"PNB Housing Finance Limited Q4 and FY'20 Earnings Conference Call

June 15, 2020

Participants from PNB Housing Finance:

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MR. AJAY GUPTA	**EXECUTIVE DIRECTOR, RISK MANAGEMENT**
MR. KAPISH JAIN	**CHIEF FINANCIAL OFFICER**
MR. ANSHUL BHARGAVA	**CHIEF PEOPLE OFFICER**
MR. NITANT DESAI	**CHIEF CENTRALIZED OPERATIONS & TECHNOLOGY OFFICER**
MR. SANJAY JAIN	**COMPANY SECRETARY & HEAD OF COMPLIANCE**
MS. DEEPIKA GUPTA PADHI	**HEAD - INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good morning and welcome to the PNB Housing Finance Limited Q4 & FY'19-20 Earnings Conference Call. 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 Ms. Deepika Gupta Padhi. Thank you. And over to you, ma'am.

Deepika G Padhi: Thank you, Lizann. Good morning and welcome everyone. We are here to discuss PNB Housing Finance Q4 & Financial Year '19-20 Results. You must have seen our business and financial numbers in the 'Presentation' and the 'Press Release' as shared with the Indian stock exchanges and are also available on our website, i.e. www.pnbhousing.com

With me, we have our leadership team represented by Mr. Neeraj Vyas – Managing Director and CEO; Mr. Ajay Gupta – Executive Director, Risk Management; Mr. Kapish Jain – Chief Financial Officer; Mr. Anshul Bhargava – Chief People Officer; Mr. Nitant Desai – Chief Centralized Operations and Technology Officer; Mr. Sanjay Jain – Company Secretary and Head of Compliance.

Mr. Neeraj Vyas joins us as MD and CEO effective 28th April 2020. He is a senior banking professional with over 36-years of experience across a range of diverse functions both in India and overseas. He was on the Board of PNB Housing Finance for last one year. He retired as Deputy Managing Director and Chief Operating Officer, State Bank of India. We will begin this call with the "Overview and Performance Update by the Managing Director", followed by an "Interactive Q&A Session."

Please note this call may contain forward-looking statements which exemplify our judgment and future expectations concerning the development of our business. These forward-looking statements involve risks and uncertainties that may cause actual developments and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. A detailed disclaimer is on Slide #2 of the Investor Presentation available on our website.

Now, I will hand over the call to Mr. Neeraj Vyas for his remarks. Over to you, sir.

Neeraj Vyas: Thank you, Deepika. A very good morning to everyone. Welcome to Q4 & Financial Year '19-20 Earnings Call.

Before I begin my address, we are in unprecedented times, so I request all of you to kindly take care and hope you are all safe.

I would like to talk about impact arising due to COVID-19 on our Operations followed by Financials and Business Update. We are currently in unprecedented times with COVID-19 pandemic. Standing by our first core value "People First" whereby people is our asset, the company took early measures to curtail the impact of COVID-19 and immediately and seamlessly shifted to "work from home" situation. During the lockdown period, online functional and behavioral trainings were extended to our employees and selected vendors. I am very happy to announce that more than 44,000 man hours was spent on training in the month of April and May 2020.

Going by our next core value "Customer-Centric," we took measures with the help of technology so that our customers are timely responded during the lockdown. While our teams worked from home, different mode of communication channels were made available to customers. During the lockdown period, customer engagement was effectively maintained with service TAT of almost 95%.

Collections was another focus area during the period as with the slowdown in the economic activity it got hugely impacted early on. The Company enhanced its collection efforts by using cross-functional teams; however, due to the lockdown we could not complete various transactions including property possession, auction, field collection, etc.

As a socially responsible corporate, we came forward to support our nation during these times. We allocated around INR 2 crores towards COVID-19 relief through our CSR initiative.

The company has undertaken various measures to manage the current scenario and scale up in future. We are increasing our digital footprints in sourcing as well as sanctioning of loans and enhancing our digital interventions in underwriting, collections and other functions. Based on the experience gathered out of COVID-19, we are in advanced Stage of implementing a seamless system for our customers and I am sure that would help us in reducing the paper work that we do in sourcing the applications.

Considering the economic scenario, we have tightened our underwriting policy for both retail and corporate book. Another focus of the company is on reducing costs using various measures like no new hiring, rationalization of branches and offices where we have overlapping of the offices in one city in the first stage, negotiation of rents, evaluating work from home options wherever possible and reduce other costs where it is permissible and possible.

On the borrowing, the company continue to mobilize long-term resources through Bank term loans, ECB, Deposits, NCD, Securitization via direct assignment route, etc. The incremental resource mobilization during the year was approximately INR 37,000 crores. With reduced share of commercial paper and our net incremental borrowing during '19-20 has been long-term money. We are second largest deposit taking HFC in the country and during FY'19-20 we mobilized around INR9,000 crores of deposit, majority of which are public deposits.

To give overall picture to you, our overall public deposit as we call it is roughly around 84%. These deposits are sticky in nature with average tenure of 41-months on outstanding basis. Deposits as on 31st March 2020 stand at INR 16,470 crores, i.e. 20% of our total financial resources.

Among other borrowings, we borrowed INR 750 crores from NHB under special refinance facility announced by RBI in April 2020. We are the first HFC to sign a funding of US$75 million via ECB from JICA that is Japan International Corporation Agency in April 2020.

With our continued focus on the long-term borrowing, securitization through direct assignment and sell-down of corporate finance asset, the ALM is fairly comfortable in light of the fact that option of availing moratorium for customers has been extended up to 31st August 2020. But we have not availed the option of moratorium with respect to our payment obligations to banks during the moratorium period.

The company has maintained excess cash and liquid investments of roughly INR 5,800 crores as on 5th June along with undrawn and sanction lines of INR 4,500 crores. So overall, if you see the liquidity is almost around more than INR 10,000 crores. This will suffice us much beyond end of moratorium 2.0, by which time liquidity situation shall further ease out.

With all the measures undertaken and focus on retail disbursement, our CRAR as on 31st March 2020 increased to 17.98% with tier-1 at 15.18%, much beyond the minimum regulatory tier-1 requirement of 10%. This has improved from CRAR of 13.98% with tier-1 of 11% as on 31st March 2019. Please note, the CRAR numbers are as per IGAAP net owned funds and do not consider any impact on either side plus or minus of net worth arising out of IND AS adjustments. The gearing of the company is 8.5x as on 31st March '20 which has improved from 9.6x as on 31st March 2019. So, gearing has also improved and the CRAR as you can see has moved very favorably from 13.98% to 17.98%.

