February 27, 2018

To,

The Manager,
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra East,
Mumbai-400051

Scrip Code: SATIN

The Manager
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400023

Scrip Code: 539404

Dear Sir/Madam,

Sub: Update on Conference Call held on February 14, 2018;

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and in furtherance to our letter dated February 13, 2018 with respect to Conference Call held on February 14, 2018, we hereby wish to submit the transcript of such conference call with this letter as an **Annexure-1.**

We request you make this updates public by disclosing the same at your website.
Thanking You,

Yours Sincerely,
For **Satin Creditcare Network Limited**

(Choudhary Runveer Krishanan)
Company Secretary & Compliance Officer

SATIN CREDITCARE NETWORK LTD. DELHI

"Satin Creditcare Network Limited Q3 FY2018 Earnings Conference Call"

February 14, 2018

ANALYST: **MR. AALOK SHAH – CENTRUM BROKING LIMITED**

MANAGEMENT: **MR. H. P. SINGH – CHAIRMAN CUM MANAGING DIRECTOR - SATIN CREDITCARE NETWORK LIMITED**
MR. JUGAL KATARIA – CHIEF FINANCIAL OFFICER - SATIN CREDITCARE NETWORK LIMITED
MR. DEV VERMA – CHIEF OPERATING OFFICER - SATIN CREDITCARE NETWORK LIMITED
MS. MANSI VERMA – HEAD CAPITAL MARKETS - SATIN CREDITCARE NETWORK LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Satin Creditcare Network Limited Q3 FY2018 earnings conference call, hosted by Centrum Broking Limited. 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. I now hand the conference over to Mr. Aalok Shah. Thank you and over to you Sir!

Aalok Shah: Thanks Stanton. On behalf of Centrum Broking, we welcome you all Satin Creditcare Q3FY2018 results concall. From the managements end we have Mr. H.P. Singh, the CMD of Satin Creditcare followed by other senior management team including Mr. Jugal Kataria, the CFO, Mr. Mr. Dev Verma, the COO and Mr. Mansi Verma, Head Capital Markets. Without taking much of our time, I would like to hand over the concall to Singh Sir to kind of give us comments and brief through on the numbers. Over to you Sir!

H.P. Singh: Good evening everyone. I will take you through our journey of the last quarter as such. After clocking in two quarter of losses, we return to profitability in September 2017 for the quarter ended September 2017, our PBT stood at about Rs.17.1 Crores and we have in fact doubled our PBT for the quarter ended December 2017 to about Rs.34.3 Crores.

This quarter in fact we have made an extra provisioning over and above the RBI requirements and the norms to the tune of about Rs.16.9 Crores and in spite of the provisioning being done in this quarter our consolidated PAT for December 2017 quarter has gone up by about 92% quarter-on-quarter to Rs.21.6 Crores. If you look at the last two quarters, our PAR 90 numbers have in total gone down by about Rs.158 Crores of which the last quarter we had about Rs.61 Crores recovery in the PAR 90 numbers.

Now moving on from the PAR numbers, our disbursement for standalone nine months for the year 2018 is at about Rs. 3,599 Crores which as compared to the full year of FY2017, the disbursement was close to about Rs. 3,594 Crores and on consolidated basis, our AUM now stands at about Rs.4,881 Crores, which gives us the growth of about 31% year-on-year and about 9% on a quarter-to-quarter. Our AUM growth over the last nine months is 20% as compared to FY2017 and based on this we are on track to fully meet our guidance for March 2018 of Rs. 5,500 Crores.

The other points, which were in terms of our portfolio - the concentration of the UP state for us has gone down by about 2% from the September quarter. The percentage of the UP state now stands at about 34.7% as compared to 36.9%. And taking the cue forward, I think you know technically on January end or so we have close to about 33% as our percentage in terms of our concentration in UP.

Our cashless disbursements are also now increasing on quarter-by-quarter basis. We were at about 26% by December 2017. We currently, at January end - early February, are standing at about 30%. So an increase of another 4% from there in. And our guidance for the next June 2018 numbers is that about 50% of our portfolio will be through cashless disbursements. Reiterating our fact of the newer disbursement happening after demonetisation from January 2017, we still stand at 98% collection efficiency from there on, and this in turn represents close to about 84% of our total portfolio as of now.

