



“Bandhan Bank Limited Q1 FY2020-21 Earnings  
Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Bandhan Bank Limited Q1 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 Mr. Hiren Shah, Head Investor Relations. Thank you, and over to you, sir.

**Hiren Shah:** Thank you, Steve. 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 June 2020. As this was a different time period along with COVID-19, we will also take the opportunity to update on the recent development in the industry and Bandhan Bank during this quarter. To discuss all this in detail, I've 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'd like to request our Founder, MD and CEO, Mr. Chandra Shekhar Ghosh, to brief you all about the financial performance of the company and development during the quarter. Over to you, sir.

**Chandra Shekhar Ghosh:** Thank you, Hiren. Good afternoon to all of you, and welcome to all of you. We know that the time is not very much that good. But gradually, it is coming to improve. This is the first quarter of the full COVID, 2 months totally lockdown, 1 month only opened the lockdown and partially till now continuing as a containment zone lockdown.

Also, this is we also find out on that, 1.5 weeks in the last month, have the big flood has come in Assam and Bihar, and we also know that Amphan in the Bengal. And all together, it is a very challenging time for all of us is the lives and livelihood. But after that also, again proved by small traders, small businessman or women, who are taking loans from us in advance, their collection efficiency has come in June, up to June 30, the microcredit 68%. If I come to this total collection efficiency, it has come 76% of the bank. But today, the microcredit collection efficiency, 73% plus; day by day, it is increasing. So it is very important for all of us so that I have been mentioned this point.

Though the economy is not that much the normal situation and we know that everyone is in fear about the COVID, but within that period which I mentioned the challenges of this quarter, our bank have been performed a very good business, good profit in this quarter. If I go to the quarter-on-quarter basis profit, yes, it is increased. But if I say that the year-on-year basis, no, it is not that much. Because of you know we are again extra provision have done, as a 750 crores, which is for only the COVID expected provision. So altogether, 1,750 crores total COVID provision in the bank. And after that also, our profit has come in this quarter 550 crores.

Next is coming to the advance. I'd not like to again repeat on that the last quarter situation, you already know that. But after that also, the advance growth has come year-on-year basis 17.68% and quarter-on-quarter basis 3.46%. But very interestingly, my microcredit portfolio as a ratio of total portfolio of the bank at a 61% as a microcredit portfolio.

And gross NPA, 1.43%, which in the last quarter, it was 1.48%. Net NPA 0.48%, which was in the last quarter 0.58%. Very little bit has been reduced the NPA. I'm not like to focusing on that. So very good focusing on that, within that challenging period, my deposits have reached 60,610 crores, which is 35.3% as year-on-year growth and 6.18% is the quarter-on-quarter growth. And very fantastic performances given by team of the bank. My CASA percentage has come 37.08% in this quarter reached on that and which was the last quarter 36.84%. And last June, it was in 34.06%. So it has been very good achievement have done. You know that very special one of the challenge banking industry faced in the last quarter, I would not like to mention that point. After that also, the bank's retail deposit has continued 77.69%, which was in the last quarter 78.43%. All these parameters of the deposit growth, CASA percentage, retail percentage are in a similar way, little bit better way on that. Last is the microcredit, the deposit percentage, it remains on that 5% as of June 30th.

And coming to the other sum of the ratio, you maybe try to understand on that. Before that, I must say that the total bank, the book size has come 1,34,941 crores, which was in the last quarter 1,28,928 crores. So bank has been reached and gradually step by step going to the big book as AUM. Our NIM is 8.15%, which was in the last quarter 8.13%. It is higher than the last quarter. Cost-to-income ratio, it has been decreased. Last quarter, it was 30.25%. This quarter, it has come 27.94%. But if we compare the last year first quarter, June '19, it was in 28.89%, which has now come 27.94%, that again reduced on that.

CA percentage 4.94% and savings account balance percentage 32.14%. Our capital adequacy ratio maintaining on that 27.29%. So all of the parameters have been presented to you. I give the thank you to my first borrowers, they are people running their business and coming forward to repay their installment happily. So this is a very good thing for us. And day by day, we hope that we can be like to reach to normalize in this way. It will be by September in 2020. So that is my expectation and the strong expectation on that. And second thank you my team who are in this moment. They are driving the business and the collection especially on that, and they are achieved on that.

And out of this altogether, I can say that the total of the bank, 38 of my colleagues are affected with the COVID and all are safe. 50% of these people already been joined in the work and some 50% they are in a good position, but they are home quarantined position on that. So this is the total bank position. So that I mentioned on that our total of the employee 41,563, which was 39,750 in the last quarter. Banking outlets are the same, 4,559. And customer has come to more than 2 crores and borrower is more than 1 crore.

