



“Repco Home Finance Q1 FY2022 Earnings Conference Call”

August 17, 2021



ANALYST:

MR. RAJIV MEHTA – YES SECURITIES

MANAGEMENT:

**MR. YASHPAL GUPTA – MANAGING
DIRECTOR & CHIEF EXECUTIVE OFFICER –
REPCO HOME FINANCE LIMITED
MR. BALASUBRAMANIAN - REPCO HOME
FINANCE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Repco Home Finance Q1 FY2022 earnings Conference Call hosted by YES Securities 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajiv Mehta from YES Securities Limited. Thank you and over to you Sir!

Rajiv Mehta: Thank you, Aman. Welcome everyone. We thank the management of Repco Home Finance for giving us this opportunity to host their earnings call. We have with us Mr. Yashpal Gupta – MD & CEO and other members of the top management team. Gupta Sir, may I request you to start the call with your opening remarks on Repco’s performance post which we will open the floor for questions. Over to you Sir!

Yashpal Gupta: Good afternoon to everyone and a very warm welcome to this earnings call. As we all know Q1 was historically in many ways for all of us. We had a second wave of panic COVID-19 which was worst than the first wave. We also lost in our company a few employees and their relatives. As you know, collection was very poor in this and also cannot do any new business. Last year if you remember, we had done 75% of moratorium (inaudible) 01:40 but this year since the RBI did not allow moratorium, we had to despite the problem, we had to move hard collection and it was very poor in equity but fortunately it picked up in June, still was 90%. That is why you find this too little high but we were quite because last year as you saw while Q1 and Q2 if you look at till February to May to arrest it. The referment or moratorium was about 25% but last time we could bring down the (inaudible) 02:24 so this year we have done significant income and we are now hopeful of good recovery. Last year was also not good in terms of results, this year we required gold but the growth is absorbable because these tended to be high and the book actually began hitting, but the important piece is if you look at the P&L parameters that is the NIM and spreads they are better than last year but profit is lower because of worst provisioning but you have provisioning of fund, so entire loss is book upfront but still we reported 30 Crores profit so going ahead if COVID 3 does not come which is not visible then we should do well in every year and we support our employees and all of you investors also.

Now with this I live for you although numbers are shared with you, so I would not give the numbers. If you have anything any questions I will be there to answer and my colleagues will be there to answer.

- Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Viraj Mehta from Equirus PMS. Please go ahead.
- Viraj Mehta:** As far as the provisioning that you have done are you saying that almost all the pain that you think and come you have taken upfront and there will be no more provisioning which will come elevated provisioning that they are seeing that will come from Q2 onwards and do we see what kind of recovery will you see from some of the write off that you have taken?
- Yashpal Gupta:** You asked very good, that two parts of question, what is the provision in Q2, Q3 and Q4, now there, of course a loss depends on COVID 3 how strong it is, when it comes, how long it will be there, first of all, we working parameter now as they are today then we have to read we do not see any addition for maybe 10 Crores – 20 Crores not much in a remaining period of the year, that is your first part but again if COVID 3 and lockdown is there or no, because most of our customers are not having cash, so they are savvy, so collections is becoming a problem but we are hoping that with the vaccination the COVID 3 may be controlled. Now second you asked about write off, if you see we have not done many write off as we have also equal knowledge doing the provisioning, based on our experience, after 50% of the loan is recovered while the provisioning will take time but write off will not be seeing under COVID.
- Viraj Mehta:** Understood and what were the bank transfer this quarter and when do you see growth normalizing for you, will it be this quarter, next quarter if you can throw some light on that?
- Yashpal Gupta:** Sorry, can you repeat the first part?
- Viraj Mehta:** What was the bank transfer this quarter?
- Yashpal Gupta:** Bank transfer?
- Viraj Mehta:** Bank takeover.
- Yashpal Gupta:** It is very difficult for us to know that what is the take over for bank and NBFCs which are there, committees itself, the customers are paid from it, but I can tell you the takeover is about in March. Q1 we saw about 250 Crores take over by all parties I mean it is difficult still how much was by bank, how much was by investor but total about 250 Crores was transferred. We have because so Q2 further will depends on many parts of the country, So

Q2 probably will normalize and we are looking at growth from Q3 onwards, again we say that guidance that COVID 3 does not come.

