



## “Bandhan Bank Limited Q4 FY20 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day. And welcome to the Bandhan Bank Limited Q4 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 would now like to hand the conference over to Mr. Hiren Shah. Thank you and over to you sir.

**Hiren Shah:** Thank you, Janise. Good evening, everyone. And thanks for joining this conference call. We are glad to welcome you all to discuss Bandhan Bank's business and financial performance for the quarter ending March 2020. Along with that, we will also take the opportunity to update on the recent development in the industry as well as Bandhan Bank.

To discuss all these in details, I have got with me our Founder, Managing Director and CEO, Mr. Chandra Shekhar Ghosh; our Executive Director (Designate), Mr. Sudhin Choksey; our Chief Financial Officer, Mr. Sunil Samdani; and myself Hiren Shah, Head of Investor Relations. Now, I would like to request our Founder, MD & CEO, Mr. Chandra Shekhar Ghosh to brief you all about the financial performance of the company and developments during the quarter. Over to you sir.

**Chandra Shekhar Ghosh:** Thank you, Hiren. So, welcome to all of you. This is the Bandhan Bank's fifth financial year result, and since the five years we are running this bank, that closing of the year is very very challenging period. And all of you know that. In the last 10 days of March we have not been in the business, and that our disbursement collections have not happened. After that also in this situation bank performance even the strong growth has come. The bank's growth has come year-on-year 54.96%, which is the profit that has been done in the bank Rs. 3,024 crores. And at this time, also this quarter we have additionally provisioned Rs. 690 crores on the basis of standard asset against the potential impact on COVID-19. And so that otherwise this is profit would have been Rs. 3,408 crores. So, now, we say that after taking this provision, the profit has come Rs. 3,024 crores, which is year-over-year basis 54.96%. And last quarter profit has come Rs. 517 crores, but if we will not consider in that the Rs. 690 crores as provision extra, so our profit in this quarter will be Rs. 902 crores.

So, coming to the advance. Advance we have been seeing that our growth has come 60.46% and the portfolio is at Rs. 71,846 crores compared to the last financial year, that consists of growth. If we come to the deposit, we have a very strong deposit base of the bank. And we are seen that the deposit growth has come to 32.04% and the deposits - total amount is Rs. 57,082 crores. And the micro banking deposit is 6% nearly, and very strong is our retail deposit 78.4% and our retail deposit has been grown, eastern region 32% but non east 51% growth has come of the deposit. And gross NPAs are 1.48% and as on March 31, 2020, and net NPA 0.58%. If you see the gross NPA from the last quarter, last quarter it was 1.93%, has come down 1.48%, net NPA from 0.81% in the last quarter it has come 0.58%

**Moderator:** Sir, we lost your audio for a minute. Could you please repeat yourself?

**Chandra Shekhar Ghosh:** Okay. I said that the deposits growth has come 32.04% which is the amount wise Rs. 57,082 crores is the deposit. Out of this deposit, very strong in the bank is the retail deposit at 78.4%, and eastern region deposit growth has come 32% but a non-East zone deposit has come 51%. And this is the deposit is a very strong whatever the balance today, it is higher than the March balance. And coming to the gross NPA of 1.48%, which was in the last quarter 1.93%, it has been reduced. And the net NPA has come 0.58% from the last quarter 0.81%. It is also reduced. ROA 3.64%. If we are not accounting Rs. 690 crores additional provision, it will be near to the last time, which is 4.11%. ROE 21.07% and the bank has an extraordinarily strong capital adequacy ratio of 28.04%. And out of that, our Tier 1 out of that is 25.78%. Cost to income ratio has come down from the last year, it was 32.58%, now it is 30.82%. Even it is down from that last quarter also. And net interest income grows by 33.57% -to Rs. 6,224 crores and non-net interest income, that has also come Rs. 1,549 crores for the year. And fee income out of total income 12.46% which was the last year 11.54%. Our NIM, which is the same from the last quarter, last quarter it was 7.91%, now it will come to 8.12%.

CASA 36.84% and our banking outlet -4,559 banking outlet, 485 ATMs, and the customers are 20.10 million, and employee 39,750. So, these are the total figure whatever I say that we achieved on that. I give the thank you to all of you and thank you my team and the Board for all of their help to help us to perform on this much of the business. We are trying to do in the future that is the more diversified of the loan book. And more secured book we would like to continue like affordable housing and geographically expansion also we would like to continue across the country. So, thank you to all of you. If you have a questions, I would -like to take that opportunity. Please.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Prashant Poddar from ADIA. Please go ahead.

**Prashant Poddar:** A lot of details in the presentation, thank you for that too. Sir, if you can help us understand what is happening separately in green, orange or red zones in terms of business activity as to what is happening, what is not happening, how are customers responding? If you could also help us understand percentage of your customers who are actually seeing a sizable impact on their business? We see resilient low impact in marginal impact, but these are subjective, these are views. In reality, what percentage of customers are able to do business and collect some revenues and what percentage of customers are really impacted enough to kind of not be able to pay for some time? And is there a certain percentage of customers you can tell us which will not be able to be back in business and could be a permanent loss for you? And based on this, any assessment of credit cost range for the full year?

**Chandra Shekhar Ghosh:** Okay. Thank you for this question. It is a very tough time of the year and whatever we are not going to predict on the basis of history anything. But one or two points which I learned from my field, when we are contacted the customer, 95% to 97% customers we have been conducted in the regular basis. And a couple of customers I talked and my senior team member also talked on that, what is their views and the overall perspective at that? They are not able to come out from

their home. That means the lockdown, they say that until the lockdown is not open and you are not able to come and we also not maybe come to your office, so that is a big challenge for all of us on that. But their feedback of that is that lockdown will be open, there will be another four to six weeks needed to normalize. And they say that they will repay and normalizing it if you can give four to six weeks' time to us. I feel that maybe another four weeks can be added but this depends on that when the lockdown opens, and people will start coming.

Second point I find out on that, that my 50% of the customer are in bulk of this agri alike, which is the agriculture crop has come very good, their income is coming good. But they are also ready to come to the office to repay on that. So that is the one side you see that and depends on lockdown. And food and food processing, we have another 20%. 70% of the customers have the essential goods business. So, that these people, their business some of them, many of them are business is running and they have not lost their money. So, that decision, this is one advantage I feel that we are like find, and it will be immediately start and they are starting to this the repayment on that. So, these are the overall. But these people, another thing I have been trying to find out, these people are very high risk takers, because when they are seeing, they have been seeing some of the business is a little bit disturbed, they will change the business other way. If I see that the Toto (Auto), people have not been able to move from one area to another area, toto income has been closed, but they are using this toto to sell the vegetables from door to door. That is to say, these people are very keen about it and they utilize money, and not lost their money. The previous experience I also seen that. So I hope that after the lockdown opens, they return back to their business and coming forward to repay their outstanding.

