“Satin Creditcare Network Limited Q2 & H1 FY22 Earnings Conference Call”

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MANAGEMENT: MR. HP SINGH – CHAIRMAN AND MANAGING DIRECTOR
MR. JUGAL KATARIA – GROUP CONTROLLER
MS. ADITI SINGH – HEAD INVESTOR RELATIONS & CORPORATE COMMUNICATION

Moderator: Ladies and gentlemen, good day and welcome to Satin Creditcare Network Limited Q2 and H1 FY22 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 the date of this call. These statements are not the guarantees of future performance and involve 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. HP Singh, Chairman and Managing Director of Satin Creditcare Network Limited to give his opening remarks. Thank you and over to you sir.

HP Singh: Thank you for taking out time to discuss our Q2 and H1 FY22 financial performance. I hope you have received our quarterly results and investor representation by now. For those who have not, you can view them on our website and stock exchanges. During the first half of FY22 our resilience and conviction considerably helped us navigate through these tough times. Quarter one FY22 was a challenging quarter owing to the rising number of COVID-19 cases and the subsequent lockdowns. In Q2 FY22, we witnessed economic activities gradually returning to normalcy owing to the waning pandemic figures as well as sustained and widespread vaccination drive. For the period under review, the company adopted the right strategies at the right time offering the right solutions to the people who required the solution which helped us arrest de-growth.

In Q2, FY22 disbursement started to pick up as things started to improve on the ground. Our disbursements for the quarter stood at Rs. 1,315 crores as compared to Rs.717 crores in Q2 FY21 and Rs.282 crore in Q1 FY22. Additionally, the company has a CRAR of 22.3%. The company continues to maintain a healthy balance sheet liquidity worth Rs. 1,500 crores of surplus funds and has undrawn sanctions worth Rs.323 crores as on 30th September 2021. With the improvement in overall economic scenario, we believe the worst is now behind us. On our collection, we faced some challenges on the ground in Q1 FY22. Due to regional lockdown restriction and the inherent nature of NBFC MFI's heavy reliance on cash collected for loan recovery and need for physical proximity to customers for door step collections, that posed huge ingredient under these circumstances. However, Q2 FY22 saw significant signs of improvement due to the proactive stance by the government and policymakers. Initiation of the mega vaccination drive and quick recovery in the services sector along with growth in consumption and investment. Our collection efficiency is now 90% in Q2 FY22 excluding Assam, showing major signs of improvement. Our nonpaying clients stood at 4% during H1 FY22 as compared to 11% in H1 FY21.

As the current quarter economic activities seem to have largely resume for most customers, we can say that we have endured the crisis well. The collection efficiency has reached 96% during first to 22nd October 2021 and is inching towards pre COVID levels, disbursements too are close to normalcy. Over the years we have grown steadily with a strong focus on customer centricity. We at Satin are underpinned by our technology and integrated processes, strong domain knowledge, dedicated workforce and a strong team. Our core purpose is to drive a positive impact on the lives of underprivileged communities and to empower and transform the lives of 29 lakh customers.

Let me give you a financial and operational highlights of our company. Our AUM as on 30th September 2021, stood at Rs.7,381 crores as on 30th September 2021. We have a customer base of 29 lakhs, disbursals of Rs.1,315 crores in Q2 FY22 grew at 83% Y-o-Y and 366% quarter-on-quarter owing to waning pandemic figures as well as sustained and wide spread vaccination drive. Disbursement activities are gradually inching towards the pre COVID levels. Standalone disbursement for the quarter stood at Rs. 1,103 crores as compared to Rs.632 crores in Q2 FY21 and Rs.222 crores in Q1 FY22. For 30th September 2021 our assigned portfolio stood at Rs.811 crores which includes 16 crores of housing finance portfolio. Net interest income for Q2 FY 22 stood at Rs.171 crores as against Rs.184 crores in Q2 FY21. For Q2 FY22 our pre provisioning operating profit stood at Rs.53 crores as compared to Rs.80 crores in Q2 FY21. For the quarter ended 30th September 2021 we have made for provisions of Rs.466 crores, our cost to income ratio stood at 69%, while our OPEX to GLP ratio stood at 6.2% which is expected to come down gradually