Viraj Mehta: Can you repeat that Sir, last one what did you say?

Yashpal Gupta: I said COVID 3 is very minimal.

Viraj Mehta: Okay and so we have been between this 11,000 Crores and 12,000 Crores book for almost a year and a half and two years because we do not seem to grow, when do you think the environment will be prudent for us to again start growing because essentially we are losing market share not only to bank but even to other housing finance companies who are growing at this point, what do you have to say about that?

Yashpal Gupta: There are two parts you asked, one is the growth in last two and a half years has been muted but debt has once again down due to COVID and our price is quite high, the other finance companies which are going, they will reduce the credit or NIM. Unfortunately because our style is different and for last one and a half years unfortunately external things have been affecting the economy and the demand for loan that we grant, and what we have tried to do this period is cover ourselves as a group at any speed we want to take ourselves from say so we have increased the liquidity on balance sheet, we have lost 400 Crores of fixed deposit and off balance sheet 200 Crores that were sanctioned, so we are processing I would say not by the extra effort, I will not say we are not doing the effort but not bringing any extra effort to go over balance sheet in last couple of years but since COVID is behind us, we are now going to exit from next quarter onwards.

Viraj Mehta: Okay and do you think that your interest cost has kind of bottomed out and do you see any increase in your interest cost going forward?

Yashpal Gupta: I do not know what you mean by interest going forward but RBI governor has been indicated that by February. We still have lot of scope but like or there are lenders who have been we can still they are not bottomed out, we can reduce by about 10 business but as you all see it is going up in near future.

Moderator: Thank you. The next question is from the line of Abhijeet Tibrewal from Motilal Oswal. Please go ahead.

Abhijeet Tibrewal: Thank you for taking my question. I hope you are doing well. I have two questions here, first is how should we beat this increase in the GNP that you have reported, was it purely

because the COVID second wave or is there also an element of the seasonal deterioration in asset quality that you report in Q1 of every financial year?

Yashpal Gupta: What is second question? Is this the only question?

Abhijeet Tibrewal: How should we read this GNP deterioration or asset quality deterioration that you have reported, one element is the second COVID wave and the other that seasonal deterioration in asset quality that you report in Q1 of every financial year?

Yashpal Gupta: Last when we were hit by COVID-1, RBI has allowed moratorium and we have given 75% of our customers, 75% it was a temporary mismatch of fresh core from them and they could not pay the due moratorium but by March it was three or four, while I agree with seasonal deterioration but this year if COVID would not happen we will we are opting for some more scope maximum by June. This because of this COVID taking at all, so it is entirely because of COVID, I would say. We could work. Particularly when go and meeting with customers, reduced wear mask or we even had to operate the fund, so that they could go and discuss on. It is entirely because of COVID and customers say I will come in soon, has not come, those links are fine, but have a lot of problem so I would say I would not 99%, 100% COVID 2.

Abhijeet Tibrewal: Okay Sir. Thank you. The second question that I had is can you give some more color on your restructured book was it primarily from the sense on projects customer segment, any geographical color or if you can share I mean what proportion of this 610 Crores that you restructured was in the 0 DPD bucket or say in stage 1 as on 31 March?

Yashpal Gupta: No, 0 DPD we do not have that now, but here they will now standard and as far as the Q1 is concerned, most of them they were all not relevant, there were funds, the but blue collared, not for children, most of them were not non salaried, as they were spread all over, old loan book.