Coming to business, as on 31st March '20, the Asset under Management is INR 83,346 crores, with share of retail loans being 82% and corporate being 18% of the assets under management.

Geographically, West is our largest market with 41% of assets under management followed by south at 30% and north at 29%. We have limited presence in East with three branches - two in Kolkata and one in Bhubaneswar which are part of north zone.

On 27th March '20, in order to mitigate the burden of debt servicing and provide relief to borrowers, RBI announced moratorium on loans for three months. This was further extended by another three months up to August '20. We adopted 'opt-in' route as most of the NBFCs have adopted for accepting customers' requests and as on 5th June '20 under Phase-1 approximately 56% of company's AUM have opted for moratorium whereas under Phase-2 approximately 31% of the AUM have opted for moratorium indicating a sharp drop in customers requesting the moratorium.

Retail loans under moratorium in Phase-1 account for 49% of retail Asset under Management, which got reduced to 20% under moratorium Phase-2 representing over 50% of the retail customers have not opted for moratorium in Phase-2. This reduction has been due to the proactive communication strategy adopted by the company and we interacted with the customers through our call center and through our SMS systems, whereby the customers were given details of this moratorium, the benefit or what would be their liability towards the company when the moratorium is lifted and a conscious decision was requested to be taken by the customer. Proactive communication strategy has resulted in the moratorium-2 request getting reduced by 50% almost.

With the objective of optimizing the capital consumption and keeping in mind the lower risk rates applicable on Individual housing loans, the company focused on disbursing in the retail segment. Retail segment contributed 92% of the total disbursement, of which 59% was disbursed towards individual housing loan segment. You can see that almost entire thing has been disbursed towards retail. A small portion has gone towards wholesale and that too where we have already committed the lines before 31st March '19.

On an overall basis, the individual housing loans constitute 58% of the asset under management, retail loan against property constitutes 20% and retail non-residential premises loan is 4% percent of the asset under management, thus the retail portion of the asset under management have moved up by 4% year-on-year to 82% as on 31st March 2020.

On corporate loan book, the exposure has reduced to 18% of the asset under management from 22% a year earlier. This comprises 12% construction finance, 4% corporate term loan and 2% lease rental discounting. During the year, we sold down corporate book worth INR 2,300 crores. As on 31st March '20, our corporate book is spread across 141 unique developers, down from 169 as on 31st March 2019. The top-20 developers with 63 loan accounts constitute around 64% of our corporate book.

During FY19-20, principal repayment started for 69 corporate finance loan accounts having total outstanding of almost around INR 2,555 crores. The amount collected in these facilities during the principal moratorium period was INR 642 crores. As on 31st March 2020, 61% of the book is under principal moratorium and the amount collected in these facilities up to March'20 and during principal moratorium is INR 593 crores. The projects under moratorium are on weighted average basis 59% complete and have weighted average security coverage of almost around 2x. Around 11% of this is in stage-II and stage-III.

As on 31st March '20, the stage-II of the corporate book is at around INR 900 crores which is 18% lower than the stage-II as on 31st March '19. This includes loan accounts that moved into next bucket due to significant increase in credit risk. The company has created sufficient provision of 28% in stage-II compared to 15.2% a year earlier. The projects under stage-II are on a weighted average basis 59% complete and have weighted average security coverage of more than 2x.

In May '19, we talked about five accounts which were stretched in nature. And out of these five accounts, four accounts have moved to stage-III, that is NPA. In addition, we saw impact of COVID on one of our large accounts and probably you would have read in the newspaper as well, Vipul Limited which went into NPA in Q4 FY'20.

I will just give a brief of these large NPA accounts. Last time when we had given the details, you remain updated what has happened during the year. In IREO Private Limited (IPL), we had disbursed INR 150 crores and the current outstanding is INR 101 crores, that showed a reduction in outstanding by roughly INR 50 crores. The company through the legal action has successfully got one part of the mortgage land auctioned and we have received 25% earnest money and as per the terms of auction in the next two months' time or three months' time we will get the remaining amount. The process of auction of the remaining piece of land is on and we expect that we should be in a position to get something out of it in next two months' time. We are keeping the fingers crossed within the lockdown and all and it is very difficult to go and paste the notices and even serve the notice under SARFAESI.

In case of Supertech, the outstanding is INR 244 crores. Since the developer is running into multiple credit exposure, the company got the project and its registration moved to a special purpose vehicle; however, we have simultaneously started legal proceeding under SARFAESI.

With respect to Radius, the outstanding is INR 259 crores. We are in close consultation and discussions with the co-lender as they are also a partner in the project. In the meanwhile, the company has initiated legal proceedings against the company under SARFAESI.

On Ornate the outstanding is INR 181 crores and we have initiated proceedings under the SARFAESI. The other lender has gone to NCLT. But so far, we have not heard from NCLT any order on it. So, we are going ahead under SARFAESI.

On Vipul, the account which I mentioned which got added during this quarter and this is the account where we have probably among the five I discussed earlier, the highest outstanding. We disbursed INR 407 crores and present outstanding is INR 356 crores. Loan is secured by mortgage of entire project land. Legal proceedings have been initiated under SARFAESI and we have got the symbolic possession of the project taken, we are now on the verge of issuing sale notification. Our further enquiries from the builder and all has generated good response, lot of people have come forward and I hope that we should be in a position to take some positive steps in this loan account very shortly. Lot of investors are expressing interest in that both by way of a direct purchase or becoming a partner in that. We have to take a call on this depending on what kind of term sheet comes to us.

There was a small account that we disclosed last time, Pate Developers with the outstanding of INR 20.25 crores which is NPA since last year. One developer has shown interest and we have entered into private treaty, MoU has already been signed with him and 10% earnest money has been deposited with us and balance was expected in the month of April but due to COVID, this is an issue and we have given him some time, we expect that by 30th June… if not by 30th June at least in the month of July because everything is in moratorium, so the person who has entered into an agreement with us to buy through private treaty has also requested some time. We are considering his request beyond 30th June.

The company in the last year had significantly reduced its corporate loan disbursement and has also tightened its monitoring norms, restructured the entire team and heavily invested in IT enablement of the workflow to further make operations robust and world-class. I commented that we are learning our lessons from the lockdown, we are into some kind of improvement in our process where we will make it totally paper free for the customers.