We have raised capital in the nine months close to about Rs.440 Crores or so in which Tier 1 was about Rs.360 Crores and Tier 2 was about Rs.80 Crores. Which gives us a capital adequacy of 26.60%, where in Tier 1 stands at about 21% or about 22% and Tier 2 stands at about 4.64%. In terms of our license which we got for housing finance, we got a license in November 2017. We in fact disbursed our first loan in housing finance on February 7, 2018 and for us as a business model our vertical will probably be focusing more on the rural micro housing space. So that the niche which we are trying to develop in housing finance space side.

On the tie-ups, which has happened across in the last six to eight months - we tied up with Capital First for our non-microfinance product and we started the pilot during Q3 of FY2018. We are incorporating few learnings from the pilot and we are aligning our process and systems going forward after having done the pilot across over there. The good news about the tie-up with IndusInd Bank is in fact we disbursed of our first loan after integrating our process and system with IndusInd Bank today and we are willing to take this partnership forward in microfinance space also. These are the opening remarks across over there. We will open it up for the question and answer from all the people across who are there. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

Manish Ostwal: Good evening Sir. Great set of numbers and congratulations to the entire management team of Satin. My question on the collection efficiency numbers in this quarter it is 98%. When I look at the performance of other microfinance players in the Q3, there is a meaningful improvement of collection efficiency whereas in our case it is flat compared to the September data to December data. So could you comment on the same and secondly of our total 16% of book, which is vintage old book basically on that 9.2%, already NPA 6.8% it is extended book on that what kind of collection efficiency we have?

H.P. Singh: I will tell you something if you want to do a comparison with our peers I think we will have to go back into the history of GST of demonetisation and look at the comparison of how we have probably come out, I think we give it in our last presentation that we were about 75% impacted as compared to the others. In terms of our impact we were probably three times much more than what our peers would have been. So I think if you really look at that from that angle you will have to give us probably some forbearance in terms of the difference between may be 98% to may be 99% as compared to our peers or 99.5%, so that is something which we probably have to standby for some short period of time where we are disbursing again in the same impacted territories as such. So that is probably the call which slowly and steadily we will probably be increasing as the way move forward across over there. That is one and in terms of if I heard you correctly in terms of our 16% of whatever it is I think we have probably been able to provide in terms of we do not have comparison but off the record we have comparison across we provided on a basis that we provided close to 62% of our GNPA has already been provided across over there as compared to may be our peers someone who has done about 67% or 75%, so I think it is far more comparable in terms of if you look at things over there. Our net NPAs technically are close to about 3.67% we are still in the work-in-process mode. It has been one year, two months since the time we probably arrived at by recovering close to about Rs.159 Crores across PAR 90 in the sector. Another six months probably is the right frame or the right time where you can probably judge where this is all heading onto. We will take a while before it finally comes across over there. So moving across from technically 50% collection efficiency and PAR 1 of about 50% coming down to that. I think it is process in the question of time before finally settles down.

Manish Ostwal: Second question on the recent commentary by one of the players for the MP markets that the collection efficiency in the trend in the MP market is somewhat depressed, so what is our experience in that market and secondly recently the Rajasthan government announced loan debt waivers so we have exposure of 3.6% to the state, so how do you see the impact on the collection efficiency in NPA and credit cost because of the development?

H.P. Singh: Again what we have to really understand these things go up and down. Technically, you are right to a certain extent that yes, in the last, probably if I would say last 15 days or so, may be the MP market is a little depressed, but then you have a lot of factors which actually ruled in. There are by elections which would be coming in, there are rallies which are going on across over there. It does get impacted in a short-term. But if you really look at it, I think probably we will have to wait for sometime before you really look at it. And my own sense is that nothing as bad as what demonetisation could probably bring in, so once you come back from may be as I told you from 50% to down to this, I think, this is now all work-in-process which will always happen and we will keep on the journey of trying to bring it back into the system and try to work on the collection efficiency, but yes certain pockets will certainly be depressed at some point of time, certain pockets will probably go up and in terms of Rajasthan after the loan waiver has been announced it has been about two, three days. We have not seen any kind of a depression in our Rajasthan collections. So as of now we do not see anything which is there in terms of by-election coming up in Rajasthan.

Manish Ostwal: Okay and how much we have booked for the capital first non-MFI products till date?