**Prashant Poddar:**

So Mr. Ghosh, just a kind of a bit of a macro question, but, I mean, there are questions being raised about the whole business model wherein the lowest denominator will see the highest impact in this kind of economic environment, and we haven't seen a lot of support yet coming from the government. In absence of that, is there a likelihood of very high impact on asset quality in the medium-term?

**Chandra Shekhar Ghosh:**

If you see that the asset quality, that means our asset quality depends on my customers' asset quality. So if we see that the asset quality of the customer lost, if it is a natural calamity has come, flood, we have seen that in Fani, in different way we have been seeing that. So that time they lost their asset, they lost their money, they lost their house. And that time also if you resent one of the incident in Fani in Orissa, we saw that. And that's why we have lost 1% of the other business book on the portfolio. So, though it is rest of industry have been lost in the 6.5% as per credit bureau data. So I say that in this time they have not lost their shop, not lost their house, not lost their business. See, that is the thing, they are not getting the business running. So that is the challenge on this time. This time is a better, earlier whatever that we say that the macro and other things on that. And these people will get very quick revival once they able to restart as far as their business goes, so it will be like to open the lockdown immediately people started to move back. So there their toto, their auto and their shop, everything will be very picked up quick on that. So that is the one hope we find out in this segment.

**Prashant Poddar:** Okay. Sir, one last question, sorry, which is about, we are hearing from a bank also which operates in microfinance that there has been instances and measurable instances of politicians interfering in the whole cycle. I mean, wherein they are asking customers that they don't need to pay, etc. Would you see that as any risk in any parts of the regions that you operate in?

**Chandra Shekhar Ghosh:** No, this is a good time now, all the people who are in the administration, government and political opposition, everyone tried to help to the public.

**Moderator:** Thank you. We take the next question from the line of Karthik Chellappa from Buena Vista Fund. Please go ahead.

**Karthik Chellappa:** Sir, my first question is, could you please share the thought process behind arriving at this Rs. 690 crores of standard provisioning? Is it a blanket provisioning which you have made on your loans or have you identified a certain stock of loans which you feel risky and taken a higher provision on that?

**Sunil Samdani:** So Karthik, the situation that we are in is very unique, but we still have to do an assessment of risk. So we have done our assessment of risk based on two, three factors. One is the industry in which these customers are doing business, how that industry is faring. So that's one way we looked at, accordingly we estimated the loss rates into those industries. The other way we looked at is our prior experience of handling challenges, because you can't get a similar comparison. But broadly, you can find a comparison where the business ability of the customer gets impacted due to natural calamity. So we have looked at last five large challenges that we have faced in the industry, namely GST, demonetization, UP farm loan waiver, Fani Cyclone in Orissa and the Assam crisis that we had. If you break these five events, challenges, broadly three of them are something where the ability issue or the business had got impacted, whether it's Cyclone Fani, or it is GST or demonetization. So what we have seen, consistently there are two messages here. One is that we have consistently performed better than industry, across all kinds of challenges, across all geographies, not only in our core areas. Further whenever the challenges have the ability issue, where the business gets impacted, the losses are relatively less,. There we have seen the loss rates have been in the range of 0.5% to 1.5% incremental. But when the issue comes to the willingness issue or the credit culture issue, where we look at the UP farm loan waiver or the Assam crisis, where the businesses were running normal, but the customers were instigated not to pay, there we have seen a relatively higher loss rates of about 3% to 4%. We believe this current issue is the ability issue, it's a pandemic, so once the lockdown is lifted and the situation improves, these customers will bounce back quickly. And accordingly, we have conservatively taken a provision looking at both micro banking, affordable housing and MSME portfolio.

**Karthik Chellappa:** So, this Rs. 6.9 billion, is this like a provision that you have taken just for the quarter so next quarter you will again assess or do you think this is reasonably sufficient until the time the lockdown is actually lifted?

**Sunil Samdani:** See, we have taken Rs. 6.9 billion this quarter, in addition to that we have Rs. 3.1 billion already as an additional standard asset provision that we carry in our books. So both put together is about Rs. 10 billion. And the way we assess risk today, assuming that the economy and the country starts opening up in next 15 to 20 days, we believe this provision that we are carrying, based on our assessment, of course, we will have to keep evaluating as the days go by. But currently, it looks like this is the provision.

**Karthik Chellappa:** Got it. Because another way I thought about this is, in your disclosure of the marginal impact of loans worth about Rs. 2,700-odd crores, the general provisions that you have taken of Rs. 690 crores effectively works out to a 25% provision. So is that one way also that you can look at it, that you have identified the most vulnerable segments, out of that you have taken a quarter of them as basically a standard provision, for the time being?

**Sunil Samdani:** See, it's a combination of all, we can't just say that this is the most vulnerable section and hence 25%, because these businesses in rural area won't get impacted so much, because there we have not seen the COVID impact so much. And if you look at our distribution, about 81% of distribution is in the area which has contributed only 5% of the COVID cases for the country. So it's a mix of both where the businesses are of our customers and the industry in which they are operating in.

**Karthik Chellappa:** Got it. Sir one more question on the non-micro part, so if I just look at the moratorium availed across mortgages, SME, the highest is supposedly the NBFC MFI segment, which is about 59%. How should we read this? Because there is also a commentary which is saying that you have enough deposits in your account, which equals to the first quarter instalments. So if I club this together, how would you assess the risk of this portfolio?

**Sunil Samdani:** See, for NBFC MFI, it is very natural to ask for moratorium because they have in-turn given moratorium to their customers, because the microfinance require those type of collection. So this was very natural for them to offer. So what we have seen in the cases where we have given loan to NBFC MFI, their liquidity position currently is fairly stable, but they want to preserve cash till the time they start the collections. So that's why if you see their deposits with us are almost four to five months of instalments that they need to pay to us. But they still have asked for moratorium. So they want to preserve cash, because they have in-turn given moratorium to their customers. So that's how we should read it.

**Karthik Chellappa:** Got it. And just one clarification, in the marginal impact sector, there is one sector which is basically called other transportation, which is basically the third largest component of the micro loans. What exactly would those sectors pertain to?

**Sunil Samdani:** This would largely pertain to auto rickshaw and the taxi.

**Karthik Chellappa:** Okay. And this mix would by and large be similar to micro loan mix, I mean, like 60% would still be West Bengal, Assam, 40% would be non these two states?

**Sunil Samdani:** Yes.

**Karthik Chellappa:** Thank you very much, sir. I will come back in queue for more questions, if any. Wish you and team a very good health and all the very best.

**Sunil Samdani:** Thank you.

**Moderator:** Thank you. Next question is from the line of Deepak Gupta from Reliance Nippon Life. Please go ahead.

**Deepak Gupta:** If you could just give us some details in terms of your total AUM, how much of it will be arising from the areas where lockdown has been lifted, basically from green and orange zone? And how much would it be from the red zone?

**Chandra Shekhar Ghosh:** 43% is in the green zone and another 33% is in the amber zone, and about 24% in the red zone.

**Deepak Gupta:** Understand. And sir, if you could give us details of your par less than 30 days, how is that number looking like presently?