Abhijeet Tibrewal: Okay and Sir lastly on your employee expenses, I think if I remember correctly you had shared that you have recently seen a wage revision and despite that I think during the quarter, you saw a net addition of about 15 employees and despite that I mean your employee expenses were down both Q-o-Q and Y-o-Y and last question if I may squeeze in, can you share the ageing of your stage three assets now because from what we understand while we keep resolving some of your state see an NPAs the newer ones keep getting added so it will be a good for us are they helpful for us, you can share some of the ageing around your stage three assets?

- Yashpal Gupta:** Ageing, probably Balaji will share with you.
- Balasubramanian:** Balaji right now it is on there that?
- Abhijeet Tibrewal:** Sure Sir, I will take it from Bala.
- Yashpal Gupta:** Company applies expensive details of COVID, we actually deferred the provision. That is how the provision has happened and as you know the housing finance there is always go out around it was quite high, so overall it has come down because some high value employees or higher cost employees they left and some new employees came. But it is almost flat.
- Abhijeet Tibrewal:** Okay, thank you so much. That is all I had. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Akhil Hazari from Robo Capital PhillipCapital. Please go ahead.
- Akhil Hazari:** Good afternoon. I just wanted to know is there any guidance for credit cost in FY2022 and going forward if you could just give us any number?
- Yashpal Gupta:** The segment was asked about provision, in Q1 we might got about 70 Crores provision, but we do not expect it to cross for the entire year beyond 100 unless COVID 3 comes as I told you but otherwise we will be 100 Crores for maximum or 200 Crores book so credit cost will be around 90, Q1 has been high, because there was fund erosion, so Q2, Q3, Q4 will not take much.
- Akhil Hazari:** Are there any branch additions in FY2022 and going forward will be there any branch addition?
- Yashpal Gupta:** Yes, going forward of course there will be addition but so far in this year because of we try to control our losses, losses not around the P&L account, but lots of employees we might provide and their work hours, so this year so far we have not given any branch addition, there will be one or two additions. We have to factor in that. So maybe two or three will cover in the branch but no news are there as of now but yes going forward every year we have idea of opening about 15 branches which is again going forward also.
- Akhil Hazari:** Okay fine, thank you so much.
- Moderator:** Thank you. The next question is from the line of Viraj Mehta from Equirus PMS. Please go ahead.

- Viraj Mehta:** No Sir, my question has been answered. Thank you.
- Moderator:** Thank you. The next question is from the line of Akash Jain from Moneycurves. Please go ahead.
- Akash Jain:** Sorry for the misunderstanding from my end. I just wanted to understand the provisioning we have made, can you give some bit of sense of how much of it is on account of GNPA or stage 1, stage 2, stage 3, how much is because of restructuring because my understanding is that you need to also fill the provisions for all restructuring that you need to do some part of the provisioning has to be done for restructuring asset and give a number on write off that you have taken if any, that is the first question. The second questions is again on the growth side, so we have obviously been losing almost like 200 Crores – 250 Crores of BT out balance start for out to banks for NBFCs but somehow why are you not bidding so aggressive to also though balance transfer from, for example, other affordable housing companies which are lending at 17% - 18% where we are extremely competitive in terms of rate, so if we are losing our best customers to bank, why are we not being aggressively trying to also pay customer from affordable housing companies which are lending at almost 3%-4%-5% higher than our? Thank you so much.
- Yashpal Gupta:** Okay, so first of all let me answer about write offs. Write offs in this quarter is zero almost, there is no write offs. Second out of 10% that is about 61 Crores all because of saving, balance is because of stage 2, stage 3 about 70 Crores to total is 78 Crores, have you understood?
- Akash Jain:** Yes, I have understood. I just wanted the clarification. I understood. Thank you so much.
- Yashpal Gupta:** Okay, now I will tell you about the transfers to NBFCs the numbers, we had a concall in February, this was a precise fund asked by one of your colleagues, I mean the participant and we said yes there will be, we will look at the October and for others NBFC loan which are 70%-80% and we are of course as you know it requires around two months for putting place a system as to what precaution you take and other things. So, we are thinking we will start from them in April we will go, in fact we launched some internal competition also and unfortunately as we thought of that the actuarial and we were not able to even, so the question on from others probably was also priority in our fund, but as we see things coming back normal probably we will start again to come out of the bank, other NBFC I mean.
- Akash Jain:** Okay, just one follow up question on the restructured part of the book like you mentioned earlier only small part of the salaried, can you also give us a sense of how much of it is from LAP and how much of it is from housing finance loans?