H.P. Singh: We have done a pilot. That's what I said. I think the learning from the pilots are coming in based on our process and integration which is happening. We have logged in a few numbers for the two-wheeler segment, but it is getting integrated. So whatever learning we have from the pilot I think we are taking into cue and working out and thrashing it out with them. I think the scale will start happening once this is all done, so it takes a while before all these processes will get integrated. So may be another a month or so before it finally take up shape and start scaling up from there.

Manish Ostwal: Okay and last one small data point what is the cost of funds on an average in a marginal basis Q3 compared to Q2?

Jugal Kataria: Marginal cost of funding is roughly 11.75% or so. The blended cost is slightly high but we are getting most of the sanctions between 11.25% and 12%.

Manish Ostwal: Versus Q2 Sir?

Jugal Kataria: Q2 marginal cost of funding was about 0.25%, 0.3% more than what we have had today.

Manish Ostwal: Because the markets moved up, so I thought there should be some impact on us?

Jugal Kataria: No, the rating has been slightly revised from BBB plus negative outlook to stable outlook so that also some impact, so the marginal cost has improved by roughly 0.25% to 0.3% in this quarter.

Manish Ostwal: Thank you very much and all the best.

Moderator: Thank you. Next question is from the line of Nagraj Chandrasekar from Laburnum Capital. Please go ahead.

Nagraj Chandrasekar: Thank you for taking my question. Congrats on a good quarter operationally. Just had a question on the securitized portion of your book now started building up again, so what would you like to take it up to say over the next five quarters when you have that Rs.5,500 Crores March 2019 guide. Just so we know how to model this out?

H.P. Singh: So I think there is a correction - the Rs.5,500 consolidated figure is for March 2018 not for March 2019. By March 2018 we will be crossing that because we are already at Rs.4,880, close to Rs.4,900 so that is the number we have. But on the securitized book I think Jugal can take.

Jugal Kataria: Securitization portfolio for the started growing. They are getting good traction there. There is a lot of demand because of annual closing, etc. So historically we have touched high of 25% to 30% of our portfolio. With IndusInd now taking some shape I think over a period of time some 35% to 40% book is going to be under BC arrangement for IndusInd, And will we prefer to do another 15% to 20% securitized or assigned book and balance we will keep on book - is a broad thought process right now.

Nagraj Chandrasekar: Secondly on collections of past due loans, you have again done a good figure of Rs.60 Crores this quarter bringing it down on top of the Rs.100 Crores last quarter. Just wanted your sense of what you can get over the next quarter and what sort of write off we are likely to see in a sort of an updated view, you had mentioned Rs.150 Crores number in the last concall, just to where you think this number will end up now and when you will be taking it? Thank you.

H.P. Singh: I can't hazard a guess right now to give you probably where the numbers will probably move in, but I can probably give you an insight that it is now the hard task which is there, so the last final bit which is left in terms of our unprovided portfolio if you really might call it up as that in which is our net NPA. This bucket is going to be slightly tougher than what we had probably done earlier. But still we are confident enough in terms of our thing we could probably take and scatter over the next two quarters as such but since we were able to bring it down in fact by about

Rs.160 Crores across over here. Our own endeavour is to move on and bring it down further. Just to give you a very small example. We brought out zero collection client from 81,000 to about 62,000 across. And if I give you probably the insight of my last week's number as such so that 62,000 has come down to about 57,500 or so. Now the journey is going to be a little tougher where it is going to be may be very small things which we will probably move across in terms of our collection, but the point is that as the management team who has worked relentlessly for the last one year and about two months or so. We have brought this down and going forward we will probably be bringing get down much further. But to be very honest I do not want to hazard guess or may be set on any kind of expectation, but the thing is that we are working on definitely there will be positive results.

Nagraj Chandrasekar: Thank you so much.

Moderator: Thank you. Next question is from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.

Kashyap Jhaveri: Thank you very much for the opportunity and congratulations for quite commendable turnaround. I have three questions. One on your margins, if I look at even adjusted for interest income reversal there seems to be some squeezed on margins Q-on-Q, so what could be the reason for that. Question number two, is that it looks like we had about Rs.60 Crores to Rs.70 Crores of recovery in this quarter, but interest income reversal is just may be about million rupees or so, why would that be so low and third question is that if I look at PAR 1 that is coming quite dramatically down, but in terms of PAR 30 it is pretty slow turnaround, so how should one look at that?