**Sunil Samdani:** Yes. So between all the three verticals, micro housing and SME, about 3% of our book is zero plus.

**Deepak Gupta:** Okay. And 30 plus would be how much?

**Sunil Samdani:** And 30 plus is 2.2%.

**Deepak Gupta:** Okay. Got it. And just one last question on your balance sheet, your loan deposit ratio has been locking at quite heavily at about 120% to 130%, any thought processes in terms of at what levels will this sustain at?

**Sunil Samdani:** See, if you look at our CD ratio or the loan-to-deposit ratio, this has gone up largely because of the merger. Otherwise, before merger our entire liability was deposits, we didn't had any borrowings. And particularly this quarter is higher because of the excess liquidity that we are maintaining.

**Deepak Gupta:** Understand. So, do you foresee this CD ratio coming down in the next few quarters?

**Sunil Samdani:** Yes.

**Moderator:** Thank you. We take the next question from the line of Bhavik Dave from Nippon Mutual Fund. Please go ahead.

**Bhavik Dave:** I hope you are doing well. I just wanted to understand, sir, on your business front, specifically post the things normalize and the lockdown opens up, wanted to understand how do we intend

to run the microfinance business? Will there be any changes that we are looking at in the ways we do the business, or will it come back to normalcy within a short period of time whenever things normalize in the geography? It is a very high touch and feel business, how does the business change from a longer term perspective?

**Chandra Shekhar Ghosh:** So, what we saw that our 81% are microcredit advance from the east and northeast. This has seen the 5% effect of the COVID-19 cases. And 62% of our banking unit, which is microcredit office is concentrated in east and northeast where it is 5% only the COVID cases on that. In that sense, the largest number of our microcredit portfolio has seen very small amount of COVID affect. Only 0.2% is there, that is in some area of green, yellow and red. On that basis this is in one side. Next point you find out that 95% to 97% customer we have conducted during the time of lockdown, we are continuously conducted on that. And we find out from the feedback from the customer business point of view, so they are saying that they have after opening the lockdown they are asking up to four to six weeks for their side to normalize the installment. And I have been a little bit agree with it, I feel that maybe in another four weeks I can react. So because of these people, the basic good seller and dependent on local supply chain, agri and agri allied is 50%, food and food processing is 20%. For that reason I feel that they are needing these type of customers with the commitment. When they commit they must return back on that. So for that reason the business is also good, book wise and under the essential goods. And they are saying that they will take another four to six weeks to normalize. I also think that maybe another four weeks more. So this is my position on this.

**Bhavik Dave:** Sure. And based on the green and red zone that we spoke about, there is a report by the Ministry of Health where three, four districts that we have a reasonable presence, the 24th North Parganas, 24 South Parganas, Medinipur all these districts are classified under the red zone and where we have reasonable amount of business. So whether it's happening or what is update on these three, four district?

**Chandra Shekhar Ghosh:** If you see, Bengal specific you are asking?

**Bhavesh Dave:** Yes, Bengal specific. So the four districts which we have reasonable presence are marked as red zones.

**Chandra Shekhar Ghosh:** Okay. So again if you go to that zone, that is red and yellow zone. You can again divide the containment area. So if you say that the Kolkata containment area is very strong, the number is more. If you go to the Hooghly, it is not that much, but they have restricted some of the pockets in the containment area, and people can walk within that district in other areas. Same is the North 24 Parganas, South 24 Parganas. In that sense, I say that very concentrated of the containment area in Kolkata, which is not that much of the business. So, other districts are surrounding, all our four districts is surrounding of Calcutta, and pocket is very much small number.

**Bhavik Dave:** Sure. And last question is, on a disbursement front, as and when the lockdown opens and we rightly said that there will be four to six weeks to come back to normalcy, will we support them disbursing top-up loans to the existing customers for them to normalize their business activity?

**Chandra Shekhar Ghosh:** If you see, I am coming to the other point of that, if you can understand. Till now it is in red zone. What happened is that the March, the last 10 days we have not collected, not disbursed. All this suddenly happened, but so now in the last 15 days we have started the office, very closely observe their business, accordingly we little bit started the disbursement of that. So this is one side. Other side on that, we are till now not sure about that the people will be, these two, three months people have finished all of their capital. No, these people are very, very much conservative and very good the way they are in behaving with their cash. For that reason I am not feeling that they are, because you see that we had about 640 people survey, this is just to the COVID across the six states, including the Bengal, Bihar, Delhi micro market. And find out on that that their average monthly income is Rs. 40,500 per month. So this type of customer, if you see that my 52% of the customer more than 4 cycle means 4 and above cycle and this type of people is a multiple business, 2.3 times they have diversified the business. So, to assume that these people within a two month payment they had been lost every day capital, it's not like that. So that is the another one. But if we ask on that, that yes they had some liquidity there, because the business opportunities also come more, because at that time everything is a business point of view, people and everything have been finished as a consumer of their goods, what is the home, or very conservatively they are purchasing the goods. Each at that point they need further liquidity support for growing their business more. We will like to check their liquidity, their capacity, accordingly they can be provided on that.

**Moderator:** Thank you. We take the next question from the line of Sameer Bhise from JM Financial. Please go ahead.

**Sameer Bhise:** Sir, quickly, moderate the breakup of CA and SA deposits.

**Chandra Shekhar Ghosh:** If you see that the CA and SA, SA is 31.06%, CA is 5.78%, out of total CASA is 36.82%.

**Sameer Bhise:** And how would deposits have behaved post-March in your view? If you could provide some details on that.

**Sunil Samdani:** Sameer, if you see our presentation, we have given the position till 30th April. And so our deposits have been steadily growing. So, from March to April our deposits have grown at 2% plus, and in May as we speak, it has further grown by another 1.5% to 2%.

**Sameer Bhise:** And I just wanted to understand from a approach perspective, when we say that almost 78% of the loan portfolio is under green zone, as of today or other say if lockdown is lifted after May 17th, you can immediately start collections, right?