- Yashpal Gupta:** One minute, out of total restructured 15% is pertaining to LAP book, remaining is the housing loan.
- Akash Jain:** So, basically it is almost in the same proportion as our loan book where almost 38%?
- Yashpal Gupta:** Yes exactly. Out of total built structure around 15% is pertaining to LAP book remaining is housing loan.
- Akash Jain:** So, basically it is almost in the same proportion as our loan book where almost?
- Yashpal Gupta:** Yes, exactly.
- Akash Jain:** Okay, and so LAP is largely non-salaried and even on the housing finance loan restructuring, you are saying majority of it is from unsalaried only?
- Yashpal Gupta:** Most of them, most they come from the salary but as you said. Right now, as on the data Bala has got but most of it is non-salaried.
- Akash Jain:** No, no problem I just wanted qualitative understanding. Thank you so much Gupta ji.
- Moderator:** Thank you. Our next question is from the line of Amit Ganatra from HDFC Mutual Fund. Please go ahead.
- Amit Ganatra:** Two questions from my end. So, one is that you just mentioned that out of Rs.78 Crores of total provisions Rs.61 Crores were toward restructured assets, is it correct?
- Yashpal Gupta:** Yes, correct.
- Amit Ganatra:** But Sir, then your ECL provisions have also gone up by Rs.44 Crores odd whereas the balance provision seems to be only Rs.17 Crores, so these numbers are not tallying because your ECL provisions on stage-3 quarter-on-quarter seems to have gone up by Rs.44 Crores odd?
- Balasubramanian:** There are some write forward to stage-3 otherwise some write backs. So, lent increase in stage-2 are Rs.30 Crores and increase in stage-3 was Rs.50 Crores.
- Amit Ganatra:** You are saying you had some provisions we have written back from stage-3 that is why?
- Balasubramanian:** Yes, some assets moved from stage-2 to stage-3, so we have to provide addition on that there is an issue of Rs.50 Crores from stage-3 and net addition of Rs.30 Crores from stage-2.

- Amit Ganatra:** But your P&L only Rs.17 Crores was provided, is it correct through P&L?
- Yashpal Gupta:** No, Rs.78 Crores, close to Rs.80 Crores.
- Amit Ganatra:** But out of Rs.78 Crores Rs.61 Crores is totally towards restructured assets; right is it not that a provision?
- Yashpal Gupta:** No, what you thought, let me repeat again, there are several reasons look we have treated in P&L accounts we provided for Rs.78 Crores now out of returns say included restructuring surplus have to achieve Rs.61 Crores, but of course you are right in asking question Rs.78 Crores minus Rs.61 Crores, Rs.17 Crores so that should be there. What were the advances only due to say our Rs.61 Crores from this back or so the provision value you have the offers in those case? What I mean say is it for like screening we have discount for OEMs but entirely my account has gone to P&L account.
- Amit Ganatra:** So, is my understanding corrects that, that Rs.61 Crores provision has not been made through provision numbers it might have directly been appropriated or something like that is it the understanding, correct?
- Yashpal Gupta:** No, it has providing P&L, but thing is that coming we are in a loss, so net provision is on the 78 Crores.
- Balasubramanian:** Let me try to attempt, so we provided Rs.63 Crores for restructured accounts in stage-II okay, but we had some movements from stage-2 accounts, so the provisions reduced by Rs.30 Crores, so the net addition was Rs.30 Crores odd in the stage-2.
- Amit Ganatra:** Okay, understood so total Rs.50 Crores provision is towards stage-3 and Rs.30 Crores is towards stage-2 but Rs.30 Crores also includes restructured assets is what you are saying?
- Balasubramanian:** On an overall basis correct.
- Amit Ganatra:** Correct, and that is why the provision in that sense have been made towards various stages and last portion of restructured book is in stage 2?
- Yashpal Gupta:** Yes, correct.
- Amit Ganatra:** Sir, have you also then provided the percentage of assets which are under stage-2 currently?
- Yashpal Gupta:** Yes, we have done.