H.P. Singh: First two questions Jugal will answer. I will give you the answer for the third one.

Jugal Kataria: So on the margin front there were some delays etc. also, though we are recovering the amount. So to that extent there is some pressure on the margin. But as the new portfolio is getting almost 98% of the collection, and we have broadly we have priced our product at roughly 9.7%, 9.75% margin as against 10%, which is permitted. This and because of some delay in collections that the margins are slightly squeezed, but as the overall collection is improving with a lag - we have collected almost 96% for December and about 94% for January – so as that gap is reducing I think these thing will get corrected as well.

H.P. Singh: I think on the PAR 1 and PAR 30 numbers, if you look at the last 14 months as such, technically if PAR 90 can come down which probably in the earlier avatar it never used to be the case, if you really ask microfinance pundits across the whole journey as such they will all say PAR 90 is non-negotiable and you will never recover it. But for us we have still been able to recover that. So my own sense is I think that if you look at the relevant thing, at PAR 1 numbers as long as it starts coming down that is a happy trend and that is a positive trend to look at. And my own sense is PAR 1 and PAR 30 definitely will take a while before it is finally registers into may be new numbers and if I give you a figure of bringing down from 11.43% I think our PAR 90 came down to about 9.17% and PAR 30 would be it about 12% of our total so it will be there. My own sense is that as the demonetisation level starts going down, the credit cultures will start coming back and has started coming back. But give it a time before and finally settles down across over there. But this was the big event, there is a completely black swan in our whole history of our life. And the discipline is finally coming into this thing across over there. To just give you one more cue based on that. We also track our attendances across there. The attendance across in centre meeting is registering a significant improvement in terms of there. If I give you my demonetisation figure my attendance had dropped down to about 50% that has now jumped up and come down to about 85% or so which was also slightly a notch below the levels, which we had it before. So that is relevant trigger point, which we really look at, I think PAR numbers will follow suite after these attendances.

Kashyap Jhaveri: Okay and last question on this, credit cost in TSL how do you see that moving so let us say in Q2 that number was in terms of credit cost number Rs.3.2 Crores, this quarter it again went up to about Rs.4 Crores, so how do you see that panning out?

H.P. Singh: It is small one as compared to our larger portfolio in Satin though only thing which is probably holding us over there is the reluctance of some of our borrowers, partner banks, probably giving in products or may be lending again in the impacted territories and that has been our biggest drawback in terms of our recovering or old portfolio from our existing clients, because if you do not give for other fresh loans across in the same territory definitely the whole process goes for toss. In fact, that is probably one of the reasons why we have been talking to our partner banks and few of them have given products now to do more. So you will be seeing more positive numbers now on as we have got the products from our partner banks to move across over there.

Kashyap Jhaveri: Sure. Thank you very much Sir.

Moderator: Thank you. Next question is from the line of Ramesh Rachuri from Scient Capital. Please go ahead.

Ramesh Rachuri: Good evening Sir. Excellent numbers of this quarter and as you promised post the September results most of the pain has been gone through whereas some others are still feeling the pain, as one of the speakers has previously mentioned. I had two questions, one is on the MSME book particularly since the MP question has been answered and second I find the excess interest spread which you are booking as income, which is interesting because since you are rated BBB plus if I am not mistaken, if you could pass on some of that you would get a better rating and probably be able to borrow at a lower cost? That is number one. Second as regards MSME and housing, in affordable housing we have lately observed jump in credit cost almost five times your normal home lending rates in terms of default rate and number two the MSME the segment is largely unorganized and with other MSME players we have seen stress particularly as GST is rolling out and the unorganized players are being pushed to the organized space, so any observations on both these, how are you going through this and what has been your experience?

H.P. Singh: So, if I give you an answer to MSME first - see what we are doing in the MSME space, one it is all secured technically, so we are not doing anything which is unsecured in the MSME space, which gives again a breather in terms of our portfolio quality and the collateral, which we probably are taking in the segment. Secondly, we are not gunning for technically numbers in this thing; we are probably focusing more on quality than on quantity in our space of MSME. We have seen impact of GST and all in the unorganized sector, but I think we have seen that in the microfinance sector also. So once we have been able to navigate in the microfinance space and since we are new entrants across the MSME space and probably will have more bandwidth to actually choose our customer who to actually bank with us and do this whole product, so that is two. There are a couple of initiatives also we are also trying to do an MSME, which probably I will not like to speak on this. I think may be over a certain period of time, I think we will be able to unveil and give it to the outside world.