Gross NPAs as on 31st March ’20 is 2.29% on the AUM and around 2.75% on the loan book.

The life to date write-off by the company is just 10 bps of the cumulative disbursement. The company being conservative, added INR 755 crores in provisions and write-off in Q4 FY’20.

We believe in this dynamic environment of the risk mitigation approach is to build cushion against the same as we have created provision of INR 471 crores on account of COVID-19 which is roughly 40% of a provision we created for the entire year.

Based on the current indication of the economic condition as we see that the lockdown is getting lifted slowly and steadily and the life is coming back to normal or new normal that we call it, we feel that ECL provision appears to be adequate. As on 31st March ’20, our total provision to assets stands comfortably at 2.61%. The provision coverage ratio for stage-III has moved to 36% as on 31st March ’20 compared to 20.95% as on 31st March ’19. The stage-III provision coverage ratio for the corporate book is 42.21% and retail is 25.41% as on 31st March '20. Along with stage-III, the company has created adequate provision in stage-II and stage-I at 17.24% and 1.06% respectively. I am happy to share with you that the provision coverage ratio which was at 87% as on December '19 with all this increase in provision that we have made for stage-II and stage-III and even stage-I, total provision coverage ratio stands at 95% and if you see our corporate book, it has got 100% provision coverage ratio.

The financial results for the company as on 31st March '20 are as under:

Operating profit for FY2019-20 is INR 2,062 crores as compared to INR 1,923.3 crores showing a growth of 7%. Impairment on financial instruments and write-offs in the year are at INR 1,251 crores including COVID-19 provision as compared to INR 189 crores provision that we made in FY2018-19. Profit after tax for the year stood at INR 646.24 crores as compared to the profit after tax of INR 1191.5 crores for the year 2018-19. As I mentioned, we have made a COVID provision of INR 471 crores, net of taxes if I compare like-to-like PAT for '19-20 would have been approximately INR 1,010 crores. The spread on loans for FY19-20 is 246 basis points. Excluding the assignment income and other IND AS adjustment that is as per IGAAP the spread on loans for '19-20 is 211 basis points compared to 198 basis points for financial year '18-19, more than 13 basis points. And net interest margin for FY19-20 is 298 basis points against 293 basis points for the financial year '18-19. The gross margin, net of acquisition cost and including fee for FY19-20 stood at 321 basis points against 334 basis points during FY18-19. The OPEX to average total assets for the financial year excluding ESOP cost of INR 21 crores, being more of an accounting provision, stood at 55 basis points. The cumulative ECL provision as on 31st March'20 is INR 1,765.6 crores. Return on Assets for financial year '19-20 is 0.80% and Return on Equity for FY19-20 is 8.12%. The closing net worth as per IND AS calculation is INR 7,998 crores.

In order to implement various CSR programs, we have incorporated Pehel Foundation during FY19-20. This is the company that we founded to take care of our CSR initiatives.

We are a strong 1,549 full time employee company as on 31st March '20.

Looking on the corporate side, we are looking to sell our corporate book and we are in discussion with a few banks and if everything goes well because these are credit decisions the bank has to take, they have seen our books, we have shared the details with them and I expect that in a few weeks' time we should be in a position to sell down another INR 2,000 crores out of our corporate books.

On the capital raise, with the changed environment and publicly announced commitment by our promoter, that is Punjab National Bank to maintain their long-term strategic ownership in the company, the company is re-evaluating all options including the possibility of a rights issue with the participation of all our major shareholders. We have the support of our promoter on liquidity in any uncertain circumstances and same is committed to address in case of any eventuality. As I already mentioned, we have enough liquidity of almost around 10,000 crores, but despite that we have support of the promoter available in case of any eventuality, that is available to us.

Before I open the floor for Q&A, I request you all to see our results from the efforts company made to strengthen the balance sheet. There were two options in exceptional situation that we all are in and the economy even - the softer one and the harder one. We decided that we will take the harder option and make adequate general provisions for COVID which I just mentioned, adjusting for which probably we would have crossed in terms of net profit to more than INR 1,000 crores and we would have declared a profit for Q4 of INR122 crores. It was a strategy in these extreme and exceptional circumstances, we thought we will be more prudent and mitigate the risk, going for the long-term strategy to strengthen the balance sheet.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Sanket Chheda from B&K Securities. Please go ahead.

Sanket Chheda: I just had a couple of questions. First is as we mentioned that we have not availed the moratorium on bank borrowing. So, was it like we were offered moratorium from banks and if yes, how much percentage of borrowers had offered the moratorium part?

Neeraj Vyas: As far as we are concerned, as I mentioned, we have not availed moratorium from any of the banks. We did get an offer from a few banks, but we have taken a conscious call that at present we will not avail the moratorium. As I mentioned, we have sufficient liquidity to take care of our repayment obligations. and I feel at this stage we do not need a moratorium.

Sanket Chheda: Sir, on the percentage of AUM under moratorium which was earlier 56% and now 31%, what was the split between retail and the corporate piece?

Neeraj Vyas: Corporate is almost around 80-90% and retail under Phase-I is 49% that reduced to 20% under moratorium-II.

Sanket Chheda: We talked about that we had sold corporate loans worth INR 2,000-odd crores. So where do we sell this – to PSU banks?

Neeraj Vyas: PSU banks.

Moderator: Thank you. The next question is from the line of Anuj Singla from Bank of America. Please go ahead.

Anuj Singla: Sir, a couple of questions: Firstly, on the equity raise, I got disconnected. Did you mention anything on the quantum and the mode which you will be using for the fund raise if at all?

Neeraj Vyas: Probably if you remember the earlier announcement made by us, we had an approval from the board of INR 2,000 crores and as far as the mode is concerned, the board has given the authority to go for any mode, whether QIP, preferential or rights issue. So, we have examined all the options and probably in the month of December that we thought we will go for QIP and preferential order. On a subsequent revision looking at the macroeconomic conditions and the valuation and all that, we have taken a call, this is not the right time to go for QIP and preferential, it is better to go for a rights option. This is the thing that we are discussing with all the stakeholders. All the three options as of date are open to us but we will take a call based on our discussion with the stakeholders. But as of today, looking at the market, to me and to the company it appears that rights is the possible option.