- Sunil Samdani:** No, we are not saying that 88% of our portfolio is in green zone. What we are saying here is that our customers are in industry / business about 80% which are not impacted by lockdown. In terms of red green, green, amber bifurcation, as Mr. Ghosh explained, close to 76% of our portfolio is between green and amber.
- Sameer Bhise:** And your operations are getting....
- Chandra Shekhar Ghosh:** I have been talking on that. This is the customer feedback I got from the telephonic conversation. So they are ready to come today also, because of the lockdown they cannot move, they are not getting any transport. And our people also cannot go to the field. When the people start to go to field, community people will not be easily accepted on that, why outside people will come to the office. So that will be the challenge on this part, not the customer point of view. Some customer is coming to office and giving very small amount, it is not in that way count. But to see that after lockdown opens, there is a need of some time to go to the village to collect on that money. And that is culturally whatever has been need to change, there is two, three weeks needed on that culturally for people also accept. So that is a subject to this type of something it will come up, then it will start the collection and it will be normal.
- Sunil Samdani:** And just to add, about 79% of our borrowers, those who have the current loan active running, they have an average balance of about Rs. 3,070 in their saving bank. So this is equal to four weeks of instalment. Does that answer your question?
- Sameer Bhise:** Okay, I will probably connect later. Just one final question. Just wanted to know what is the percentage of customers which are unique to Bandhan right now?
- Sunil Samdani:** See, unique to Bandhan is about 50%, Bandhan plus one more loan put together is 80%.
- Moderator:** Thank you. Next question is from the line of Arvind Ramakrishnan from HSBC Global Asset Management. Please go ahead.
- Arvind Ramakrishnan:** Mine is just more to follow-up to the previous one, just trying to understand the restriction on collection. Just to reconfirm, so the reasons the 100% micro moratorium is largely because you have not been physically been able to go and collect those loans. If for example, lockdown is extended further or especially in the red zones you are operating in the lockdown does go on for a bit longer, are there any other alternative methods or ways you have thought about collecting if you believe that ability of the customer is still there to pay?
- Sunil Samdani:** What we are seeing here is one way, at least in the green and the amber zone is, the customer can come to our branch till the things stabilize for a month or two, they can come to our branch and pay. We have also build up the technology enabled solutions were through UPI network they can pay, What is also important here is, these customers have cash, it is available in their saving bank balances. we are waiting them to restart their operations before we start collection.

**Arvind Ramakrishnan:** So just trying to understand, when you say restart operations versus your other point about having around 80% of exposure is in segments that are not affected, how does that correlate? So what percentage of your customers are actually, I guess, not working or have no sources of income during the lockdown period? So I am just trying to correlate between those two statements when you gave a figure of around 80% or unaffected by lockdown versus about a large percentage of your customers do not have any source of income in this period, does this tally.

**Chandra Shekhar Ghosh:** No, if you see there, I already mentioned some of the points on that. The customer business is essential goods. And this is a basic need of people. And they are agriculture and allied in 50%, and to them food and food processing is 20%; so 70% people have business which is people have need every time, consumers have need of these products everything. So they are not losing the business, what certain is they cannot come to the office to pay and we cannot reach to them to pay. So that has been one side challenge on that. So when the lockdown opens, and movement will start, that time it will be like easy for us and easy for them to keep this collection on. And next point is, I had also mentioned on that, and they are 36% of my borrowers, they are taking the loan to start other business. So they have the business, they have to start other business, this type of customer is 46%. So when these people have started other business, they need to have alternative income in their hand. So that is the best way to find out that not only the one business, there are more than two business in their hand. So that would be the repayment capacity or repayment not to depend on one source of income. Okay. Have you got my answer?

**Arvind Ramakrishnan:** So my understanding is that it's largely the restriction on movement is the reason for the monitoring in micros rather than necessarily ability to pay.

**Sumil Samdani:** Yes.

**Moderator:** Thank you. We take the next question from the line of Nitin Agarwal from Motilal Oswal. Please go ahead.

**Nitin Agarwal:** Sir, I have a question on affordable housing portfolio. The proportion of moratorium availed there has been quite low, like 87% customers have paid their dues. So what is the mix between salaried and self-employed amongst those who have paid their dues? And are you seeing any instances of job losses or salaries not credited there? And any color on loss if you can share, because we like tend to get very divergent views on SMEs and MSMEs and such like borrowers at this level.

**Chandra Shekhar Ghosh:** Mr. Choksey?

**Sudhin Choksey:** See, as you know, we have most of the customers' mandate of direct payment from their bank account to our bank accounts. So obviously, some of the payments have already come into our bank accounts, and therefore based on that proportion you can see that almost 87% of the April instalments was received or credited in our account. As more and more awareness is being done,

the customers have been asking for the moratorium benefit, few of the customers have also been asking to refund the payment which directly got credited because of the standing instruction to their bank account. So I think it goes up, even as of today also we see some of the customers asking for the monitoring benefit. So, I think we will have to see by the end of month of May exactly how many customers are asking for the moratorium, so that figure will change in course of time.

**Nitin Agarwal:** Okay. So, any color that you would like to share on what sort of loss rates or benefits you can see in this portfolio? And of the 87% wherein we have got the ECS debited, so what is a mix of salaried and self-employed?

**Sudhin Choksey:** Save on my book today I do not have the breakup, specifically in respect of this 87%. However, the composition of our loan assets between the formal sector and the informal sector is approximately around 45% is a formal sector and the right people, and around 35% is approximately around self-employed people in our total loan assets.

**Moderator:** Thank you. We take the next question from the line on a Nishant Shah from Macquarie. Please go ahead.

**Nishant Shah:** Could you maybe clarify if in all the green zones where you have about 80% of your AUM, have collections started?

**Chandra Shekhar Ghosh:** Though it is in green zone, my staff can't be moved to that villages, because socially people feel that outside people if you enter to the village, they may be like to carry something on that. So because of that reason it is not very easy to do that until the villages are not coming forward to accept on that. For that reason we have not yet started in that way to go to the village. But some of the very nearby area people know that my office is there, so we are now reaching to them also, very small but not in a percentage wise you can say that. But some customers are coming to the office, so they also started to repay, but if they are able to move. But movement until it will not be open, though it is in green, but the movement is not yet open on that.

**Nishant Shah:** Okay, perfect, that answers it well. Secondly, you have classified the entirety of affordable housing under the resilient category in one of the slides in your PPT. Could you perhaps maybe or maybe Choksey sir could probably talk, what the underlying economic activity is for most of those borrowers over there? You have mentioned about 45% like in the formal sector and the remaining are informal. Could you probably like also comment over there as well, because there is a lot of like job losses in the informal and both in the formal segment in the low income categories. So, is it really worth? Or does it really make sense to call all of that affordable housing as resilient? Do you think that there will be some issues in that book? That's the second question.

**Sudhin Choksey:** Let me answer the question both combined, hope it meets with your satisfaction. If you will look at it, our average ticket loan on experimental basis is around Rs. 9 lakhs, Rs. 9.5 lakhs. So the cost of the average property would be around Rs. 14 lakhs to Rs. 15 lakhs. On outstanding loan

basis it would be around Rs. 8 lakh, Rs. 8.6 lakhs out average loan. So, we feel most of our customer pay, almost 80% to 85% of the customers have income less than Rs. 50,000, last would be less than or around Rs. 35,000. Even though it is salaried people or even if they are in a self-employed or they are small business enterprises, whatever they would be having. So under self-employed, obviously, once the lockdown opens, we will come to know as to what exactly is happening with their activity if their business is affected or not affected. Some of the businesses obviously will be affected and there can be stress because of the almost two months' lockdown situation. As far as the salaried people are concerned, maybe some of the people who are employed with some of the businesses which were locked up and they were not into the part of the essential services, their salaries also could come under the stress or reduction. I think that things will get more clearer once the lockdown gets lifted, people have a chance to meet the borrower and understand each of the scenario. I think we will get a more clearer picture then.