On the housing space affordable housing, yes are right. I think we also read it across the credit cost in terms of the portfolio is going up across in this space as well. We are building again our niche in a very different segment as such, and so we are building our niche, as I have mentioned in my opening call, this is the rural micro-housing segment which we are looking at, where technically again the collaterals, the peer pressure, the whole environment is still not as bad as what has been there in the normal affordable housing segment. So that is what our niche area is going to be and I have reiterated again in several of my conversations with people is that this probably the area where a lot of people still have not been able to enter and we have done pilots, we have done complete work on this for the last one-and-a-half to two years with Reliance Capital and we have got huge learning's on this. So we know that we will be able to built up a much better portfolio quality in terms of whatever our peers in the affordable housing space is there. This is what I give for the housing spaces there and in fact I think the third question, can you just repeat it again, I think we will not able to get that correctly on the PSL something.

Ramesh Rachuri: No, the third question I was basically looking at your IT capex, is it over and are you seamless from end-to-end tablet to your central processing?

H.P. Singh: I will just leave you with one possible thing across over here that our IT system, which has been developed in-house, in fact if you look at the capex which we have would have spend by doing an in-house as compared to whatever we were trying to do the out-house with an agency across over there building up a software. We have been able to actually lesser our cost by at least about Rs. 30 to 40 Crores, so that is number one. Secondly, I think from where we look at it, it is an end-to-end solution which we have built up and we probably the only ones I think, and to whosoever we have shown our dashboards and across over there, we are live every two minutes in terms of our collections, in which I think we are probably one of the first in the MFI space. And we are taking these learnings to our MSME, our Taraashna BC book, we are taking this to our housing across over there. So we will technically be far more deepened into the way we are bringing in technology for our company. So I think we have probably done a huge, huge job in the technology space and we can look at much better things coming up in the future also.

Ramesh Rachuri: Thank you.

Moderator: Thank you. Next question is from the line of Amit Premchandani from UTI Mutual Fund. Please go ahead.

Amit Premchandani: Good evening Sir. Thanks for the opportunity. Sir, I just have a question on the Capital First tie up and the Capital First is under agreement with the IDFC bank to merge, how does it impact the tie up with Satin going forward?

H.P. Singh: I think up till now whatever feelers we have got from Capital First and I think Capital First would be the right guys to really answer that, but if I can answer on their behalf and I do not get sloshed by anyone from the Capital First side. The indicators and the feelers, which we have got from them they are more interested now to take this journey on a bigger platform across over here and that is the only thing which we have been able to get at. And in fact our exercise with them on the pilot and everything is going along still over there, there has been no stoppage on that and hopefully, I think this will form a bigger tie up then than what it was earlier. I think I could probably just leave it at this right now.

Amit Premchandani: Thank you. That is it from my side.

Moderator: Thank you. Next question is from the line of Gautam Jain from GCG Financial. Please go ahead.

Gautam Jain: Mr. Singh, congratulations for very good numbers. I have couple of questions, one is as loan book guidance was Rs. 5,500 Crores, is that intact? I joined the call a little late. Sorry if the question is repeated?

H.P. Singh: Guidance we have Rs. 5,500 Crores for March 2018, yes.

Gautam Jain: And the margins for this quarter sequentially down a bit, so what was the reason behind it even after raising some capital, the margin was down?

Jugal Kataria: Those are let us say quarterly number and we broadly working on 9.75% margin. And then there was some delay in the collection in the past and also even in this quarter, and we are collecting only 98% of the amount on the new portfolio. A combination of all these factors is temporarily impacting the margin, but as we are moving along the collections are improving. We have priced our product with 9.75% margin, and the processing that we are getting, so we will start getting those kind of numbers going forward.

Gautam Jain: So, collection efficiency on new launch, which are disbursed post January 1, 2018, our overall collection efficiency is 98%, which is the same as it was in Q2, other competitors have more than 99.5%, so are we seeing some improvements on 98% going forward or can you give some guidance on that 98% collection efficiency can be improved from here or we should assume that there would be 2% credit cost going forward?