Broadly on our collection efficiency as highlighted earlier, we are witnessing improving trends in our collections on ground, our month-on-month collection figures starting July are as follows July-21 86%, excluding Assam 89%, August-21 87%, excluding Assam 89%, September-21 90%, excluding Assam 91%, 1st to 22nd October-21 96%, excluding Assam 97%. Collection efficiency in top most states stood at 93%. We have a well-diversified customer base, well penetrated branch network across the state and 75% rural exposure. Our on book gross non-performing assets GNPs stood at 8.71% as on 30th September 2021. Our ECL standards at 8.67%.

The right issue of 120 crores launched in August 2020 is fully paid as on date. Total borrowings stood at Rs.5,920 crores as on 30th September 2021, debt to equity ratio stood at 4.2 times, 59% of our borrowings are from banks. As of 30th September 2021, our total branch network count stood at 1,279 branches. Our branch network is spread across 400 districts in 23 states and Union Territories. As of 30th September 2021 97.3% of our districts have less than 1% of portfolio exposure, which we aim to bring it down further in the coming times. All our MFI customers are women, 75% belong to the country's rural pockets. Our credit support empowers poor women in rural and semi urban regions by encouraging entrepreneurship over the years, we have leveraged the idea of cross sell products to these women and have been able to disburse close to Rs.19 crores during H1 FY22 under the product financing category which includes loans for bicycles, solar products, home appliances, consumer durables and water and sanitation.

An update on subsidiaries – with business correspondent services under Taraashna Financial Services has reached an AUM of 682 crores. As of 30th September 2021, the company operates with 220 branches, has around 3.8 lakh active clients. Satin Housing Finance Limited has now reached an AUM of 246 crores includes DA of Rs.16 crores and has presence across four states with 2,711 customers. Satin Housing has 100% retail book comprising of 78% affordable housing loan and 22% of LAP. The company has 10 active lenders including NHB refinance, CRAR is 89.3% and Gearing is 1.6x. Total equity standard Rs.100 crores, the company has knocked off all accrued losses since inception. Satin Finserv our MSME have now reached AUM of Rs. 138 crores, spread across 8 states with 15 branches serving 2,293 customers. It's been profitable since last year despite the difficult business environment. CRAR of 77.9% total equity standards a Rs.107 crores.

The Board of Directors approved wholly owned subsidiaries of the company namely Taraashna Financial Services Limited and Satin Finserv Limited at their respective meetings, have considered and approved a draft scheme of arrangement for amalgamation of Taraashna Financial Services transfer company with Satin Finserv the transferee company and the respective shareholders and creditors under Section 230 to 232 of the Companies Act 2013 and other applicable provisions of the Act and rules made thereunder.

In line with our long term strategy of diversification, non-MFI book stood at 9.7% of AUM as on 30th September 2021. We have laid a strong foundation for both SHFL and SFL during last three years and have created valuable institutions. We will build and scale these businesses in a calibrated manner to create value for our stakeholders.

Before we open the floor for Q&A, I would like to highlight that as a responsible organization we are consistently striving to make a positive difference in our stakeholders lives by driving financial inclusion, we are guided by our long term standing commitment of reaching the underserved section of the society. We are propelled by utmost sincerity, compassion and long term vision of offering support where it is needed and are well poised to achieve growth and conquer the last one in the coming quarters. With this, I would like to open the floor for question and wish you all a very Happy Diwali and a prosperous New Year. 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 Srijan Sinha from Future Generali Life Insurance. Please go ahead.

Srijan Sinha: Sir, just wanted to check what changed between August when we had the last concall and now, we had only half a percent of our book restructured in August, and we did not have the inkling of this kind of stress sitting on our books, then so, what has changed between now and then?

HP Singh: So, let me clarify first, the restructuring is not of stressed assets but these are all non-NPA asset which we have been restructuring and we gave it time from June to September for the clients to recoup back their lost EMIs, but wherever the client desired that the scheme of restructuring which has been floated by the government, to be taken by them, they have availed that and that is the reason why it has been restructured. It was close to about 18,000 loans which we have restructured in June, but clients did want after the lockdowns opened up to repay their installment.