Anuj Singla: Sir, if I recall during maybe 2Q or 3Q it was also mentioned that PNB might not participate in the QIP because they were happy with you going ahead with the equity raise. But I think it was mentioned in the press release that PNB might not be able to do that because of their own constraints. But you mentioned that you have the active support of the promoter. So, is there a change in that communication from PNB they will also be participating in this, any color on that sir?

Neeraj Vyas: I will first answer your question about PNB's participation or not. PNB has given a commitment which is a matter of record. They have gone public and even the MD has made a statement that PNB will continue to remain promoter of the company and they will not let the stake go below 26%. That was one commitment promoter has given to us. We have very strong support of the promoter. But as I mentioned that initially we examined this option of going to market to raise the money through QIP and preferential route but looking at the overall economic conditions and market conditions we have taken a call that this is not the right time to go to the market with these two routes. So, we are discussing with our stakeholders to go for a rights issue. And if we decide to go for rights, a call will be taken by PNB.

Anuj Singla: Second question is on the liquidity side basically we have the position from March end in the presentation. If I look at as of today till August and till time the second moratorium will be there, you do not see any kind of liquidity issues in terms of meeting the repayments despite you are not taking a moratorium from the bank, right, sir, is there some kind of numbers you can share, what kind of comfort if the moratorium number were to increase in the second Phase as well?

Neeraj Vyas: As I mentioned, the moratorium numbers have gone down, they have not gone up. As far as corporate is concerned, entire thing is 80-90% book has come under moratorium where the repayment has started, right. As far as retail is concerned, the moratorium has gone down considerably. So, we do not expect the second phase of moratorium would go up and all these have been factored in our cash flow. Whatever liquidity I mentioned is as on 5th of June 2020. Going forward I do not anticipate any problem and enough liquidity available to take care of my three months repayment obligation.

And as I mentioned, the moratorium will come to an end on 31st August 2020, thereafter the recoveries would pick up. So that will come which as of today has not been taken into account.

Anuj Singla: Have we availed anything under the government guarantee scheme of Rs.30,000 crores for the NBFCs which was announced, partial guarantee as well as…?

Neeraj Vyas: We applied to the various banks and we are talking to them. Not only that. We are talking to the banks on TLTRO 2.0 also.

Anuj Singla: So those things are not factored in the liquidity numbers which you shared, right, they will be …?

Neeraj Vyas: No, these are the sanctioned lines as on date, undrawn portions out of my term loan or working capital. The thing which is not sanctioned is not factored in my cash flow.

Moderator: Thank you. The next question is from the line of Subrat Dwibedy from SBI Life. Please go ahead.

Subrat Dwibedy: So, on the moratorium side, the numbers that are given I guess are on the value front. In terms of number of accounts, any sense on how the retail moratorium behaved in Phase-I, Phase-II?

Neeraj Vyas: If you take the volume term, it will be lower that the moratorium in value terms. It makes more sense to look at this on value terms.

Subrat Dwibedy: And in terms of deposit mobilization, usually the quarterly run rate was Rs.2,500 crores. I think it came down in Q4 to around Rs.1,500 crores. So, any reason for that and how do you see it now?

Neeraj Vyas: In Q4 whatever issue we had, is partially on account of lockdown. The teams were not going out. So, the connect was not there. Lockdown officially was announced on 24th March but before that itself at the ground level the feelers were there and movements were restricted, people are afraid of visiting somebody, you know that kind of physical distancing norms and all that. So partially it got impacted due to lockdown. In April and May, totally got washed out… so I would say it was entirely on account of lockdown. But if you see overall growth during the year we have grown on deposits.

Subrat Dwibedy: Last would be on overall strategy front. Any sort of collections or sales in real estate will take time to pick up. So, what would be your strategy to sustain the business till the overall sector revives?

Neeraj Vyas: I will first cover the collection and then I will come to the sales part. The moratorium is available up to 31st August 2020, so obviously the collection activity to that extent, there were people taken the moratorium, is down. We will activate our teams post-15th August so that 15th August to 31st August, our teams are in touch with the borrowers and then it picks up in the month of September. Just give a brief to you, we have almost around 50% book on salaried employees, so I do not foresee any problem in case of people who have taken moratorium. Or for self-employed also, we will decide it only when the moratorium is lifted, at that point of time we will see the impact of it, but right now scenario is uncertain, economy is going to take a hit, so I cannot make any guess on that. On the sales side, I am very positive because I see the demand is there. Even in the lockdown we got the applications from the customer in the month of April, in the month of May. And if I take the applications alone in the month of April, they were around 1,300 applications which moved up to 2,800 applications in the month of May. For the month of June, I am sure this will further go up. So as far as the sales is concerned and sales particularly in mid income housing group where property value is roughly 70-90 lakhs and the loan is say up to 60-65 lakhs. In that I feel there would not be any issue, demand would be there. And probably after COVID, people will realize that they need home of their own. So definitely they will go for it. Work from home situation has added another dimension to the demand because in the same house earlier during the day time only three people were staying, during lockdown there are six of them. If the husband and wife, both are working, both needed working space. So, I think these kind of factors would definitely lead to demand in this group which I mentioned to you. One more important thing told to me by some of the developers, I am not too sure whether it is correct or across the country that some of the societies at least in Delhi and around, they give a differential treatment to the owners and the tenants. So, what they say is these tenants who felt very offended by these kind of treatments in these kind of society, that would also generate some kind of demand but I am not too sure because it has to be weighted all across the country. If it is NCR, then it may not have impact as much as it is on an overall all India phenomena. So, these are the issues which keep me optimistic that will give a demand. I have given you number of enquiries. On sales side, I feel that while it may not be normal as it was before COVID, it will take some time. So, I think maybe if not the third quarter, definitely the beginning of the fourth quarter it will come back to normal.

Moderator: Thank you. The next question is from the line of Nidhesh from Investec Capital. Please go ahead.

Nidhesh: Firstly, on the capital raise, since our tier-1 is already 15% plus and we do not expect material growth in FY'21, I think it is reasonable to expect that loan book maybe flat or may decline and we are also looking to sell more corporate loans. So, what is the need for capital raise given tier-1 is already quite good?

Neeraj Vyas: See, tier-1 is comfortable, tier-2 is comfortable, overall I am comfortable on CRAR but I have to take care of my gearing as well, capital would help improve the blended gearing, the blended gearing as I mentioned as on date is eight, the capital would help me to bring it down to five or six. I do not want to do business sitting on the fence. I need the comfort of my capital adequacy. So, if I do raise equity in next three months, I will be very comfortable till 31st March 2022.