So I'd like to close in here. If you have some question, we will be like to share all of this answer on my experience. So thank you to all of you. Please.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Mahrukh Adajania from Elara Securities. Please go ahead.

**Mahrukh Adajania:** Sir, my first question was on the moratorium. You've given details on collection efficiency. So, do your numbers capture the impact of the cyclone and the floods?

**Sunil Samdani:** Yes. So what we are saying, when we say collection efficiency, it means that of the total customers what proportion of customers have paid. So that includes all customers, including the customers under the cyclone belt as well. So this number considers all; COVID, cyclone, floods, everything considering.

**Mahrukh Adajania:** And you expect this to stay stable or improve, right? You don't expect it to go up as we approach end August? Is that a fair view?

**Sunil Samdani:** Steadily we are seeing the collection numbers increasing. The key point is the unlocking that has happened. Our experience and our learning from the month of June is, moratorium is less of an impact. The larger issue is if the customers are able to do their business on the ground, the collections will steadily improve. So if we don't see any further lockdown or infection rising in a big way, we see these numbers improving.

**Chandra Shekhar Ghosh:** So I can add another point on that, this type of customers, they are very much involved with the livelihood and I have been also talked earlier. Only depend on that if they can be movement and our stock can be movement to the customer's house and customer can be moved to our office. It will only happen if the lockdown isn't open. So that has been having that opportunities to collection efficiency can be increased on that. As of today, there is not in a full lockdown, but some part is lockdown, very temporarily, maybe 7 days or 15 days. So that will be opened. Then another area it will be like install lockdown on that. So that way we are seeing on that, the people are movement coming and go. And the lockdown is not big way is coming and not affecting. So that we are expecting on that this collection efficiency will be day by day increased, and it will be increasing by September into normal position.

**Mahrukh Adajania:** Sir, and my second question was on your savings accounts. You traditionally also have done very well on savings deposits. And even this quarter, the growth has been exceptionally strong. So any key drivers that you would like to highlight?

**Sunil Samdani:** In this quarter, particularly in June, what we have seen that our deposit growth has come on both accounts. Our new customer acquisition in June has surpassed the pre-COVID level. So on the deposit side, our acquisition rate continues to grow strong as well as the existing customer balance, we have seen an improvement. And that's why we see the savings account, particularly this quarter, improving.

- Moderator:** Thank you. The next question is from the line of Karthik Chellappa from Buena Vista Fund Management. Please go ahead.
- Karthik Chellappa:** I have 3 questions. Firstly, Mr. Ghosh in his opening comment said that, as of now, the microfinance business collection efficiency is around 73%. Could you give me some color on which is the state with the lowest collection efficiency and the state with the highest?
- Chandra Shekhar Ghosh:** Okay. It depends on. If you see that, my collection efficiency is highest in Bihar. And if we go to Assam, that is also very good. It is 61%. Once upon a time, Assam was at 66%. It has come down because of the flood has come. After that, it has been decreased, again it is coming to increase on that.
- Sunil Samdani:** So if you talk about the highest percentage, it is Andhra and Telangana, but that portfolio is very small, followed by Bihar. These are the top 2 states. And on the lower side, it will be Maharashtra, followed by Tamil Nadu because Tamil Nadu last month we had a lockdown for last 20 days.
- Karthik Chellappa:** Sir, Maharashtra would be what in terms of collection ratios as of now?
- Sunil Samdani:** Maharashtra will be around 50%.
- Karthik Chellappa:** Sorry, is it about 50% if I heard it right?
- Chandra Shekhar Ghosh:** Yes. Maharashtra is about 54%.
- Karthik Chellappa:** 54%, okay, excellent. My second question is, if you look at the June disbursement for microfinance, it is about 3,100 odd crores, what percent of the disbursement would have been to existing customers?
- Sunil Samdani:** We have given that in our presentation. If you visit our presentation on Slide #8, of the total disbursement that we have done, there are 2 things here. One is the new customer acquisition in microfinance for this quarter is less than 100,000. And in terms of existing customers getting new loans, 5% of our existing customers got additional loan from us during this quarter.
- Karthik Chellappa:** So which is that 5%, it is actually number of existing customers, right, which is somewhere close to, let's say, 500,000 to 600,000. I just want to know what is it in value terms?
- Chandra Shekhar Ghosh:** That number...
- Karthik Chellappa:** Okay, not a problem. I can get it offline later. It's not a problem. My third question is, what percentage of the gold loans dispersed this quarter is to existing microfinance customer?
- Chandra Shekhar Ghosh:** Existing microcredit customer, how many people are getting the gold loan, we do not have that information.