Srijan Sinha: Okay. And sir what are the terms of these restructuring, have you given any kind of moratorium to these clients, or it is just an elongation of the tenure?

HP Singh: It’s the elongation of the tenure that’s it no moratorium given.

Srijan Sinha: No, moratorium has been given. So which means that the collection efficiency that you calculate, it is calculated on the entire book and not just have the non-restructured portfolio right?

HP Singh: Yes, entire book.

Srijan Sinha: Okay. Secondly, sir do we have any recourse to the guarantee scheme that most of our other competitors are talking about?

Jugal Kataria: So, the guarantee scheme, we have not availed the guarantee scheme for our borrowers, but we received the money under the central government guarantee scheme. So we have raised about Rs. 350 odd crores till date on the guarantee scheme but have not taken anything for our borrowers.

Srijan Sinha: Okay, which means that we have not invoked that or we don’t have recourse to that guarantee scheme itself?

Jugal Kataria: I don’t think since we have not done that for our borrowers.

Srijan Sinha: Okay. And sir my next question would be on Assam portfolio, where are we in terms of collecting the overdue book there, what’s the status of the bill that Assam the government has passed. And what our guesstimate in terms of what will be our potential recovery from?

HP Singh: See, it’s all work in progress right now, the first list which was to be given to the government in terms of people who were paying absolutely has been given to them. The second list of overdue clients is now being prepared and being given to the Assam government. We are very hopeful by the MOU signing and the way the process is being handled by the state government, we are very hopeful that the money which has been overdue would be recovered. And let's wait for some point of time that, see how this pans out. But, we are very positive, we are very, very hopeful of the state government possibility giving us back the over dues and the clients repaying back their portfolio and we started our disbursements also in Assam, which also shows a sign of confidence in the following community of spear heading channel.

Srijan Sinha: And you expect that to happen in this fiscal year itself?

HP Singh: Hopefully, yes.

Srijan Sinha: Okay. Sir my next question is on your capital adequacy. We have of course, not grown our book over the last two quarters and yet our capital adequacy has declined from 25.3% in fiscal 21 to 24.0% in Q1 and 22.3% in Q2, we have not made losses in Q2, at least, so what explains the decline in the capital adequacy, in Q2 over Q1, there is 170 bps decline in the capital adequacy.

Jugal Kataria: So one that our ongoing portfolio is growing slowly the DA and the BC book is going down. So to that extent, the capital allocation is there on that portfolio. So that's the primary reason and we have made the additional provisions because of which there's a disadvantage but otherwise the capital is intact now. On-book portfolio is growing, so that's the prime reason.

Srijan Sinha: So, that is consuming the capital is what you are saying?

Jugal Kataria: Right.

Srijan Sinha: Okay. Sir my another question was on the P&L itself, your interest income has declined by about 20 crores quarter-on-quarter, has there been any interest reversals that has taken place during the quarter?

Jugal Kataria: So, there was a lot of overdues and we structured the book only on 30th September. So in generally, in microfinance we don't get interest for the delayed payment. And that is why in spite of flat portfolio, the interest income is slightly down. So there's a bit of yield loss because of delays, but things are improving as the collection efficiency is improving, the revenue will start growing.

Srijan Sinha: Okay. Sir one final question on the restructured book again, on the DA book, have we restructured anything on that book?

Jugal Kataria: So, have also has been restructured, we have taken the permission from all the DA investors and we have got that and then we have restricted that book as well.

Srijan Sinha: How big would that be restructuring?

Jugal Kataria: So, we have taken the permission from the investors and as we have done our own book restructuring, because on the ground people don't know which is on book portfolio and what is a DA book. So, we have to provide the same facility to all the borrowers and all the banks who have done the DA transaction they understand these dynamics. And then they have given us permission to restructure the books so we have done that book itself. So there also the tenure is extended, as we have done for the on book portfolio.

Moderator: Thank you. Next question is from the line of Rishikesh Oza from Robo Capital. Please go ahead.

Rishikesh Oza: Sir, two questions from my side. One is if you could indicate what will be the loan book for the rest of the year and for FY23 also?