**Nishant Shah:**

Fair enough, that's a very clear answer. And one last question on NBFC, your loans to NBFC. So for our own microfinance book, we have like these higher vintages, we have some bit of deposits collected, and we are a deposit funded bank. So then do we have the same kind of comfort for some of these NBFC as well because they may not be able to collect any deposits, they may not necessarily have access to kind of liquidity. Sure we have given them some bit of moratorium, but have their other lenders also giving them kind of moratoriums? What percentage of their overall borrowings come from Bandhan itself, so like how substantial is that moratorium going to be? Like, how would you think about some of those questions? And like, also about the deposits that they have maintained, do we have a lien on those deposits? Or are these NBFCs free to withdraw those deposits for their own operating expenses? So that's a question on NBFCs.

**Sunil Samdani:**

So, we don't have a lien on the NBFCs, these deposits technically are free as to be withdrawn. But to your point, clearly, the way we look at this business, if they have provided moratorium to their customers, it is very logical that they seek moratorium and we provide. We derive comfort from the relationship we had, the behavior of these customers, the loan portfolio till date, and we also have a ground level of comfort of this business. Our estimate is that microfinance is one business which should come back strongly. It will be the first industry to come back to normalcy, they don't have an issue of migrant labour, that till the labour comes, the factory cannot start. They don't have the issue of overheads running without production. And they don't need to seek permission to start their operations once the lockdown is lifted. And they are in the essential activities, so our belief is this business, microfinance business will be the first one to come back to normalcy. And given the fact that RBI and government is working on the packages for NBFC and NBFC MFI, we think they should stabilize over a period of time.

**Moderator:**

Thank you. We take the next question from the line of Mayank Bukrediwala from Franklin Templeton. Please go ahead.

**Mayank Bukrediwala:**

A data question, something that you have mentioned in the past also, but only if you could repeat it. Could you just give me a sense of your MFI customer breakdown in terms of how many of

them are below one to five loan cycles, how many of them are between five to 10, and how many are more than 10 cycles?

**Sunil Samdani:** So only loan from Bandhan is about 50%, Bandhan plus one loan takes that number to 80%. Bandhan plus two loans takes that number to 94%.

**Mayank Bukrediwala:** I get that. I was asking from a different perspective. So if you could give me a sense on how many of your customers would be on the fifth loan cycle with you?

**Sunil Samdani:** Okay. So 54% of our customers are fourth cycle and above.

**Mayank Bukrediwala:** Okay, got it. Just one more question. While the lockdown is getting lifted in different parts, there could still be some sort of constraint directly put by the government on group aggregation or letting a large group of people come together in one place. So, to that extent, if that problem persists for longer, how can the business adapt over a period of time to circumvent that particular issue? As in, how would you start conducting the group meetings and dispersing or collecting say one, two months from now? Because possibly even group aggregation at that point might not be allowed.

**Sunil Samdani:** What we are doing now, since almost 96% of our offices are open, we are connecting with the customer, and understanding as to whenever we start the collections, what is the best way they want us to operate these collections. So broadly there are three ways to do it. One is that instead of 25 member group, we break it into a group of seven to eight people. Instead of a one hour group meeting, at least for next three to six months, it remains a 20 minute group meeting where only connection happens. That's one way to look at. The other ways is that group members within themselves deposit their money at one place and our staff goes and collects the money from that place. The third option is, they come to our branch and pay, or they pay it through UPI or Google Pay as the case may be. So we are connecting with all the customers and the group to understand which model will suit them and what are they comfortable with. So that is the activity that is currently going on for the last three weeks ever since we have started our office, but not the collection in full form. And we believe that it can't be a straight approach across all groups. The important thing is what groups are comfortable with that will help them also and us also to restart the collections effectively.

**Moderator:** Thank you. We take the next question from the line of Prakhar Sharma from Jefferies. Please go ahead.

**Prakhar Sharma:** Just had two questions. One, from a migration standpoint, you did clarify that you don't have migration risk per se. But do you think there are select segment of customers who are ladies, but their husbands might be contractual labour or self-employed people in smaller towns and they might have got affected. So if basically the family income gets affected, do you think there can be an implication on how they look at the debt servicing? Any subjective comments will be very helpful. Thank you.

**Chandra Shekhar Ghosh:** So there is two sides to that. So, whatever we are lending on that, we are lending on the existing business, not in the new business who are labourers, not like that. And, of course, the last time when we were in 2008-2009, when the real estate business had stopped and many of the labourers returned back, at that time also we saw that no impact has come. But some of the family members, of course, they may be the husband in another states going for seasonal work, maybe the harvesting the paddy and that, so that is happen in our customer, because they there are opportunities, they find out on that that labour cost or labour wage is very high, so they will get that some advantage, they will not like to do the shuffling, in that time they are going to deliver on that. So, this is happening of that. But our advantage is more on that they have existing business which is running by wife, and extremely we find out some cases where husband returned back and after that they have not returned back again to be labour or wage earner in other states, they are continuing their business with wife and extend this business in a bigger way. So, that is we find out from the earlier experience of that.

**Prakhar Sharma:** Thank you. And second question, sir, would you be able to share what percentage of customers for form whom you would have doubled, let's say, the loan limit in the last 12 months?

**Chandra Shekhar Ghosh:** Doubled means?

**Prakhar Sharma:** In a sense, the average ticket size, in the sense somebody who was taking, let's say, a Rs. 50,000 loan as a member of a group, but in the last 12 months they would have moved up to Rs. 1 lakh of loan limit, is that a large number where there could have been a substantial increase in the ticket size of individual customers? Or it's a fairly small portion of your customers where that large increase in loan book or loan values could have happened?

**Chandra Shekhar Ghosh:** If you see that our borrower customer who are the borrower Bandhan Bank, so our advantage is that their age group in Bandhan is a very much high, four years and above, four cycles and above up to 20 cycles of the loan of the borrower is in 52%. And there is a single loan borrower has increased to 1% single loan only from Bandhan, these people also very high. And another type of borrower which are 31% borrower have the other loan along with Bandhan which is the amount is a 25% to 30%. And Bandhan has only single loan we are providing, in that sense our loan size is a little bit different from others. So, in that sense if you see, last year it was 60,000 this year has come to about 63,000.

**Sumil Samdani:** Prakhar, in fact, on the outstanding basis our loan book has remained flat, it has not grown. That is one reason why our growth this year has tapered. On a disbursement basis 60K has become 62K+. So to answer your question, I don't think there would be a customer where we would have doubled the loan cycle in one year.

**Moderator:** Thank you. We take the next question from the line of MB Mahesh from Kotak Securities. Please go ahead.

**MB Mahesh:** Just three questions from my side. One is on the question that you had asked, you had given an indication earlier on the fact that there could be a potential increase in disbursements. Is it possible that you would start disclosing some of this data as to how much of customers have asked for an increase over the next one or two quarters? So this will help us to understand how you are kind of looking at a portfolio. And this questions also pertains at an industry level as well, because when we speak to most MFIs, they seem to be indicating that there is a fair amount of capital which has been used for consumption in the last one and a half months. So, you need to rebuild their capital to restart their business. So, just wanted to understand would we get some colour on this, one. Also, on the corresponding situation if you can give an update on the Assam portfolio for the MFI business. This is question number one.