H.P. Singh: I think we will improve from here definitely, that is what it is. So this is just the start, after we disbursed. And as I told you I think the baseline has to be understood, that we still have the top five state of ours which comprise 75% of our portfolio, which are the impacted states. And we are disbursing again and those states across over there. And probably if you give us that benefit across that we have still been able to match so there is a difference of 98% and 99.5%, my own sense is I think if you really ask me personally, I was hoping for something less than that, but it has given us a huge confidence that even in spite of the fact that new disbursal post-demand start in January we have still been able to nurture up to 98%. Our endeavor definitely is to come up to level where it will be definitely be much more than that. This is for sure, but it is a process driven thing it will take some while before we are able to do that, but definitely we will probably be able to achieve it.

Gautam Jain: Can you provide some guidance of credit cost for next full year FY2019, may be in the range?

H.P. Singh: If I give you my own and the team's this thing across crosses over there it will remain within that range of 1% or so, not more than that.

Gautam Jain: Thank you so much.

Moderator: Thank you. Next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for the opportunity. Sir, my first question is over the next two to three years you have MF book and now you are going aggressive on non-MF book as well, so how do you see that mix changing over the next two to three years?

H.P. Singh: I will give you a horizon for the next five years that is what we have built into our whole exercise of looking at how does non-microfinance and how does microfinance look at, so based on our calculations across over there I can give you just a fair assessment that in the five years the mix will probably be two-third, one third. So two-third would be microfinance and one-third would be all other product, which would non- microfinance that is what we are technically looking at it. It could be little better than, but this is definitely what we are trying to achieve in the next five years.

Deepak Poddar: Two-third and one-third. And as a product, can you give some sense that what sort of ROA can your non-MF book generate versus your MF book, so some comparison between MF and non-MF book on ROA front?

H.P. Singh: I think if you really ask me for the non-microfinance, I think it is slightly early to probably project that, but our own sense is if you look at may be on a consolidated basis we are trying to achieve may be 3% ROA in the coming future as such.

Deepak Poddar: 3% ROA may be next one to two years is what you are saying?

H.P. Singh: Absolutely.

Deepak Poddar: That is it from side. Thank you.

Moderator: Thank you. Next question is from the line of Abhijeet S. from Kotak Securities. Please go ahead.

Abhijeet S.: Good evening, Sir. First one is the observation on your line base in the microfinance business, so it appears that it has more or less been stable over the last nine months at around 2 to 3 billion just wanted to get some sense there would be some movement in terms of the older ones going off and acquisition of new one, so has that changed over the last nine months?

H.P. Singh: So, what we have done in our impacted territories is that in certain pockets we are not looking at newer clients, we are servicing our older and good clients across over there. So that is the reason why I think probably the increase has not been in these impacted territories which are our major territories and the new state and the new territory which are coming up are doing an increased portfolio for there and they are all settling down and negating and coming on to the same level as such in terms of this thing. And our loan size is also slightly increased in terms of if you are talking about the number of clients that is what you are talking about?

Moderator: Sir, we have lost the line for that person. We take the next question it is from the line of Aalok Shah. Please go ahead.

Aalok Shah: Sir, I had a couple of questions. While we have been talking about a Rs. 5,500 Crores AUM for FY2018, is there any assessment done for FY2019 and may be Fy2020 as such that is my first question and the second one would be more from looking at the state concentration while UP portfolio has been coming down, we have done great in-roads into territories like Bihar, West Bengal, Assam, Odisha. How do these states look like, and also from the competition point of view, how does things shape up here?

H.P. Singh: Aalok, I think if we look at the overall FY2019 and FY2020, I think the overall, I do not want to give a guidance, but I think we are looking at a growth of about at least about 35% to 40% overall in 2019 and then 2020 from where we look at this or may be a 40% growth is what we are looking at in terms of our AUM if you go forward. In terms of our concentration in the state UP , yes has come down. Our ultimate thought process is that we would not like to have any state go beyond may be 18% or so. Our benchmark we are keeping it as that no state goes beyond 17% to 18% in any possible form, and that is the reason why we have been able to open up and scale up in states like West Bengal, Assam and Odisha and a couple of other places. We are looking at opening up two more states in the next financial year as such and so that is what our thought process is. So definitely if you look at the mix around coming up this is how it is ultimately going to pan out to be. And in terms of competition I think our sense is that nobody has the heart now to do disbursement in UP excepting us, so we stand tall across over there and if I really want to do a work across in UP we can still do it, but that is what our sense is.