HP Singh: Loan portfolio?

Rishikesh Oza: Loan portfolio growth, yes.

HP Singh: Yes, so we are targeting about a 6-8% growth for this year, and we are targeting close to about 20% growth for the next year.

Rishikesh Oza: Okay. And my second question is, sir our Q2 credit cost will it remain same for the rest of the FY22 also?

Jugal Kataria: So, we don't want to give any guidance on the credit cost at this stage, we have given the details in our investor presentation, that collection efficiencies across the country is improving, with Assam getting sorted out, we feel that the worst is behind us.

HP Singh: And look at the key indicator, which we have mentioned in the investor presentation of 4% non-paying clients, declining from 11%, these are key indicative figures, which probably gives us an inkling how the credit costs will now pan out, in the future. So, these are the broad parameters, which we have already shown in our investor presentation.

Rishikesh Oza: So, fair to say our credit cost will be like less than what they were in FY21?

HP Singh: That's what I said, there is no indication as such but technically, if you look at the broad matrix we would be, what Jugal said earlier, the worst is over for us, and we're looking at future growth as well as subdued credit costs now coming in the future quarters.

Moderator: Thank you. Next question is from the line of Aditi Sawant from ADM Advisors. Please go ahead.

Aditi Sawant: As most of my questions have already been answered, I have only one question. We are seeing disbursements close to Rs. 1,300 crores in Q2 FY22, which fairly indicates that demand is on track. So how do we see this panning in the quarters to come?

HP Singh: So, we have looked at the composite growth of 6-8% for this year, which indicates that definitely yes, the further quarters which are coming ahead will be the good quarters in term amount disbursements and we don't have any lead indicative number, but it is going to be better than what we've been able to do right now. So it will be better, so as I said earlier basically, the growth is back on track, disbursement is back on track and in fact even collection efficiencies are back on track.

Moderator: Thank you. Next question is from the line of Balakrishna from **–Axnoun** Investments. Please go ahead.

Balakrishna: There is a charge in other comprehensive income for Rs. 35.46 crores what does it represent?

HP Singh: Can you repeat the question?

Balakrishna: There is a charge in other comprehensive income for Rs. 35.46 crores. So, just wanted to know, what does it represent?

Jugal Kataria: So since we have done direct assignment transaction in the past as per IndAS we have to fair value the portfolio. So, this is the difference of portfolio on book and the fair valuation of that, so the credit cost is slightly inflated there's a charge for the time being and as the portfolio quality will grow the reversal will start happening.

Balakrishna: Okay. So, do you think that any of the amount that have been charged because of valuation at fair value. So, how much of these do you expect to be transferred to P&L in future, I mean above the line?

Jugal Kataria: It depends on the collection trend and the write off that we do at the end of every quarter. So, this will slowly get corrected. In case the as the collection efficiencies are improving the overall fair value of the portfolio will increase and this will get knocked off.

Balakrishna: Okay. My second question is related to the margin money at the end of financial year 2021, on the balance sheet we had margin money deposit of Rs. 706 crores as against the total loan and debt instrument and subordinated debt of Rs. 6,181 crores. So, do you think this figure is high as compared to generally market or the lender require to give to them, when you compare with your peers or something like that?

Jugal Kataria: We do take ODFD facility. So, in case we take a ODFD facility at times to manage our liquidity, et cetera do that where there is a lien marked on the FD and in case we want to temporarily use facility against that, we do that. It is not that we are offering that high cash margin for our borrowings. Overall, cash margins are varying between 0 to 5% in most of the cases, we provide one-time Hypothecation of book, at times 1.05 times. So if it is not entire security offered for the borrowings as part of it is ODFD facility.

Balakrishna: Okay, and my last question is related to the high cash balance. As compared to the total loan outstanding, what do we expect to be the cash position throughout the year or at the end of the year?

HP Singh: You'll have to actually look at our history as such, so we've always maintained adequate cash balances across, bank balances across the period of time and when specifically, if you look at the way the pandemic had provided, for us this was a blessing in disguise which came in with the high liquidity balances as we always carried, we had the ALMs probably stretching out to at least about a year when the pandemic hit, and there was no money coming in at that point of time. So, for us this will be the range which we always like to keep it around. And this is how it plays out in our balance sheet always.