Nidhesh: Secondly sir, with respect to our strategy and profitability going forward, since we are reducing the share of corporate loans and also raising capital, what is our expectation of sustainable ROE from the business?

Neeraj Vyas: One is corporate finance, we have decided not today, one year back that we will not do corporate finance and in last 12 months we have not sanctioned any new corporate loan. The second is, in corporate finance the requirement of capital is high. It is 100% risk-weighted asset as against the retail where the requirement of capital is 35% to 50%. As far as the return on equity, I would request Kapish, our CFO, he has a detailed calculation based on the business plan done for recommendation to the board. We are preferring a business plan based on that, he will tell you something on return on equity.

Kapish Jain: So, I would just like to give you some color around ROE, as you would know the risk weight on the individual home loans is as low as 35%. Bulk of our asset qualifies under that bracket. So therefore it gives us immense opportunity to build that particular portfolio, even though the spread in this book is lower, if I have a right kind of gearing there, which would be more acceptable even to the bankers and rating agencies and lenders because these are diverse small-ticket retail loans, I would be able to generate a healthy ROA and ROE as well in this business and will be able to churn my book better. As MD articulated, we are not looking to grow the corporate book so that will help me in releasing my capital as well because the corporate asset's demand 100% risk weight. Even on a blended basis, the RWA today on my retail is around 60% and it would be a good double-digit ROE even with the raise of equity, reasonably double digit ROE is something that we should be able to manage. So that is the kind of indication I want to give you. Reasonable double-digit ROE is something that we should be able to manage this year even with the capital raise.

Participant: Lastly sir on the securitization and assignment, what is our strategy going forward whether we will be securitizing, assigning loans or not?

Neeraj Vyas: We have not decided as of yet. As I told you, we are still finalizing our business plan and we are comfortable on CRAR. So, I think we will take a call going forward maybe in next quarter because right now we are comfortable. Definitely, we would be looking to sell down the corporate book, but securitization on retail asset, they are good retail asset, you would have seen our figures and all. So we will take a call going forward when we feel that we require some balance sheet management and we require to improve our capital adequacy ratio and at that point of time, we will take a call, but right now I am sufficient both in terms of my capital adequacy ratio and liquidity, so there is no need right now to go for securitization.

Moderator: Thank you. The next question is from the line of Saral Kothari from Riddhi Siddhi Investment. Please go ahead.

Saral Kothari: What is the collection per month? What is the collection of EMI per month?

Neeraj Vyas: You want the absolute number?

Saral Kothari: Yeah, absolute number in the month of May and month of April.

Neeraj Vyas: Right now, our number is roughly 400 crores per month.

Moderator: Thank you. The next question is from the line of Shubhranshu Mishra from BOB Capital Markets. Please go ahead.

Shubhranshu Mishra: This particular moratorium number, can you split it if, I missed it for the retail corporate and the corporate book and the LAP?

Neeraj Vyas: Sure, I will. The retail, it is 49% in moratorium phase one and 20% in moratorium phase two. And for the corporate, it is roughly between 85% to 90%.

Shubhranshu Mishra: And LAP sir?

Neeraj Vyas: It is included in the retail segment.

Shubhranshu Mishra: So, HL is also of similar nature sir, around 49%-50% in Phase-I and 20% in Phase-II?

Neeraj Vyas: Yeah. As I mentioned, the overall retail moratorium is 49% in I and 20% in Phase-II. There is a LAP included in retail.

Shubhranshu Mishra: And are we giving an automatic moratorium to the guys who asked for moratorium in Phase-I or it is a turn of letter basis.

Neeraj Vyas: Moratorium I and II were opt-in. We had provided all the facilities including all the 3 channels, the e-mail, the call center and the SMS facility. And on our website also, we had provided that kind of facility. Anybody requesting was given the moratorium and this was general practice among all the NBFCs. They all went for opt-in facility.

Shubhranshu Mishra: And if I look at your Slide #31 wherein you get the ticket sizes sir, you have a sizable proportion of the book which is about 1 crore in both housing loans and LAP. In fact, if you look at above 75 lakhs also sir which means that these people are really well to do. Why would they ask for moratorium in such huge numbers because I am hearing it for the first time from housing finance companies

Neeraj Vyas: Which Slide you are talking about?

Shubhranshu Mishra: Slide #32 sir, who have reported such high numbers in moratorium and this does not gel with the average ticket size that we have given out in housing loans, LAP sir because these seem to be very well-to-do people. Why should they ask for moratorium?

Neeraj Vyas: Let us talk legally that discretion is not available. Somebody is asking for moratorium; you have no choice. As per RBI, you have to provide it. And now why is he/she asking is a question that probably we will talk to him/her, but as far as first thing is concerned, as per RBI if he requests, I think moratorium has to be given.

Shubhranshu Mishra: So, sir what is the disconnect because your peers who have reported, they have not reported such big numbers. So where am I missing the point here?

Neeraj Vyas: Jatul, would you like to add something?

Jatul Anand: Moratorium I of course, the figures you see are more. It was an element of anxiety and uncertainty also amongst the customers. As you said above 1 crore are the profile of customers irrespective everybody attempted with this kind of a facility and seen the environment, which is most uncertain, that was taken, but it gets subsided in moratorium II where the percentage has a significant dip.

Shubhranshu Mishra: So, in LAP sir, you have got 52% of the book, so it is slightly defeating my logic. Why this customer would ask for moratorium because this has to be….

Neeraj Vyas: How have you come into conclusion that he has asked for the moratorium that was my first question.

Shubhranshu Mishra: Because you said it is 50%.

Neeraj Vyas: I have not given the breakup of that. It is 50% in retail does not mean that he would have taken the moratorium, I have not given the breakup size wise.

Shubhranshu Mishra: So, what is the ticket size right sir?

Neeraj Vyas: It is not available at the moment, but as you have mentioned, we will try to analyze it. But in loan against property, let me tell you we are very comfortable in terms of our security. Our average LTV is around 47%. So, we are very comfortable in our LAP. I am just wondering from where you got this information, it is not available to me even.

Shubhranshu Mishra: And one last question sir. We have seen attrition in the management cadre over the last 2-3 months. So, any specific reason for that or it is just natural attrition business as usual?