- Sunil Samdani:** But that will be a very small proportion.
- Chandra Shekhar Ghosh:** Very small because our branch is a very different area and microcredit borrowers also different. We do not have that information in the hand.
- Karthik Chellappa:** Okay. The reason I asked that question is because other retail loans have actually gone up 60% odd year-on-year. And in Slide 7, you gave that the growth is largely contributed by gold loans. So that's why I was curious to understand whether you are actually selling gold loan, I mean dispersing gold loans to existing micro borrowers as an individual loan or so?
- Sunil Samdani:** No, not really. In fact, we have increased our distribution in the gold loan over last one year. We used to be less than 100, branches a year back. Currently, we are doing that business in almost 500 plus branches.
- Moderator:** Thank you. The next question is from the line of Antariksha Banerjee from ICICI Prudential Asset Management. Please go ahead.
- Antariksha Banerjee:** First question is actually extending what Karthik was asking. So on these existing customers that you have given fresh disbursements to, these 5% of customers they are over some 45,000-50,000 or it will be much low?
- Chandra Shekhar Ghosh:** The average disbursement is below 50,000.
- Sunil Samdani:** So overall disbursement is approx. 45,000. The top-up loan, the average disbursement will be in the range of 35,000.
- Antariksha Banerjee:** So below 50,000?
- Sunil Samdani:** Yes, that's correct.
- Moderator:** Thank you. The next question is from the line of Nishant Shah from Macquarie. Please go ahead.
- Nishant Shah:** So I had a question on the same thing. So if I just look at the last quarter around in the transcript, I think sir had mentioned that roughly around 36% or 46% of existing customers have been given new loans to start new businesses. And this time around, we're saying it's roughly around 5%. I think sir also mentioned a number close to 30% in that Sa-Dhan webinar with Muhammad Yunus. So just wanted to clarify what is the exact number. Is it 5% or closer to 35%? Or like, where is the understanding gap between last quarter and this quarter?
- Sunil Samdani:** No. What we are saying here is opportunity to increase the sole lender percentage ratio. If you see, till 3 years back, our sole lending percentage in Micro Banking was 70%, which came down to 50%. That's because the competition used to give top-up to our customers. Now that in today's environment, the competition, largely NBFC-MFI, they have to manage the liability side of things and they are not lending today. So we think there is an opportunity to get back that wallet

share of the customers and improve that sole percentage ratio. So this percentage that you're talking about, this 35%, this is quite different, that we expect that 30% to 35% of the customers who currently have additional loan apart from Bandhan, they would come back to Bandhan as we offer them additional loans and increase the sole proportion number and make them as a sole banker for Bandhan and move them into an individual loan category. So I think that's where the 2 issues seem to have got mixed.

**Nishant Shah:**

So yes, last quarter's transcript was a little confusing, okay. So that's it on the first question. Second question on this collection efficiency. So you've given the daily collection efficiency, which is now at around 73-odd percent. My question is, how does the accounting work in this kind of environment? For example, in June, in the first few weeks, it was roughly around 25-odd percent. So 75% did not get collected, right? So now when the EMIs become due, you are going to first adjust it against the dues of the oldest EMI tenure and it will be a rolling kind of a basis. So even if like customers come back to 100%, there will still be a backlog that needs to be cleared. But from an accounting perspective, how will this look? Because what will end up happening, if I am correct, is that as the new collections get adjusted against the old dues, if there is to be any NPL recognition, it will get delayed by quite a bit, right? It will probably not happen for quite some time, probably beyond 3Q as well? Is that understanding correct? Or can you please correct me if my understanding is wrong on the accounting part, sir?

**Sunil Samdani:**

When the moratorium is granted to the customer, in our case, in microfinance, it is on an opt-out basis, so which means by default all customers are under moratorium. And if any customer wishes to pay, we will accept their installment and we'll assume that for that installment they don't need moratorium. So the moment you give moratorium, the loan tenure gets extended, which means these installments don't become due on these 3 months. If let's say a customer has taken moratorium for 3 months, this installment itself don't become due. These become due at the end of the tenure So let's say, tomorrow, the moratorium ends in August and starting 1st September, the customer also starts paying, the customer will be treated as a regular zero DPD customer because nothing was any which ways due till August.

**Nishant Shah:**

Okay. So at the point at which he starts repaying or your collection starts restarting, the principal is adjusted upwards, is that right?

**Sunil Samdani:**

Yes.

