important to deliver the credit to the sector and in the areas where banks cannot reach.

Mr Alok Shah: Sure okay. And do you think, you know, in a vehicle like SIDBI or may be not really MUDRA in this existing format, but those two vehicles can also play an important role in ensuring liquidity into the NBFC sector?

Mr Rajesh Sharma: So, I think SIDBI has already announced their INR 15,000 crore of refinance window, a special window besides that they on a regular basis also they are offering refinance to their customers and all. So, as I said the worry is not on availability of liquidity.

Mr Alok Shah: Right, okay, okay.

Mr Rajesh Sharma: I think worry is only two account. What is that this degree of pandemic is going to affect the business, how long it is going to last, we do not know and based on the length of it where the normalcy, while lockdown will be lifted but we have to see that which are the areas where business is coming that to normalcy. So, you believe that Capri being doing business in Tier-3 and Tier-4 cities where the impact is

not there. If you look at the analysis of the COVID infected patient in our country, you figure out about 20-25 locations where 90% of patients are there.

Mr Alok Shah: Right.

Mr Rajesh Sharma: So, if we see majority part of the population area is still where the business will happen normally. So major challenge is going to be which are the areas you can continue to rely and which are the areas still not come back to normalcy, something is going to major worry and based on that which are the customers require restructuring and they won't be able to pay and which are the areas and sector specifically more unsecured lending how the situation can be of NPAs we do not know.

Mr Alok Shah: So, it's more about asset side of the balance sheet where there is lot of uncertainty. On the liability side, you know, there is sufficient liquidity in the system and being made available to NBFC.

Mr Rajesh Sharma: Yes, you are right. Okay.

Mr Alok Shah: The second point here is sir that, you know, as things open up and you know, come June, July would it be safe to say that we would might face a situation of an increased working capital requirement from all of these SMEs or small unit one from expanding their businesses or covering over for that loss of opportunity and/or may be trying to honor the obligation?

Mr Rajesh Sharma: I think many businesses which have lost their cash flow, they will require the working capital requirement. I do not see except few sectors of where grocery and essential items supplies are being at home and some of the people are able to grow their businesses. Barring those types of businesses, I think nobody is going to expand their business even the retail borrowers, but they would need money because they have lost on cash flow of two to three months and further they can see the slowdown. So, while they have also cut their cost and take various measures and they might require the money for the working capital. There are lot of borrowers despite this lockdown and their businesses are not generating adequate cash flow or no cash flow at all, from the past savings they are making their EMI payment. I think those kinds of customers are something who are showing a good repayment track record and for any NBFC lender to lend them should not be any hesitation.

Mr Alok Shah: Right, sure. Yeah and sir the last point here, the situation is very fluid and its evolving with every passing day, would it be safe to say that, you know, this should be a three to six months journey for entire normalcy to come back or a longer period? You know normalcy in terms of NPAs, in terms of business growth?

Mr Rajesh Sharma: We believe that business coming back to normalcy will take longer time unless we see a certain way to treat the patient or the vaccine comes people are not going to do lot of activities like going to restaurant, travel, attending marriages, or leisure vacations, all are not going to come back to the normalcy. While there are the ways of doing business in other things may change. People will go more on digital and work from home and maintaining social distance will become a new normal, but few businesses are not going to see their cash flow coming back to normal see for quite some time till this pandemic and the cure is found in a certain way.

Mr Alok Shah: Okay, yeah that's really helpful sir. Thank you and wish you all the best.

Mr Rajesh Sharma: Yeah. Thank you.

Bharati: Thank you sir. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. Ladies and gentlemen, if you have a question please press star and one on your telephone keypad. Next follow up question comes from Raghav Kabra from Excel Investment. Please go ahead.

Raghav Kabra: Hello, thanks again sir for the opportunity to ask question. One question which I need to ask is like we have seen many companies taking strict measures to manage their cost during this current environment, to manage this current pandemic. If any what sort of measures have you taken on the cost side?

Mr Rajesh Sharma: So we are taking measures like we are re-negotiating the rent of the branches and offices because we have almost 85 branches. We are not hiring, the new hiring wherever people are resigning or leaving we are not replacing them where we think for another two-three months the business is not going to start so we can defer it. Besides we also have put our all expansion of branches on a hold till the certainty comes to the markets and certainty comes in the way businesses are going to be conducted, plus incentive and all are going to be more on the collection side, the business side there will be no payment of the incentive. So, on every front we have taken the measures.

Raghav Kabra: Okay sir, that's all from my side. Thanks.

Mr Rajesh Sharma: Thank you.

Bharati: Thank you sir. That was the last question for the day. Now I handover the floor to Mr Rajesh Sharma for closing comments.

Mr Rajesh Sharma: So, at Capri we will continue to pursue our stated line of strategy to continue to remain focused on MSME sector and continue to focus on the affordable housing. In construction finance we are following a very unique strategy where ticket size of each transaction to each borrower exposure is about less than 8 crore rupees, so I think we have to reassess our underwriting policies which we have already done. On ground we are going to test it after the lockdown is open, so which are the businesses are going to restart and looking at their requirement or those customers who still during moratorium period are paying on time despite that option was available to them, these are the customers requirement we will try to assess the credit facilities, so in challenging times we have to be more careful. We believe that we are well positioned to understand the situation and we already have local knowledge of every market, which is going to help us to keep our asset quality in good shape and we will focus on the growth once normalcy come back to the markets. Thank you so much. Thank you for attending the call.

Bharati: Thank you sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant day.