- Amit Ganatra:** What is that percentage?
- Balasubramanian:** Stage-1 is around 85%.
- Amit Ganatra:** Okay, so the balance and stage-3 anyways we know so the balance is stage-2, and how much it would have gone up as compared to March stage-2 assets?
- Yashpal Gupta:** Right now, we do not have data on hand Mr. Bala will share the data in offline.
- Amit Ganatra:** Last question is on restructuring now, in the previous quarter you had guided for 6% of the book could be restructured in all, now 5% seems to have already been done. So, should we assume that balance 1% may still be restructured or have you discussed anything on the pipeline for restructuring?
- Yashpal Gupta:** As of now we are not financial restructuring anything more, we are finished thought process but as you know COVID-3 will come but as we loans are comes as 6% with 5% right for a month.
- Amit Ganatra:** Okay, understood. Thank you. I am done.
- Moderator:** Thank you. The next question is from the line of Bharat Kothari is an individual Investor. Please go ahead.
- Bharat Kothari:** Sir, thanks for the opportunity. My question is, how do you see your loan book size in next five years, let say now is FY2022 and let us say in FY2026 or FY2027 what is you are expecting your loan book size and what is your NIM guidance for the future?
- Yashpal Gupta:** As far as cost, I will let you know what NIM we look at NIM as around 4.25% to 4.5% in five years' time. It should be around 4.25% - 4.5% we would expect this in five years' time assuming that again that strategy do not come that is from swan events we will at least level our roads. So, I would say by 2026 we are looking at the book size of about Rs.24000 Crores. But that is as you all know that turn of interest go to our COVID 2. So, that is the strategy that we have we definitely have to working on that we are looking at around NIM of about 4.25% to 4.5% that of 2.75% to 3% and book size Rs.24000 Crores.
- Bharat Kothari:** So, you mean Rs.24000 Crores book size in five years?
- Yashpal Gupta:** Yes, by 2026.

- Bharat Kothari:** Yes, 2026 you mean Rs.24000 Crores loan book size. And NIM if I have understood correctly, it is 4.2% plus, minus 0.2% - 0.3%?
- Yashpal Gupta:** Yes, correct.
- Bharat Kothari:** Thank you, Sir. That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Saurabh Dhole from Trivantage Capital. Please go ahead.
- Saurabh Dole:** Good afternoon. I just have one question on your capital adequacies, so right now you are at operating high level of catering on the balance sheet. So, what is the target here because if I look at the other HFCs none of them are operating at such high levels of stage-1 so what kind of levels are you looking at, because if I look at the last two quarters it has contently being going up?
- Yashpal Gupta:** Yes, previously we do not have carrying in mind as per RBI deadlines they issued because the hardware 15% is required and we feel that the calculation was RAR was HFC is quite liberal that might be changing for but important thing is that in last many years we have not raised any capital what has mostly happened is with takeovers and is for the asset goes percentage lower than capital that is why capital size is going up around is quite low. So, we are not going to raise in coverage in near future we are going to buyback shares also as such vision then whatever effort we will do is okay with us.
- Saurabh Dole:** Okay, so did you say that you will not be buying that anything?
- Yashpal Gupta:** Yes, we will not be buying back anything.
- Saurabh Dole:** Okay, and Sir one more question is on the credit cost, I do know if I heard you correctly, but did you said that the full year credit cost will not exceed Rs.100 Crores, if there is no third wave?
- Yashpal Gupta:** Correct, provided as I told you there is no third wave. Rs.100 Crores it would be afterwards third wave so it will MA-2, MA-3 like that.
- Saurabh Dole:** No, I just want a very rough range I do not want exact numbers. But I am just trying to understand the scale about which you are talking.
- Yashpal Gupta:** Correct, yes you are right.