A question to Mr. Sudhin Choksey, if you could just tell us, off your salaried segment, how stable is their job profile historically? And if you could also tell us, do they also leverage themselves outside of housing loan? Thanks.

**Chandra Shekhar Ghosh:** I have given one, two point on that, the first question on how to say that, there is a loss of the capital. These people have been not yet lost it because the some of the cause is, if you see, the specific if it is in Bengal if you see, every people have got the free ration, the 20 kg of rice they got free on that. So, that is a big advantage on that. And many of them, the central government has given the Rs. 500 per month. So, many of the sources money is coming. So, that is the one side and many people are providing the 15 days foods, someone gave them Rs. 1,000 per family, and others they are very much cautious their business is running, and then they are also getting this advantage. After all I have not seen that the large number of customers have lost their capital. So, that is the one side. But of course the business growth will come, maybe they have made that further capital liquidity, then it will be like bank will decide, we are ready to give it if cash flow is good and their business is running good. And I hope that this is a big opportunity which is coming on that.

And the next point on Assam, the situation up to the March if you see that, there is a portion efficiency has increased and it is the total collection efficiency of the bank has come in the March at 98.5%. And other than Assam it is 99%, and Assam it has come to 93.6%. So, that is the point on that.

**MB Mahesh:** Sir, just one questions on this. Have you got some clarification from the local government that they are unlikely to interfere?

**Chandra Shekhar Ghosh:** They are not interfering; they are now asking the help to provide support to these people that is now very differently they are coming now.

**Sunil Samdani:** And just to add, Mahesh, the deposit balances of these micro banking customers, despite this close to seven weeks of lockdown, they have remained strong and stable. We have not seen depletion on the deposit balances of these customers. So this clearly says that their cash flow as of now is still safe.

**MB Mahesh:** See, the problem with that line of argument which makes it difficult for us sitting outside is that you are looking at average numbers, right? In this business where you are talking about the last design of business, which creates the bulk of the NPL issues, whether it is uniformly spread across the entire set of borrowers or is it kind of spread quite differently across different sets of customers? That's why it's hard to look at that one data point, when we are just looking at average numbers.

**Chandra Shekhar Ghosh:** Mahesh, if you keep in mind on that, the borrower is eminent, and even savings are not disclosed to the man. And they know that if it is like now, immediately they would like to give them back. They have very much good resolve on that. And some of the feedback has come from the customer and we call back, and they say that sir money is with you, don't worry about it. And our need on that, I can give that money also. So that confidence level has given to us.

**MB Mahesh:** The question on housing part.

**Sudhin Choksey:** Yes. See as far as our experience shows in respect of the formal sector of the customers whose source of income is salary, I think our experience over the last couple of years is, as you know, the stability has been pretty good and we have not experienced otherwise any adverse situation, except whenever the natural calamity has affected. And set of people or the migrant people, for example, just to share with you, at the time of the earthquake in 2001 we had workers who are working in the diamond processing at Surat and Vapi, and when earthquake took place, post-earthquake, they all had moved out and there was issues and it took a little while for them return back and service their loans. So, I think unless and until any situation happens in group phases, we have not seen otherwise any problem as regards the salaried people of the customers are concerned to their obligations. Now, this time the situation is uniquely different, we will have to really see. And I think this will be a new experience for us also as to how the salaried people, if they are getting affected, how they are getting affected, whether there are salary cuts, whether they are losing jobs, I think only after the dust settles down of this lockdown we will know.

**MB Mahesh:** And your borrowers would have only housing loan or are they also leveraged elsewhere?

**Sudhin Choksey:** No, they would have obviously, I mean, we can't have that, you know, I don't have a borrower who has not taken any other loan. Many of them will have a personal loan or a credit card, depends on that, because at the time of giving a loan we also take into account some of their other obligations, and then we accordingly give us a relatively a smaller loan if that can meet the requirement. So they all will have some kind of loans.

**MB Mahesh:** And one clarification, does the bank have a product like a top-up loan facility for customers where you can probably leverage the borrower, the revised LTV of the product?

**Chandra Shekhar Ghosh:** We have the product, but we have not yet started on that.

**Moderator:** Thank you. We take the next question from the line of Dhaval Gada from DSP Investment. Please go ahead.

**Dhaval Gada:** Sir, two questions, one was a clarification to an earlier response. Did I hear it correctly that 80% of your MFI portfolio is in the green zone, is that correct?

**Sunil Samdani:** No, what we are saying, in the slide what we are showing is that the 80% of the businesses in which our customers are involved or our borrowers are involved are such that they are resilient to COVID situation.

**Dhaval Gada:** Understood. And then if you were to just map this, our MFI portfolio to the government defined red, green and orange zone, how would that sort of pan out? Like, how much would be in the green zone?

**Sunil Samdani:** 43% is in the green zone and another 33% is in the amber zone, and about 23%, 24% in the red zone.

**Dhaval Gada:** This is a pan-India MFI portfolio?

**Sunil Samdani:** Pan-India.

**Dhaval Gada:** Okay, understood. And the second question was just in terms of, I mean, I think partly you answered this earlier, but just I know before COVID as well we were experimenting with this sort of mid-size loan, which is like Rs. 3 lakh plus kind of ticket size. So how are we now looking at that portfolio, sort of beyond Rs. 1.5 lakh, Rs. 3 lakh ticket kind of portfolio? And do we intend to grow that over the next couple of years? Just some thoughts around that.

**Chandra Shekhar Ghosh:** There is a good opportunities on that, there is two types which we have started in it. And you see that the opportunities is good. There are two ways, one is size is increasing, and other is the number of customer is increasing. Another type of that, some of the microcredit customer also who are longtime with us and they have the good business they are also sometimes shifting to SEL loan. And that will be like to future opportunity for the bank.

**Dhaval Gada:** Sir, if you want to guesstimate today, what percent of the MFI customer can migrate to this SPL kind of loans, if you were to sort of look at the opportunities from our existing pool?

**Chandra Shekhar Ghosh:** I cannot go on that way, but if I say that is out of my total Rs. 1 crore plus borrower in microcredit, and 7 lakh borrower we have who are in that 10 years and above. So, if it is the 10% of my total borrower who are 10 years and above, and they will shift to the individual MSME loan that is huge, not maybe the all but other people also who are more than four cycles and they are also in that 52% from that, and these should be people up to Rs. 2 lakhs, 25% of these people are going to be there. 10% also going on that to the 5%, this is huge number in the segment. We are going to be developing them to system, there are some of the other things should be

developed in their income tax return, their Trade license and everything will be like to GST, then it will be transferred. It is an opportunity bit, but it will take some time.