Aalok Shah: Sir, may be just continuation to your answer the growth of 35% to 40%, so what will be the level of Tier 1 that we will be comfortable beyond which you would actually go out for some kind of new equity. I mean the capital that we have is definitely sufficient enough for at least six to eight quarters, but any Tier 1 number or so considering the rating agencies thought process on the multiple factors that keep on arguing with us?

H.P. Singh: I think the rating agencies and us have different angles when you really look at, so we are always as a financial services company for the last 27 years we have always work on lower Tier 1s and across over that, because the leverage is the most important factor in financial services. That is what I have learned in my life, but anyway we are looking at what the peers and the rating agencies and looking at other stakeholders in the environment, our own sense is that I think if we look at 40% growth rate and along with the profitability figures coming in across over there, I think we are fully set to at least a register 35% to 40% growth in the next one year or so. We will see how it pans out to be and if we think we are we able to achieve much more than that definitely and if it needs may be a capital raise one year from now we will definitely look at it, but our own sense is that we are good to go for the next at least four to six quarters.

Aalok Shah: Sir, second part of my question was, you talked about moving into two new states, the kind of majorly focused on Central and North India and now to the northeast. Are we kind really looking at South India for now that still going to be some time away?

H.P. Singh: Earlier than long enough. I think we will probably look at may be couple of that states also and cherry pick out from there.

Aalok Shah: That is helpful.

Moderator: Thank you. We will take the next question from the line of Jeevananth Manivasagan. Please go ahead.

J. Manivasagan: Good evening and congratulation for the good set of numbers, Sir. There has been no dividend from the company since listing, anything regarding dividend policy?

H.P. Singh: Dividend?

J. Manivasagan: Dividend policy.

H.P. Singh: I think I have not heard of dividend for the last so many years across my life and all whatever you generate is all for growth, growth, growth because everybody loves that. So my only sense is that for dividend we are still far away from that life. Let us see when we are able to do that.

J. Manivasagan: Thank you, Sir.

Moderator: Thank you. We will take a next question from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.

Kashyap Jhaveri: Thank you very much for the opportunity. Continuing with Aalok's question on this geographical diversification, what gives us so much comfort on some of the states, which we entered just in about FY2016 – FY2017, and we have seen dramatic growth like in Assam, West Bengal to some extent if I look at on quarter-on-quarter basis even something like Bihar has grown quite dramatically 14%. So this eastern and northeast state, what is the comfort that we drive in this portfolio, that is one. And question number two is that the run down, not run down, but the reduction in proportion of UP portfolio is quite commendable in one looks at slightly longer term, but even the recent past or recent experience have not been that great in demonetisation that is still like about 34.5% portfolio in December 2016 versus just about 34.7% in December 2017, so if I look at quite near term it has not gone anywhere actually?

H.P. Singh: Please understand what UP consists of. If you really ask if you go by micrometers, the penetration levels are still so low in UP that 34%, whatever it is does not do justice to the type of demand which you have in UP. It is only because the environment talks about it and I think the external stakeholders, rating agencies, everybody. My own sense is maybe I am more of a conventional person to really look at, but in terms of demand there is absolutely no way that you can match up the demand which is there in UP. Having said, that I think it is more to do with not really that we are at the same plateau 34.7%, 34.7%. We increased to 38% also across over here and if we talk of figures of a couple of our competitors, some of them have 40% to 50% in one state and there is probably someone who works only on four states and they have 100% portfolio across over there. So it is not that. We can do far more in terms of our numbers, profitability across the states remain in UP and they get into a large portfolio of us, but ultimately geographical concentration definitely goes for a toss across over here. So I think for us we will be able to do far more justice once we are there completely pan India, when we take up southern states also across over there. We will do more justice in terms of a higher AUM where we will be able to bring down the percentage across over there. So in terms of numbers, I think it still be the same, but in terms of percentages, it will definitely go down, so that is what we are looking at. East, I can only give one answer, somebody who has worked in north and central, as a team if we have been able to negotiate UP and all this, then east not too much of a problem for us. So for us our learnings across in UP and everything hold us in good stead to do much better than anyone else in these territories, so that is only the reason why we are doing diversification. That is the only answer, which we have.

Kashyap Jhaveri: Thank you very Sir.