Moderator: Thank you very much. The next question is from the line of Devendra Pandey from DP Financial Advisors. Please go ahead.

Devendra Pandey: I have a couple of questions. My first question is on our average cost of borrowing. So as of today, what would be our average cost of borrowing?

Jugal Kataria: So the blended cost is around 11.25% or so but the overall borrowing cost for the first half of the year is a little over 10.5%, because of the guarantee scheme we have got some concessional funds also but overall it's around 11 quarter or so.

Devendra Pandey: And what would be our estimate on incremental cost of borrowing going forward?

Jugal Kataria: There is enough liquidity in the system available and we don't see any major disruption in the cost of borrowing at this point in time, it will probably remain in this range only.

Devendra Pandey: Okay, got it. And sir my second question is on our secured portfolio, which is around 10%, as of now, so, are we planning to gradually move towards more secured portfolio. Would there be some shift going forward?

HP Singh: I think exactly you have taken on the best point that might possibly be there this is exactly what we are trying to do that. So, we are gradually taking our cue from an unsecured which normally people call it the MFI portfolio to a non-MFI portfolio, we are looking gradually increasing this and ramping up our subsidiaries and taking the non-MFI portfolio to a higher scale as such.

Moderator: Thank you very much. Next question is from the line of Ketan Saraf from SBI Capital Markets. Please go ahead.

Ketan Saraf: The first question I have is with regarding to the restructure portfolio, I want to just see that for the restructuring which you have done in this quarter, what would be the sacrifice in terms of what will the hit that you have increased the tenure so, what can be the hit which Satin could get on his own book, of this restructuring which is around Rs. 1,100 crores?

HP Singh: Yes. So, Ketan let me just answer you then Jugal can probably add on, let me just give you a brief of, snapshot of what happened in restructuring one. So restructuring one when we did our 18,000 loans were restructured during that point of time, 90% of them have started paying so, technically if you look at by that possibility of triggers, whatever has been restructured now one, it is a non-NPA book, which has been there, secondly if you look at the data from the restructuring one, which was done for 18,000 loans where 90% of the people have started repaying and are back on the annual as such. This is just an extrapolation of the figures which we can probably look about and talk about, that is what I just want to put it across. Jugal if you have anything to add?

Jugal Kataria: And as we have extended the tenure, we'll get the contracted interest on the extended period as well. So because of restructuring, they'll not be an interest loss.

Ketan Saraf: Okay. So there will be no sacrifice which the company will take on this case?

Jugal Kataria: No. So for the extended tenure also we will charge the interest.

Ketan Saraf: Okay, got it. And in terms of building the AUM, the second question which I have, it's like you have added, you have disbursed Rs. 1,375 crores of loan in this quarter. But since then, also the AUM has declined. So what is the particular reason of this balance?

HP Singh: See, because the moment lockdown started finishing up in June, it just can't pick up the disbursements in one go. So probably the quarter in itself was probably bifurcated within two parts when the lockdown was still coming of age as well as when near normalcy was recovering on the ground and that's the reason why it is still slightly flattish in terms of the growth, I won't say that 3% degrowth technically will be there. Now, once we get a full quarter on the system will start improving from there on.

Ketan Saraf: So, does that mean that around Rs. 1,000 crores of loan got mature that's why the AUM is only at a 3% de-growth?

Jugal Kataria: So, normal repayments are coming we used to disburse close to around Rs. 600 crore a month prior to COVID. So, as the disbursements has started picking up the portfolio will also start growing in the subsequent quarter, saying say that we are aiming for a 6-8% AUM growth for this year. And most of the growth in microfinance happened during the second half of the year. So, things are on track, overall collection and ecosystem is improving. So portfolio will start growing.

HP Singh: And also it's been one and a half years since any fresh real growth has really picked in, because of the COVID so there will be a case which will be finishing off definitely it will be there. But that challenge will evaporate once the full disbursement quarter starts happening which is going to be from this quarter onwards.