**Dhaval Gada:** So, currently you think 30% of the existing customers can migrate to this product, is that correct?

**Chandra Shekhar Ghosh:** Yes.

**Dhaval Gada:** I am saying more than 30% can migrate to this product, that's what the kind of opportunity is?

**Chandra Shekhar Ghosh:** Yes, better opportunity is there that can go. But the point is that not in a one year.

**Dhaval Gada:** Yes, understood. And just lastly in terms of this product as well, it will be unsecured, is that correct?

**Chandra Shekhar Ghosh:** Yes, you are correct.

**Moderator:** Thank you. We take the next question from the line of Kunal Shah from ICICI Securities. Please go ahead.

**Kunal Shah:** Sir, just to clarify, on this Assam portfolio on Rs. 690 odd crores of provisioning, there is no spillover of the provisioning from the last quarter with respect to our portfolio?

**Chandra Shekhar Ghosh:** Yes.

**Kunal Shah:** So, there is no spillover?

**Sunil Samdani:** We had taken Rs. 200 crores provision in the last quarter, specifically for Assam. Against that, if you see our presentation, at the end of it we had close to 3% NPA levels in Assam, which is what we had anticipated when we had taken that provision. So what we have done in March is we have written-off this pool of these close to Rs. 198 odd crores against the provision we had taken.

**Kunal Shah:** Okay. And secondly, in terms of the overall requirement, so as Mr. Ghosh has always been highlighting that the borrowers are risk takers, and increasingly we were seeing the rise in ticket size. But now this sudden disruption, do we see their risk appetite also coming off and at least maybe for the business requirement the way they have borrowed earlier, maybe that gets shaken a bit? Maybe in the interim, obviously, there will be some, I think given this kind of liquidity they will need the money, but otherwise do we see actually the overall demand itself coming up because of this disruption?

**Sunil Samdani:** Very difficult to say. There will surely be some impact on the demand, but largely if you see, the businesses these customers are in, these are livelihood businesses. So, from their end customers, point of view the demand will not be that elastic, they will not get so much of impact. And secondly, a lot of these customers, what was their alternative before microfinance started

giving loans? These were money lenders. So, there are two ways the demand is coming, one is by way of formalizing the economy, they are moving from moneylenders to a formal economy. And two is their own business, which is largely the livelihood business, where the demand won't change materially because of this situation.

**Kunal Shah:** Okay. And even with this next three to six months, we highlighted that we would be going ahead with maybe a very low number, say, in that group meeting or say even if taking deposits. So, maybe does it impact in terms of our disbursement ability as well, because maybe in terms of accessing the customer there then it becomes really difficult, okay maybe in terms of 20 minutes group meeting or whatever assessment the field staff does it, in fact that gets completely disrupted. So, would then maybe we also be tightening our center that this in the near term?

**Sumil Samdani:** In terms of growth, the way the model works, 90% of the borrowers for us are repeat borrowers. And on average these customers are with us for five to six years. So the understanding of these customers is relatively strong as far as Bandhan is concerned. The 10% of the business which comes from the new customers, which we add typically 18% to 20% of the new customers, that part of the business will slow down surely. Because, as you said, it takes time to understand the customer. So the business which comes from the newer customer will slow down for next six to nine months, till we are in a position to assess that customers. But for the existing customer, where 90% of our business comes, that I don't think should be a challenge, of course, subject to individual assessments.

**Kunal Shah:** Sure. And lastly in terms of expansion plan, given this entire situation, how would that be in terms of either adding on to the branches or maybe adding on to the employees going forward? Because I think this quarter, again, there was a decent addition. So is there any moderation out there in terms of the expansion plan?

**Chandra Shekhar Ghosh:** No, there is no moderation on that. But of course, you know that first year it will be because of the Corona it will be very conservative on that, see that how much will be the impact. And in the long run if you see the five years or three years, we have not seen that anything will be like to change as per our plan.

**Kunal Shah:** But there is no break in terms of adding any further branches or maybe adding on to the employees or something of that sort in the near-term, or is it there?

**Chandra Shekhar Ghosh:** So, we are not be able to give that now, but we will like to concentrate more on the more business in the existing branches compared to the open.

**Moderator:** Thank you. We take the next question from the line of Abhishek Morarka from IIFL. Please go ahead.

**Abhishek Morarka:** So a couple of questions, one, will it be possible to collect at all without giving fresh disbursements given some sort of disruption in the cash flow would have happened. And in that

respect, would you also look to increase loan limits for your customers in the next, let's say, three to six months? The second question is on HL and SME, for the 65% or the 87% of the cases which have not yet taken moratorium, what percentage of customers have paid partial EMI? So maybe they have not paid the entire EMI, but they might have paid partially, would you be able to share that number?

**Sunil Samdani:** Yes. So to your first question, we have designed a product for COVID-19 which is designed to keep in mind the additional fund requirements for our existing customers. So, clearly this is not a product which will be available for all, it will be based on the assessment and the track record of the customer. So, this will only be given to customers who never defaulted even for a single instalment without the special approval, which our field officers can give. And of course, subject to their assessment as to whether they feel the customer cash flow will be able to support it. So, there is a product which we have designed. But the only catch is, this loan will be available once they restart their business. So, we will not be giving this loan till the businesses restart. Once the lockdown is lifted, we see on the ground that the business has restarted, then yes this product will be offered.

**Abhishek Morarka:** And Sunil, what is the limit, let's say, what are the loan limits in this product?

**Chandra Shekhar Ghosh:** The product loan limit is depend on, but we see that the Rs. 5,000 to Rs. 15,000.

**Abhishek Morarka:** Okay. And considering that 90% of your customers are anyway repeat borrowers, most of them would probably be eligible for this product, is that correct to think?

**Sunil Samdani:** yes, most of them will be eligible. But again, the assessment for each of them will be required.

**Abhishek Morarka:** Okay. And in the HL and SME, the other part of the question?

**Sunil Samdani:** So your question on the home loan side was, what proportion of these 87% payments that we have received are received full or partial?

**Abhishek Morarka:** Yes. So, if you can break it up into what percentage you have given full and what has given partial?

**Sunil Samdani:** I don't have that number readily available with me. But to the best of my knowledge, 96%, 97% of these customers would have paid full installments. But I will still confirm that separately with you

**Abhishek Morarka:** Sure. And even any breakup you can share for the mortgage book, any further breakup into affordable housing, LAP, anything?

**Sunil Samdani:** what kind of break up would you require?

**Abhishek Morarka:** So the 18,500 if you could break up into LAP and affordable housing.

**Sudhin Choksey:** I think the LAP would be around sub-9%. And developer portfolio would be sub-4%, Rest all would be housing.

**Moderator:** Thank you. We take the next question from the line of Jay Mundra from B&K Securities. Please go ahead.

**Jay Mundra:** Most of the questions have been answered. Just a clarification and a small question. One, in one of the previous discussions, you mentioned that in the green zone, you have still have not been able to start collection. Is that correct?

**Chandra Shekhar Ghosh:** Yes, correct.

**Jay Mundra:** Because the commentary from some of the other MFI players suggest that they have started the collection and the business in the select green zone. So, just wanted to double check that.