Neeraj Vyas: Nothing in 3 months at least to my knowledge because I joined 2 months back and I know for sure that before that also I was interacting with the company as I was an Independent Director on the board. So, to my knowledge, I think nobody from the top team has left and if you are trying to indicate about the head of the business, that is Shaji. Shaji went to explore in the market and he became number one in another company. So that is the natural progression, anybody would look for that. Other than Shaji, probably I do not find anybody from the top team left and that Shaji's case was he had given a notice, he was discussing with the place where he was going. So that was a known case.

Shubhranshu Mishra: Are we going to look at any further attrition or the attrition is going to be very low going forward sir?

Neeraj Vyas: There would not be anything I can tell you.

Moderator: Thank you. We will move on to the next question that is from the line of Piran Engineer from Motilal Oswal Financial Services. Please go ahead.

Piran Engineer: Some of my questions have been asked, but I just wanted to clarify why was securitization down so much this quarter?

Neeraj Vyas: We had already done up to December and we thought that beyond that, we will not like to do it because that was a conscious call taken. So, nothing compelled me to do securitization. Securitization basically is for the management of balance sheet and to bring my capital adequacy well within my target. So, these two targets are achieved, after that if I feel that I have to do securitization, I will do it.

Piran Engineer: That is my second question, but despite retail assets going down QoQ, our tier I capital has actually gone up from this bit. So, what really explains this?

Neeraj Vyas: See, one is retail book. Retail book consumes lesser the capital, the risk weight is ranging from 35% to 50%.

Piran Engineer: That has gone down actually first, QoQ. The share of retail assets has declined between Q3 and Q4, but your tier I capital has actually gone up by more than 100 bps.

Neeraj Vyas: Corporate book has come down. Corporate book consumes 100% capital as against that, the average risk weight is around 59% in retail. So obviously, if you sell-down the corporate book, the capital will go up.

Piran Engineer: So, let me just put it a number. Your corporate book share last quarter was 18% which is similar. So, what has actually led to increase in tier I.

Neeraj Vyas: You are calculating percentage on AUM or on the book?

Piran Engineer: On AUM, as per your disclosure.

Neeraj Vyas: But capital adequacy is not calculated on AUM. Capital adequacy is calculated on book.

Kapish Jain: Piran, the loan book has come down. The corporate book consumes a far higher risk weight and therefore that has given the release on the capital adequacy. This is one very primary reason and will talk on this later as well.

Kapish Jain: Piran, the overall risk-weighted assets has actually come down by around 2000 crores and net worth is flattish and that precisely why the overall capital adequacy has improved.

Piran Engineer: 2000 crores QoQ.

Kapish Jain: Q-on-Q, yes, between December and March. The loan book has gone lower by 2000 crores.

Piran Engineer: Understood. And what is our incremental cost of funds?

Kapish Jain: Our incremental cost of fund is now touching around 815-820 bps.

Moderator: Thank you. The next question is from the line of Pankaj Naik from India Ratings. Please go ahead.

Pankaj Naik: I am just trying to understand this COVID specific provision of 471 crores, pretty exact number. Just wanted to understand the rational or calculation behind this 471 crores of provisioning?

Neeraj Vyas: As far as the COVID provision is concerned, we have a detailed working of the model and I think it would be probably take a longer time to give all details to you, but I will hand over the floor to our Chief Risk Officer, Mr. Ajay Gupta, he will give some brief on that. But I would prefer if you want a detail on this, you can have one-to-one call with Mr. Ajay Gupta and he will share the strategy and decided about the COVID provision, okay,

Ajay Gupta: So, this number is an outcome of calibrated model. So whatever number we baked in the financial, it was nothing that it has to be a round number. COVID is something which is unprecedented and black-swan event kind of a thing where no past precedent of this kind was available for doing any kind of a benchmark. So we have looked at retail portfolio and corporate portfolio separately because the risk emergence for the retail portfolio is very different than corporate book and we have applied various factors to stress our PDs and LGDs based on which the COVID, just to give you some vectors like there was a CRISIL report on the industries which will get impacted, we have considered industries, we have taken 2x2 matrix or 3x3 matrix where we applied people employed in MNCs if there is a job loss or if there is a salary cut, what would be the impact. We have also seen implication on higher FOIR because people who have leverage may get impacted with this and the CIBIL score or the bureau score is a good indicator on the emerging risk. Customers who are good with me, but bad outside will have a higher propensity to default, so we have factored. So, these are the various factors on which retail PD was stressed and calibration was done. For retail, LGD, there is a wide spread knowledge in the industry that the LTV or the property price may come down. There is a RESIDEX which is registered by NHB, so we use that and identify the accounts with higher LTVs, so we put stress on that. There is also understanding or this thing that the resolutions may take time, so we have applied time value of money. These are the vectors for which LGDs have been stressed and based on this, retail numbers were done for corporate loans. And one more point which is on the PD front, the people who have applied for RBI moratorium, we have taken that also into account because probability of default by them maybe higher. So, a vector was included in that. Similarly, for corporate people who have normal moratorium with us who have just come out in last 6 months or are coming out in next 12 months, probability of default may be higher. So, we have applied stress test on that. COVID moratorium given by RBI is another factor. High end properties or projects, although we have limited number there as directed in one of the slides in the presentation, those may come in the stress, so we have applied there. And lastly, the delay in delivery and time taken for delivery. So, these are the various factors on basis of which we have built our COVID calculations and this is a calibrated number. Whatever machines gave numbers, we have depicted, even if it is very odd number.

Pankaj Naik: That was helpful, sir. Only thing is if you just give some numerical basis as in you mentioned about stressed PD and stressed LGD, so any particular multiple that you would like to mention that in retail, you increase on….

Ajay Gupta: I do not think that is advisable at this call, these are management outlays, these are management discussions and working. The outcome is there and we feel that the COVID number which we have come out and this is checked in detail by statutory auditor also and they are also satisfied with the methodology and the calculation.

Moderator: Thank you. The next question is from the line of Shagun Verma from Goldman Sachs. Please go ahead.

Shagun Verma: Just one quick question from my side. Typically, what percentage of payments come through in the first 10 days of the month?

Neeraj Vyas: Payment cycle stood all across the month, 5th, 10th, 15th, 25th and last day we don't do it, **effectively** we have 4 cycles, it has spread all across.

Shagun Verma: So roughly within the first 10 months, you would expect around 40%-45% of payment?