- Saurabh Dole:** Okay, got it, Sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.
- Abhijit Tibrewal:** Sir, thank you for allowing me a follow up question. Sir, if we heard you right you said that we have restructured about Rs.610 Crores under RBI OTR 2.0 until June and we have not restructured anything in the last 45 days of Q2 and you do not see any significant pipeline for restructuring as of now?
- Yashpal Gupta:** Yes, you are right, you are correct.
- Abhijit Tibrewal:** Thank you for that and the second question I have is while we understand things are difficult right now given the environment just wanted to understand what are the steps that we are taking to drive resolutions in some of our stage-3 assets which maybe legacy asset or which are stuck around for quite some time. Anything that you are doing there and Sir the other question that I had about, if there is anything that you are doing on the digital side which will help you in better sourcing and under writing and help you reach that expired target of Rs.24000 Crores by FY2026 that just articulated?
- Yashpal Gupta:** Okay, so one is on the NPA side we are constantly not filling NPA to AFCs which money housing finance can do to reduce their NPA. Because we see they are all covered by AFS, and we can recover but there is no growth volume for their informing part also I said this that if you see in the last 20 years we had 1030 Crores of the principal amount. So, as on percentage what we do over the period of time for reservation is number of it like we do what kind of reminding, we go to court, we do excess field on their property, we recovery with the customers, recheck his accounts and see over a period of time let them tell me in some case you hear, but so far what is happening is like your one other predecessor asked a question that new bill is coming so the accounts which are **(inaudible) 35:45** and we are trying to control that. Now, on the digital side what we are doing is we have funded KMPG as our technology consultant, there also we have identified certain developers and by March end we expect by the new system grade whereby the original system revenue our entire computer system will renew, advances at reasonable rates, all places and then probably you can do retail. Today is the problem is always the revamp our system we cannot have any effective detailed initiatives, so we are going to do it now. After March when they are uploaded then we will go for detailed initiatives.
- Abhijit Tibrewal:** All right, thank you so much Sir. That is all I had.

- Moderator:** Thank you. The next question is from the line of Saurabh Dole from Trivantage Capital. Please go ahead.
- Saurabh Dole:** Sir I just have one follow up. I know that you have provided about 10% on the restructured book. But can we expect that as the total revise is that you would want to increase further is on this part I believe?
- Yashpal Gupta:** See, of course we all are seeing how they perform and that I told you that last year we have seen that all the virtual accounts around half percent of them till March we have moved so we expect that this problem will go away there is a certain problem but is all originally fall on how they perform. But we expect them to perform well, so we will not be required to increase the programme at all.
- Saurabh Dole:** Okay, and Sir till the time these loans actually go up your book till then you will ask them to maintain them on the stage-2 book of you can update it to stage-1 book?
- Yashpal Gupta:** No, this all actually are brought to after their regular payments of one year then they will stage-1 but OEM will not be returning back they will return back only after 40% of premium you make. So, there we will follow up regulatory guidelines, there is change in that we will go by that.
- Saurabh Dole:** Okay, then thank you so much, Sir.
- Moderator:** Thank you. The next question is from the line of Rajesh Mehta. Please go ahead.
- Rajesh Mehta:** Sir, two questions from my side. Sir, firstly on collection efficiency, you said a number of 90%, so this 90% number is for that June number.
- Yashpal Gupta:** Yes, June number.
- Rajesh Mehta:** What was it in July, sir?
- Yashpal Gupta:** It was better, but I think I cannot share now but it is better and other thing is better.
- Rajesh Mehta:** Okay and this 90% collection efficiency would have in the denominator even NPL and restructured assets as well because you would have offered moratorium for restructured assets?
- Yashpal Gupta:** See, moratorium we offered only from July, in June they were not there but NPA was there.