Ketan Saraf: Yes, understood. And just last one question, this was regarding the other comprehensive income, which one of my friends also put up. So, every quarter we are recording this Rs.30, 40 crores of balancing figure with the quality. So, you said that it would be reversed once the quality improved. So, just I wanted to know what is the next quarter you are assuming that some of this amounts would recover?

Jugal Kataria: So, as I said earlier that we revalue the portfolio at the end of every quarter, because this second quarter was also there was an overhang of the first quarter, collection efficiency, performance, et cetera. So, this will happen slowly over a period of time, the collection efficiencies are improving. So, to that extent, the valuation fair value of the portfolio will also improve whether the entire Rs. 36 crores will go away in one quarter or not, slightly challenging to say at this point in time, but as the collection efficiency and the portfolio quality is improving, the fair valuation will improve and to that extent this will get reversed.

Moderator: Thank you. Next question is from the line of Manish Dhariwal from Fiducia Capital Advisors. Please go ahead.

Manish Dhariwal: Sir we understand that these are tough times and these are the times where one really needs to kind of take all the steps possible. And I can see that the company is doing those and now my desire is to understand that see, that is the complexion of the company changing over the next three to four years, because the initiatives that you're taking on this, creating a secured book, the initiatives that you're creating on the other side, and the restructurings of mergers de-mergers that you're doing. So please give us a flavor of what Satin is going to be looking like. Let say three years hence, or four years hence in terms of the NIMs, that you will be targeting in terms of the book size that you will be targeting and in terms of the complexion of the book, and this is basically as per today's plans of yours, do you understand that that it could change, things can alter, but obviously what is the understanding and the plan today?

HP Singh: So, what you rightly asked for is what I would like to maybe put it over here across for everybody's interest. Yes, it's not a quarter-to-quarter game, which normally people try to look at, for us this journey started about three years back when we actually made our subsdiaries across over there. We have now reached a stage where the subsidiaries have started firing on in terms of our product as well as our portfolio which is different from just being a pure microfinance institution and is now taking shape in terms of how we look at the future in the next forthcoming years of our Satin pans out to be along with the subsidies across. So then, as we said, 10% Non MFI portfolio means that yes, the exponential growth is going to be far more positive in terms of our non-MFI book, as compared to MFI book. The MFI book will also grow but since the size is pretty large, will grow slower. That's one, the second part is when we looked at the way we are trying to amalgamate and try and bring up our subsidies together. And that's the reason why the BC book was merged into our MSME book, because for us, that's how we are looking at housing, as well as MSME. And the other product lines along with the other asset class in the SFL book to probably also come up in terms of the way microfinance has panned out in the years which had gone by and so that's exactly what our whole thesis is. And we really want to monetize both our subsidies in the coming future and look at my current portfolio as also one of the product lines which are there going across.

Manish Dhariwal: Thank you so much sir, just to kind of take this conversation forward with your permission. So, say three years hence what do you think is going to be the complexion of the book in terms of the categories?

HP Singh: See, as I can't probably give you much forward looking statement, but I can probably say yes, it's going to be very, very significant in terms of where the percentages will stand but yes in the next four to five years we are looking at maybe a 2/3, 1/3 kind of scenario or maybe something like that.

Manish Dhariwal: Right, Sir. That's very helpful. So what will the blended NIM will look like?

HP Singh: See, NIM like affordable housing also give a cue for us. Technically, we are not in that section, it's again a microfinance plus borrowers, which we look at again people who are there in the rural pocket and doing rural housing to a large extent, over there, as compared to the other housing books, I can just give you probably a broad indicator is, normally the lending rate is close to about, 12%, 13% at the max, but over here our housing portfolio is at about 15.5% to 16%. So that's how we are looking at the asset class, in our subsidiaries also moving forward, so there will be worthwhile in terms of our yields.

Manish Dhariwal: Okay. So the next, a point that emerges from this, is that see we have been an MFI organization, and the team, the processes, the whole thought process has been created around that, now on a tactical basis because of the events that were out of control, like COVID you did not know, I did not know it is going to happen like this. We do not know either, something like this is going to happen, but then these things happened. But what you are now looking at is changing the complexion of the organization. And what do you think is going to be the bearing of this on the cost structure of the company, because you will have to create a new cost structure for this?