Neeraj Vyas: Little more than that because the salary is credited at the end of the month, first two cycles that is 5th and 10th.The remaining cycle we will have little less.

Shagun Verma: And has that changed in the past couple of months, say in the month of May or April, even June now that we have 15th of the month?

Neeraj Vyas: It has definitely changed because of the moratorium. We will talk in September when the moratorium gets lifted. Right now, it has definitely changed.

Moderator: Thank you. The next question is from the line of Anand Laddha from HDFC Mutual Fund. Please go ahead.

Anand Laddha: Sir, I had a couple of questions, I will just ask my question and you can respond me. Sir, on capital raising, what sort of discussions are we having with our promoter PNB? How much quantum of capital are we looking to it, is it 2000 cr or lesser than that and is there any timeline sir because we have been hearing of capital raise from almost a year now, we have been hearing of capital raising, so is there any timeline, do we have any plan that by when this get considered? Second sir, on the gross NPA if you can give breakup of retail and corporate NPA and on the corporate loan book, what is the moratorium under Phase-II, second phase?

Neeraj Vyas: First is on the quantum of the capital, we are still looking at the same amount of 1500 to 2000 crores, that is the approval that we have on the board, so we will look at the same amount of the capital to be raised on the market. That is one. Second you want to know, at what Stage-it is, we are discussing as I mentioned, we had approval from the board for all the three types of options available, whether it is QIP, whether it is preferential or whether it is rights but as I mentioned looking to macroeconomic conditions and valuations in the market, at this Stage-we feel that rights is the only option, so we have actively engaged all the stakeholders. So, the timeline is concerned, probably may be in 6 to 8 weeks' time, we feel that we will take a call at what mode we are taking it, but as I mentioned on the capital adequacy front, we are comfortable and we are not going for a corporate book in this financial year. The capital available already on the book of the company is sufficient to take my business plan forward in terms of retail. Now what was your last question?

Anand Laddha: Sir, breakup of your gross NPA into retail and corporate and on the moratorium given to corporate customers?

Neeraj Vyas: It is given in the presentation but I will just repeat. What do you want to know?

Anand Laddha: Sir, on the moratorium, you had given corporate customers had taken 85 to 90% by value under Phase-I of moratorium, under Phase-II is also similar amount?

Neeraj Vyas: If you see Slide #20, 19 is retail. I will just repeat the figure for you. Stage-3. GNPA is 1.25%, Stage-1 is 95.8, total outstanding, the provision for Stage-1 is 0.46, Stage-2 provision is 11.05% and Stage-3 provision is 25.41%. These are the provision coverage ratios. And corporate, we have it here, which figure you want to know for corporate?

Anand Laddha: Sir, all Stage-1, Stage-two?

Neeraj Vyas: In corporate, Stage-3, 8.18%, coverage ratio is 42%; Stage-two 6.25, coverage ratio is 27.84% and Stage-three 85.6, coverage ratio is 3.46. It is there in the presentation. In case of any issue, kindly revert back to us, we will clarify.

Moderator: Thank you. The next question is from the line of Abhijit Tibrewal from ICICI Securities. Please go ahead.

Abhijit Tibrewal: Neeraj, you have already covered that as part of your opening comments, can I request you to please either tell us again what was the status of those exposures if you have already NPA as on last quarter and the new ones which have moved into GNPA and alternatively if you can share your opening remarks with everyone, both of them will be?

Neeraj Vyas: You want the Stage-3, 5 account that we discussed with you? Is what you are saying?

Abhijit Tibrewal: Yes.

Neeraj Vyas: I have given a brief to you in my opening remarks. What exactly you want to know, let me know, be specific on that.

Abhijit Tibrewal: If you could repeat those or alternatively if you can share your opening remarks, either of them will be useful?

Neeraj Vyas: We had Supertech. Supertech continues to be, it is now an NPA in Stage-3 and we are holding more than 50% in provision and we are going against the company under SARFAESI. Anything you want to know more than that?

Abhijit Tibrewal: Sir, what is the current outstanding now in Supertech?

Neeraj Vyas: In Supertech, we have outstanding of roughly 244 crores. In Ornate, we have outstanding of 181 crores and we are going against the builder or through SARFAESI. In Radius, we have outstanding of 259 crores, here again the provision is around 50% and here also we are taking action against SARFAESI. Another was IPL, the outstanding has come down to 101 and we have provision of roughly 40%. Here, there were two parcels of land, we have been able to successfully auction one of the parcels. The money should come in, we are trying to auction the second parcel. The new account which got added to the Stage-3 is Vipul where the outstanding is 356 crore and we have started taking action under SARFAESI and hopefully, we will try to conclude it in next 6 to 8 weeks' time.

Abhijit Tibrewal: And the 390 crores of SICR in Stage 2 that includes 3 new and 1 existing account that you have even given on Slide 21 of the presentation wherein you have said that there would have been Stage-1 but you have classified it into Stage-2, is there anything to read into that in terms of in what bucket they are and how soon it can be moved to Stage-3?

Neeraj Vyas: They were in Stage-1, but we found that the cash flows are not as per our expectations and as per the plan that they submitted when we sanctioned the loan, so we have applied higher provision under ECL and we have moved them to Stage-2 as we call it under Ind AS. So, they are in Stage-2 category now and if you see my Stage-2 book, total Stage-2 is 900 crores. Out of that, these accounts which have moved from Stage-1 to Stage-2, they are roughly one third of that. So you can take it 300 odd crores, Stage-1 accounts we have deliberately put in Stage-2 and applied higher PD and accordingly provided for more than the normal Stage-1 accounts.

Abhijit Tibrewal: So sir, fair to assume that in the next quarter or so, can these move into Stage-3? Or are these in the moratorium?

Neeraj Vyas: See, this forward and backward movement keep on happening depending on what the cash flows of the builders, but when we found that there was a higher risk, we have moved them to Stage-2. Whatever when it happens, it could move to Stage-1 also but as on date we thought that as on 31st March that the cash flows are not as per to our expectation, we have applied higher provision and taken them to Stage-2 but it is not necessary that they moved to Stage-2. If you see my Stage-2, both movements have taken place compared to last time that I mentioned to you, the movements have taken place from 2 to 3 and 2 to 1, so it is either the possible depending on the situation.

Moderator: Thank you. The next question is from the line of Ritika Dua from Elara Securities. Please go ahead.