**Nishant Shah:**

Yes, to account for the interest on, like the dues which were not collected?

**Sunil Samdani:**

Yes. So the installment itself doesn't become due

**Nishant Shah:**

And the last couple of questions here, very small questions, these are just data points. Could you now share what is the split of your AUM by red, orange, green or containment, non containment? And basically, I'm trying to understand where you can freely collect versus where you cannot collect?

**Chandra Shekhar Ghosh:** I give this a very broad sense on that. I am coming to this my microcredit portfolio, 75% of the portfolio in West Bengal, Assam and Tripura, Bihar, these 4 states. These are the core states of us and these 4 states are states now confirmed case 6.4% of the national total. So that means my core portfolio, 75% is a very less number of case as the COVID. So that the people movement not in a containment in that much effect on us.

**Nishant Shah:** Okay. That's fine. And just one last data point. In the SME portfolio, could you split it between secured and unsecured? Because if I remember, the SEL portfolio erstwhile was merged with SME sometime back, so could you just give the split between secured and unsecured?

**Sunil Samdani:** So SEL remains unsecured. It is about 2,000 crores.

**Nishant Shah:** This is 2,000 crores?

**Sunil Samdani:** Yes.

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

**Kunal Shah:** So, now looking at this kind of a collection efficiency, the trend which has been there, okay till July what we have disclosed. Now what would be the kind of additional provisioning buffer which we would continue to build? So maybe last time also we highlighted that we could continue at more than 1-odd percent, but do we anticipate for an extra 2 more quarters we would be doing it based on the trend?

**Sunil Samdani:** In our last interaction, we had said that in this financial year if the collection efficiency moves as we have planned, which till date it is moving, we would look at additional credit costs of about 2% to 2.2%. We have already taken 50% of this in this quarter. So what remains now is the normal credit cost which anyway would have happened which we typically guide of 1% to 1.25%.

**Kunal Shah:** Yes. So maybe that would be like more amortized over the quarter? So there would be no contingency kind of a thing which could come in? Largely, things remain the way it is?

**Sunil Samdani:** Yes. So if things move the way it is moving, that's how it will be.

**Kunal Shah:** Sure. And maybe any trends? Today, when we look at it, we are saying that maybe 73-odd percent is the collection efficiency. So this would be only for the last week? Or are that the customers who would have come and they would have repaid even the 3 months installments or maybe they would have repaid the entire one month even though they are just coming in the last 1 week? So no doubt it's an improving trend from, say, 25% to 70%, but any proportion of customers who would have made more than the required installments in a particular week?

**Sunil Samdani:** See, that customer will always be there. There will be few set of customers who would pay more than one installment, but that will be the case in the previous week as well. So we are looking at like-to-like basis. And secondly, even if you look at the number of customers, on the number of customer side also we are looking at 67%, of customers in the month of June paying.

**Kunal Shah:** Yes. No, sir, maybe they are paying, but would it be like, I'm seeing more visibility in terms of my business operations and I don't want to make just a week payment or a fortnight payment, but I'll meet all the dues which are there over the last 2, 3 months. Maybe earlier, I was not able to pay in April and May, but now I'm comfortable. So are there any sort of customers? Or they are just making the payment which is due for that particular week?

**Chandra Shekhar Ghosh:** As per the previous my practice, find any crisis has come, that time people are like to keep the money in their hand as a reserve. And whatever the regular installment is needed, that will be paying. And second type of customers whose loan has been getting to close, they will lead to the next loan. That time they are coming to pay earlier all installment. Otherwise, they cannot get the loan. So they are coming on that. So this is a way on that. This is the time not a very normal position. So people keep little bit reserves in their hand and so that is the better the large number of customer has given the single installment way on that.

**Kunal Shah:** And in terms of the OPEX, so when I look at it, apart from employees, so the other operating expenses up year-on-year, no doubt there would have been expansion in the last 12 months, but given such a low business activity, still the other OPEX is up. So should we say that we have more or less bottomed out in terms of OPEX? Or still there is a scope and we can bring down the cost?

**Sunil Samdani:** No, I think this is the bottom OPEX-to-asset ratio given the doorstep collection and the people-intensive business. I think we are right there among the industry with the corporates exposure as well. So we don't see any further material reduction in the OPEX percentage per se.

**Kunal Shah:** And no scope in terms of bringing down some of the expenses as well?

**Sunil Samdani:** No, we've already reduced. If you see, this quarter whatever was possible we've already reduced the expenses.