**Chandra Shekhar Ghosh:** So what has happened, and what we feel about it, collection agent cannot reach to the village and the customer cannot come to the office, that is one situation. Some situations where customer is very nearby office, they are coming and paying their installment. And they started to see that how it can be go to reach some of the growth areas with social people are accepted easily or they have created barrier. There is a need of some time on that until lockdown opens. And also, these people, except our staff will go, that village they have not given that start. So, that is that situation now. So that is some of the few areas maybe they're trying to go, but it is very small, not even a mentionable amount.

**Jay Mundra:** Sure. And second question is just on pricing. So, let's say, if next year that disbursement, let's say, hypothetically are lower than the efficiency in terms of, you are more conscious. So do you think there is a scope for increasing prices on the MFI book?

**Chandra Shekhar Ghosh:** It will depend on a lot of things on that. So this is not the right time of this month to say on that. Many things can be like to decide, which they give the chance on that with a couple of more days where the lockdown will be open and situation will come, on the basis of that. Because if lockdown will be open this month is one situation, if it is in June there is a different situation, if it is in July I can fully run the operation, may be the scenario differs. So, that is a long time it will be like to take that decision but must not feel that it will be across the financial year with a low growth rate.

**Moderator:** Thank you. We take the next question from the line of Akash Batani from HDFC Securities. Please go ahead.

**Akash Batani:** My first question is on the portion of your loans to NBFCs, where you have not granted a moratorium. So, what would be the reason, I mean, either these NBFCs have not approached you or you have declined, could you sort of delve into that further please?

- Sunil Samdani:** They have paid their instalments.
- Akash Batani:** Okay. So they have not opted essentially?
- Sunil Samdani:** Yes.
- Akash Batani:** Okay. And so in terms of your field operations, do most of your field officers reside within the vicinity of the doorstep service center?
- Sunil Samdani:** So, they stay in the doorstep service center, it is a residential model.
- Akash Batani:** Right. But assuming, is that a significant portion out there who would be not be staying thing within that area and would have wanted to go back during this entire crisis to their hometown?
- Sunil Samdani:** So the few people who wanted to go they have gone, and they have returned as well as we are restarting.
- Akash Batani:** And lastly, what would be the impact of the standstill classification in terms of, if you could quantify in terms of basis points on NPAs on your GNPA for the quarter?
- Sunil Samdani:** If you can please repeat that question
- Akash Batani:** So, certain accounts that would have slipped but have not slipped because the moratorium is offered?
- Sunil Samdani:** Yes. So that at a bank level would have been about 20 to 25 basis points.
- Moderator:** Thank you. We take the next question from the line of Nishant Shan from Macquarie. Please go ahead.
- Nishant Shah:** Thanks for the follow-up. Just two quick questions. First, there was a newspaper article today about like RBI working around something related to the hold-co structure. Now, it's not exactly clear whether it's a complete collapse of the three-layer structure or the collapse of the three-layer into the two-layer. But assuming it is a complete collapse, right, a complete collapse like you can just have one single entity doing lending. Are you conceptually okay to forego any future interests in any sort of para-banking activities, because that structure apparently does not allow you to hold any insurance or any other non-lending businesses? So, conceptually, are you fine with that or would you like to have that optionality, preserve that optionality and look to bring down the promoter stake some of the way? That's questions one.
- Sunil Samdani:** In fact, we would prefer that if that happens.
- Nishant Shah:** Okay, perfect. That answers that well. And second question regarding TLTRO 2, I think you guys are well positioned to actually go out and participate in that, because you can actually go

and identify those NBFCs in the smaller segment. So have you participated? If yes, would you be able to quantify to what extent have you participated in TLTRO 2?

**Sunil Samdani:** So we had participated in TLTRO 2, but since it was the new concept, we had restricted it to about Rs. 500 crores.

**Nishant Shah:** Okay, fair. And one clarification as regarding the green zones. So if I understand correctly, there are no travel restrictions or anything, right, in the green zones?

**Sunil Samdani:** The lockdown is across.

**Nishant Shah:** Right. But then because you are a bank structure, wouldn't your collection activities be classified under essential services and therefore be allowed under like, you know, whatever the government permits?

**Sunil Samdani:** So, yes, we come under the essential services, so we can do our activity. But for our customer, for them to come out of the house and gather at a place, that becomes a challenge. So, till the lockdown is lifted, the free movement for our customers is difficult

**Nishant Shah:** Okay, fair enough. I guess gathering would be the issue.

**Sunil Samdani:** Yes.

**Moderator:** Thank you. We take the next question from the line of Hemant Patel from Alder Capital. Please go ahead.

**Hemant Patel:** I just had one question on the collection model. I am just trying to understand this that when a lending officer currently services collection group of around 15 people, and you mentioned that one of the options is that he would go around and post lockdown maybe when time is right, start collecting from a group of seven or eight people. Wouldn't that actually increase his time to actually go and meet these groups? Because if I remember right, there are certain limitations as to how much you can travel and how many groups you can actually go to. So in that case, will we be thinking about increasing the employee base in a significant manner or maybe change the collection model from maybe a weekly to a fortnightly?

**Chandra Shekhar Ghosh:** No, we would like to continue on that weekly, the first point. Second point on that if you see, the group meeting organized and sitting the village not maybe happened some couple of months. So that time there is some pocket we will like to make, maybe the one group of 20 women, 20 women going to maybe the five different groups, and not groups means some of the borrowers house they will collect it and keep it there, my stuff when they go there and give the receipts and taking that money, which is maybe the one way for the temporary we would like to handle on this situation on that. And sometimes what's happened, after few of the days then people also accepted it doesn't weigh on that, and then it will be normalized.

**Hemant Patel:** Okay. And I am taking from this that we are not planning to actually increase the employee base to focus more on collection, would that be right?

**Chandra Shekhar Ghosh:** Not required on that, because borrowers are too mature, they know that everything. Sometimes a borrower also collecting and coming to the office and come back. That is also many times we have seen that some of the incident happen. So it will be different on the basis of situation.

**Hemant Patel:** And I had a basic question, in a typical joint lending liability model, I believe that we have moved away from it to a certain extent that if in a group of 15 or 20 if you have one or two of your borrowers to default, their liability completely rest on them and doesn't go on to the remaining part of the group. Is that right?

**Chandra Shekhar Ghosh:** No, we are not practicing in this way. We feel that is the joint-liability group model. In our model, its moral responsibilities to collect the money from others, not essentially compulsorily group will repay on behalf of that borrower. So, we see that if this type of practice happens by force, then my good borrower will be left out and go to others, because he will be penalized. So for that reason, from beginning we are not practicing in that model.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for the closing comments. Over to you all.

**Sunil Samdani:** Thank you, ladies and gentlemen. Thank you for taking time for this call., appreciate it.

**Chandra Shekhar Ghosh:** Stay safe all of you.

**Moderator:** Thank you very much. On behalf of Bandhan Bank Limited, we conclude today's conference. Thank you all for joining us. You may now disconnect your lines.