Ritika Dua: Just a follow-up on the previous one. Sir, how many accounts are there in the 300 crores movement from Stage-1 to two and what is your NPA in the LAP book now, sir these are my two questions?

Ajay Gupta: This is 389 crores SICR, 3 are new accounts and one is the previous SICR where we recovered 15 crores and that account we continue to place under SICR. All these four accounts are zero DPD.

Neeraj Vyas: What is your next question?

Ritika Dua: Sir, what is the NPA in the LAP book?

Neeraj Vyas: LAP book is roughly 1.6%.

Ritika Dua: And this is included in the retail calculation?

Neeraj Vyas: Yes, absolutely correct. This is included in retail.

Moderator: Thank you. The next question is from the line of Yashpal Madan, an investor. Please go ahead.

Yashpal Madan: Sir, I wanted to know what is the right now situation in the market? Are you actually able to disburse, you mentioned that there have been couple of queries in April, May, June also, so is actual business started happening, if you can throw some numbers on applications approved, funds dispersed which will give us some color, how the business is shaping up and if not then what are the bottlenecks by when you think you will be in a position to log in new business?

Neeraj Vyas: Disbursement is happening because we already had sanctioned housing loans before 31st March. On those accounts, the customer is approaching, disbursement is happening. The only issue here is disbursements are linked to the construction stage. So, wherever it is possible for our technical group to go and visit the site, there we are disbursing. Where it is not possible, we are not disbursing because there is a risk that the construction has reached to that stage. So, to that extent depending on lockdown condition, because each state has got its own rules, so depending on people if they are able to move out, do the inspection, we are doing the disbursement. As regards the new numbers, again same lockdown condition has not permitted documentation because we are working with one-third staff in the branches. Only in the month of June, we have been able to put more people in the branches but again at the state level they are very directive that you split the team into two, so if the team A has some issue, the entire team goes into quarantine, it happened in one of our branch where entire A team has to be quarantined, B team took over and they were asked to come on daily basis and the A team quarantine got over, then again alternate days they started coming in, but even the registration officers are not working, so we cannot create valid mortgage also. So these are the issues but definitely as far as the enquiry is concerned, applications are concerned and sanctions are concerned where you do not need to visit the customer or the customer does not have to come to the branch, it is possible and the activities are picking up and like I told you the number of application, 1300 to 3000 it has moved from April to May, June we will have to wait and watch.

Yashpal Madan: So, it means not even a single new disbursement has happened during this period, is it the right conclusion?

Neeraj Vyas: Yes, I will give you the figures, I will just tell you how much happened, I will ask Jatul, do you have the numbers, how many sanctions were given?

Jatul Anand: In retail, sanctions and disbursements have started and as already mentioned in the markets which are operating, so wherein we are able to do a complete due diligence without compromising on the quality, so the things are happening, and the business is picking up. Lot of leads, queries, log in, sanctions and disbursements, it is happening. It has picked up.

Yashpal Madan: Sir, disbursement has no meaning for me or even for any analyst basically, what we are concerned with it is any new actual disbursement is happening or sanctions are happening?

Rajan Suri: Actual disbursements are happening. In actual disbursement, we have done a disbursement of 212 crores in the month of May.

Yashpal Madan: Against new loan sanctioned during lockdown, I am not talking of earlier sanctions?

Rajan Suri: Yes, I am talking of new loans only, so we have done 212 crores.

Moderator: Thank you. The next question is from the line of Nara CM, an investor. Please go ahead.

Nara CM: Sir, my question is on couple of lines. One is that you got a lot of marquee investors like Carlyle or GA, now obviously the price at which organization like GA came at or about 1200-1300 if we disclosed public information, now the price is one sixth of what it was, why is it that the QIP has become so unattractive for such large institutional investors which can be easier way of mobilization of fund, is there any reason why you are going with rights issue and one of the previous question was on the timeline, I do not get the timeline by which you will be completing the issue. And the second question is, in terms of the disbursement of 212 crores during the lockdown, it is a pretty insignificant number for organization of our size, so in terms of the growth which is the key word from a stock price perspective as well including risks what will be your approach going forward?

Neeraj Vyas: These are just to give a flavor that what is happening during lockdown, it is not that we are trying to achieve this number. Our business is still in the discussion and we feel that situation becomes normal at the ground level sometime after June, July. So for the entire situation to come to normal as I mentioned, we are running the branches with one third strength because each of the state has got its own rules and regulation in terms of movement and all that and even in terms of attendance at offices, so we are working with one-third strength, if I was just to give a flavor that things have started picking up. What we have looked at the business would be something on 2,000 crores in the month of September onward because we plan that we will do, but all would depend on COVID situation. As the COVID situation become normal, that is the plan that we have, so looking from September onwards, may be 7 months' time we will do a business of 13,000 to 14,000 crores, we are still talking to our business team depending on the market situation we will take a call and even if I tell you it becomes normal in the month of July, it will take some time for people to get realized that things have become normal and they started taking a decision that they have to buy house because buying house is not that urgent thing in the month of July itself and COVID is there. The more important thing for them is to save the life, so I think the movement will not become as free as you feel that movement they say lockdown is opened, somebody will come and buy the house, so it will take some time but in my opinion if the things as they are going in the month of August and all, the activity picks up and then you have a busy season, the festivals coming, at that point of time people take decision. We plan that we will try to reach to a disbursement and sanction target of disbursement definitely more and disbursement at the target of 2000 crores by September-October, but it will all depend on COVID situation. Now coming to capital raise plan, I mentioned I think you missed on my response. If I go by the preferential allotment route, you would have heard PNB had mentioned that they will retain their stake at 26% and they won't let it fall below 26%, but if I go with the preferential allotment PNB not being there, headroom is not available, at one point of time my market cap was 2600 crore only, so I would have got only around 700 crores if I would have gone with the preferential route allotment. So that was not the right time. Depending on market condition, we have taken a call that this valuation is not suitable at this point of time and looking at macroeconomic condition it is not a better time to go either through QIP or through preferential route. So, the only option which we feel at this time is the best suitable option is the rights issue. So that is how we are planning and discussing with the stakeholders for a rights issue.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Ms. Deepika Gupta Padhi for closing comments.

Deepika Gupta Padhi: Thank you everyone for joining us on the call. If you have any questions unanswered, please feel free to get in touch with Investor Relations. The transcript of this call will be uploaded on our website that is www.pnbhousing.com. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of PNB Housing Finance that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.