Moderator: Thank you. Next question is from the line of Gaurav Jani from Centrum Broking. Please go ahead.

Gaurav Jani: Thank you for taking my questions and congratulations on a great set of numbers. Firstly Sir on the opex part, so this quarter we have actually seen a bit escalation in the opex expenses, the employees expenses and the administrative expenses. So anything to read out there? I am sure we have added about 48 branches, so apart from that anything else?

Jugal Kataria: No, primarily same, we have recruited almost 1100 people in the system, opened 48 new branches so just preparing us for growth for next year and all. So there is a slight increase temporarily, but as these branches will take much better shape and the portfolio will grow, the opex will be corrected.

Gaurav Jani: Because even if I see administrative expenses on Q-o-Q basis up about 25%, so nothing specific right of that?

Jugal Kataria: Nothing specific more number of branches, regional officers and the staff are the major contribute of increase in opex, but as we further start building our portfolio in new branches this will even out over a period of time.

Gaurav Jani: Sure, that is the number one and another thing when I look at your NPA portfolio of about 3.74%, which is about Rs. 150 odd Crores, so what is the sort of recoverability out there going forward in probably the next quarter and probably the next few quarters would appreciate that?

H.P. Singh: Gaurav, I think as I told earlier I think this is now the hard one which is left. So, we are trying all our level best and I have probably in terms of, I will not like to hazard a guess, but own sense is that we are doing whatever we can possibly to bring this down to a level we are okay to say fine, demonetisation is done and dusted. But you will have to give us may be a couple of more quarters to bring it down and I think we are working on it. What figures will eventually emanate from here, I think it will be a happy figure. I think it would be something which could probably do this. We have been able to do it last two quarters, I think we will be able to do it in the further quarter as such.

Gaurav Jani: Sure, I appreciate that. If I had to put it on another way, so we clocked about Rs. 60 to 70 Crores of recoveries in this quarter, so can we expect this trend in the next quarter?

H.P. Singh: I would not hazard a guess right now. We are working on it, to be very honest. And as I told you this would need probably far more time for us to battle it out, but we will definitely do that. The team is fully confident to navigate this and I think they are well prepared to do this. Let us wait how we are able to do it. We have done an extra provisioning in December also to just to look at things from here. It will take some more time before we are able to finally finish off this last 150 Crores.

Gaurav Jani: Last question probably a bit qualitative one out here, so just wanted to understand in terms of customer behavior. So typically most of the MFIs are concentrated or focused in the west or the south. So as a player, how do you differentiate between customer behavior say for example in the west or the south region is compared to north or east?

H.P. Singh: So, we have very limited presence Gaurav in west and no presence in south, so I think for us if we look at demonetisation then I think probably north and central were far more impacted that anything. So if we pick up a state, it think it was only Karnataka to a certain extent which was impacted, but otherwise besides that I think only Maharashtra that too certain pockets were impacted. So I really will not have an answer on to that, but our own sense is that the only thing, which is positive on our side is that since we have been able to bear of brunt of completely this event we will be probably far more better version to navigate any kind of geography now probably to look at it. I think if you really look at it, west and south would be probably far more easier for us if you really look at it from that standpoint.

Gaurav Jani: Sure, I appreciate that. Thank you so much.

Moderator: Thank you. Next question is from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

Manish Ostwal: Sir, only one request last time you had shared state wise collection efficiency trend, so could you put that information on the domain for this quarterly performance, how the performance across the states?

H.P. Singh: I think we can probably look at it and see how we can.

Jugal Kataria: Overall trends are positive and broadly in line with this, so we thought that will be repetitive. But broadly in all the sates we are giving the trends, it is either constant or improving in all the states.

H.P. Singh: If you want it specifically I think we can probably look at it specifically.

Manish Ostwal: Sire Sir, the only thing I need to understand is from Q2 to Q3, any of the states where we see the collection efficiency trending down or top six states?

H.P. Singh: No, I can give you that there is no trending down for any states at all.

Manish Ostwal: Thank you.

Moderator: Thank you. I would now like to hand the conference to Mr. Aalok Shah for his closing comments. Over to you Sir!

Aalok Shah: Thank you so much for your commentaries. On behalf of Centrum Broking, we thank you all for joining on the call. You may now disconnect your lines.

Moderator: Thank you members of the management. On behalf of Centrum Broking Limited that concludes the conference call. You may now disconnect your lines.