- Rajesh Mehta:** Okay, and would it also include any arrear collection in the numerator?
- Yashpal Gupta:** Yes, it will include it will come numerator, what you mean is suppose if I have to collect Rs.100 not as a collection current month dues only, then I could collect 90% in June not a way for this not a way.
- Rajesh Mehta:** This restructuring is what would be largely a moratorium say year or so what is the form of restructuring, Sir?
- Yashpal Gupta:** See, generally both of them are other way sender forth will increase funding for a certain period and moratorium is given for that period with competency.
- Rajesh Mehta:** Okay.
- Yashpal Gupta:** In the EMI as RBI has put restrictions that 24 months pattern can be increased, so till then whatever is exactly that increase will be only 24 months.
- Rajesh Mehta:** Right and just two clarifications all restructured assets are in stage 2?
- Yashpal Gupta:** Yes, our returns we have put them in stage 2.
- Rajesh Mehta:** Okay, and this restructured assets customers DPD status as of March any clarity, I mean you said standard, but it may be largely in stage 1?
- Yashpal Gupta:** Largely in sage one but that breakup we do not have but is largely in stage 1.
- Rajesh Mehta:** Okay, Sir. Thank you so much. That is it from my side.
- Moderator:** Thank you. Next question is a follow up question from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.
- Abhijit Tibrewal:** Thank you allowing me a follow up question again. Sir, one last question here, I think last quarter Q4 FY2021, it was a very good quarter especially on the asset quality side where we saw about a 60 basis points kind of a decline in your gross NPA and likely you are not really someone who takes a lot of write offs in the principle amount and assuming that this was organically driven by collections or one time settlements or resolutions in your stage-3. Sir, internally what are you working with now at least in terms of your GNPA profile until Q4 FY2021 for a very long time I think for the last about eight quarters our NPA was strictly at around those 4.2% - 4.3% levels and then it suddenly declined to 3.7% in the last quarter. Internally what are you working with I mean anytime in the next months – eighteen

months you think we can look at a time there let us say NPAs can come down to about 3% kind of levels?

Yashpal Gupta: See, actually what you said is of course that that it was outstanding growth and if COVID 2 had not come then probably from June it will be around 3.5% and that provision would be around 3% but unfortunately because of COVID that hit all of us all the NPAs have gone and these have come. We see we remain on the ground for six months to nine months. So, if everything remains same the collections will be tough, but we are working on that December it should be settle and by March we should again to the old. If you look one is the 3% the target earlier was March only 2% now it will extend by one year by March 2023. So, everything goes okay by March 2023 we should be below 3% in NPA.

Abhijit Tibrewal: Sir by March 2022 are you targeting 3.5% now?

Yashpal Gupta: March 2022 3.5% yes.

Abhijit Tibrewal: Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that would be our last question for today. I now hand the conference over to the management for their closing comments. Thank you and over to you!

Yashpal Gupta: Thank you who are participating in our concall and asking some really solid questions which helps us also. We only hope that COVID 3 impact is not going to come probably worst is behind us and if that happens you will see good results from us going forward. We only hope because in COVID-2 we lost some friends, all-out and COVID which is very tough for us to believe in but on the work front despite the corona we have first trying to safeguard ourselves and second then go and if COVID 3 is behind then by March you will look at much better results in the GNPA as well as total 3.5% below and growth this year maybe we be at least low teens so around we will happy with around 7% to 8% 800 Crores or 900 Crores, but next year onwards you will see good growth. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Yes Securities Limited that concludes this conference. Thank you all for joining us. You may now disconnect your lines.