HP Singh: No, I don't think so. That's what I said, if you look at this, we've already spent three-four years of our life on housing and MSME. So, for us we have understood what the technicalities of the games are everything there. We have identified that and the other thing, which I would like to also put across is, we just didn't want to remain just a pure, pure, monolithic product of microfinance, so a vast bouquet of financial services is what we are probably looking at, so Satin just doesn't become on the top existing MFI, we want to also enter the other asset class, which we feel are also very necessary thing to be done in the financial services sector. And that's what we've been able to create in the last three, four years.

Manish Dhariwal: So what will be the geographies of focus say three years from now, where your asset book will be concentrated?

HP Singh: Our leverage in terms of geography has always been very diversified in terms of 23 states, you can very well imagine once the infrastructure has already been created for us to leverage that infrastructure, or both our subsidiaries is also an easy task, that's the big advantage which we have.

Aditi Singh: Manish maybe we can have a detailed discussion offline. I can see you have a lot of questions, I'm happy to discuss this at length.

Manish Dhariwal: Okay, ma'am thank you so much, how do I go about it?

Aditi Singh: You can get in touch with me and I will announce at the end of the call how to contact us. And then maybe we can discuss.

Moderator: Thank you. Next question is a follow up from the line of Srijan Sinha from Future Generali Life Insurance. Please go ahead.

Srijan Sinha: So just two small questions. One, what is the status of our SMA one, SMA two book how big would they be, the overdue book?

Jugal Kataria: We have restructured most of the book which was eligible and standard. So SMA par one is close to around 9.7% or so.

Srijan Sinha: Par one is only 9.7%, which is really over the GNPAs?

Jugal Kataria: Yes.

Srijan Sinha: Okay, and sir my second follow up question is on what is the kind of FLDG that we would have given to our DA investors?

Jugal Kataria: So in DA we have no risk participation it's a true sale transaction. Whatever we have sold, we are left with no risk as per the guidelines, we generally keep 10% of the portfolio, but that is our ongoing portfolio part of our on-book portfolio, but on the DA book, we have no risk.

Srijan Sinha: And not even on the securitized part of the portfolio?

Jugal Kataria: Securitization is part of the on book portfolio that does not meet the true sales criteria, so that's part of our on book portfolio.

Aditi Singh: And that is less than Rs. 800 crores and part of the GLP that is shared in the investor presentation.

Moderator: Thank you very much. Ladies and gentlemen, we will take our last question for the day today which is a follow up from the line of Balakrishna from Axanoun Investments. Please go ahead.

Balakrishna: Sir you have totally disbursed Rs. 6,500 crores from quarter two of financial year 2021 to quarter two of financial year 2022. So, what is the GNPA on the post first wave disbursal?

HP Singh: We don't have that. Current GNPA we have at a few technically you want to take a look at that we can probably just calculate.

Aditi Singh: But anyways we always declare on the current portfolio. On the blended basis it is 9.7% ,the new book is surely performing much better than some of the old portfolio This whole book probably would comprise majorly what we have right now so, I don't think so there could be anything which was there from April 20 beyond that.

Balakrishna: So, I can safely assume or conclude that whatever the GNPA percentage is there, majority of that comprises of new disbursal after post first wave?

Aditi Singh: For the new disbursements are roughly 70% of the portfolio and we have given the overall GNPA and collection efficiency so that gives you the entire picture.

HP Singh: So, there is inclusive of the first wave also.

Aditi Singh: Yes, first wave, whatever we have disbursed that comprises of 71% of our portfolio outstanding.

Moderator: Thank you very much. I now hand the conference over to the management for closing comments over to you.

Aditi Singh: Hi, good morning everyone once again, and I thank you, I thank everyone for joining this call today and I hope we've been able to address all your queries. For any further information you can get in touch with me. My name is Aditi Singh. I handle the investor relations for Satin and my email and phone number are there on the website for you in case you don't have my coordinates. You can also get in touch with Strategic Growth Advisors who are our Investor Relations Advisors. Thank you all and wishing you a very Happy Diwali and a Prosperous New Year. Stay healthy. Stay safe. Thank you.

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