**Kunal Shah:** And on the housing, so that is where the moratorium actually number has gone up, okay? So maybe from 13-odd percent to 15-odd percent as well as within the GNPLS, if I look at it, the mortgage GNPLs, there is the addition which has happened out there. So how should we read into this? Maybe across all the portfolios, this is the one wherein there is some utilization both on asset quality as well as moratorium going up?

**Sudhin Choksey:** Yes. In regards to collection efficiency, you are looking at the figure of April versus June. April, it was around 87%, and which came down to 85% in the month of June. Many of our customers are on ECS and NACH. So in the month of April, the ECS had passed through and therefore

obviously the efficiency was better. And the customers who would have opted for the moratorium, probably they didn't pay for the month of June. So I think that marginal decline is on account of that. Your observation regards to increase in the NPA has been there. That has marginally gone up, especially on our mortgage loans and loan against property. I think that is where the NPAs have slightly increased during this quarter.

- Kunal Shah:** But they would have not taken moratorium and that's the reason they are getting split?
- Sudhin Choksey:** Yes, that is correct.
- Kunal Shah:** And one last question in terms of what was PSLC income this quarter? And how much would it be for the annual?
- Sunil Samdani:** 474 crores is the PSLC income we've done during the quarter as against the full year income of 453 crores. And our policy of accounting PSLC, we amortized it over the four quarter. So accordingly we have booked PSLC income of 119 crore in Q1 FY21.
- Kunal Shah:** So this quarter, it would be 1.1 - 1.2?
- Sunil Samdani:** It is 119 crores.
- Moderator:** Thank you. The next question is from the line of M. B. Mahesh from Kotak. Please go ahead.
- M. B. Mahesh:** I have 2 questions from my side. How do you define collection efficiency in the organization?
- Sunil Samdani:** So we look at total customers. So assuming if no moratorium was offered what would have been the total demand and against that what is it that we have collected.
- M. B. Mahesh:** Sunil, just one question. In the past, I think Mr. Ghosh has alluded as well, is that many customers have also the option to prepay a loan or make extra payments only against the installment. Would that also be included when you're looking at collection efficiency?
- Sunil Samdani:** So loan closure will not include. But if, let's say, a customer has paid 2 installments, instead of one, that will form part of it.
- M. B. Mahesh:** It will form part of it. Is there any significance of that number when you're calculating a collection estimate in this, let's say, in the last few months?
- Sunil Samdani:** The best way to look at is number of customers paying, right? So, number of customers paying for us is also around 67%.
- M. B. Mahesh:** Perfect. Okay. That's very useful. Sir, just one clarification. The billings, the numerator will have any payment which the customer makes, whether it's past payment, prepayment, anything which you get in the month divided by the total billings for that specific month?

- Sunil Samdani:** No, numerator will not include loan closure.
- M. B. Mahesh:** Perfect. The second question to Mr. Choksey, if you could just tell us, is the situation on the ground on the mortgage book reached a point where you are now comfortable in looking at giving a credit cost number?
- Sudhin Choksey:** Okay. Credit cost in terms of the NPAs, I can share with you. I think our NPAs are around 1.37% as on 30th of June, which was around 1.3% of the outstanding loan portfolio. So it has gone up from 1.30% to 1.37%.
- M. B. Mahesh:** That's right. I just wanted to understand do you think with this collection efficiency, have you reached a state where it's moving closer to normalization? Or do you think you would have to reach to, let's say, 90%, 95% on a consistent basis before you can say that, look, the portfolio has stabilized from that perspective?
- Sudhin Choksey:** I think that is correct. We will have to wait and see the consistency and when our collection efficiencies goes up almost beyond 90% consistently, then probably we'll be able to get confidence that the numbers should remain steady on that count.
- M. B. Mahesh:** Perfect. And my final question to Mr. Ghosh. It's a standard question, just finishing it off. Has there been any progress on the promoter stake?
- Chandra Shekhar Ghosh:** My repeat of this answer, yes, given the very important on this, but it is not the time today to say about it.
- M. B. Mahesh:** Perfect. Just wanted to, because just trying to see if there has been any development this quarter?
- Chandra Shekhar Ghosh:** If you see that many of things are happening now, no, I cannot be like to mention that point, which is new paper has come from the regulator. So will be like to see that because now we have been very much important on that as the collection efficiency increase and provide the credit people, livelihood can be increased, and this is very important for us now.
- Moderator:** Thank you. The next question is from the line of Saurabh from JPMorgan. Please go ahead.
- Saurabh:** Sir, just one question. Of this macro prudential provision you have, how much of that will relate to the microfinance business?
- Sunil Samdani:** So about I would say ~75%-80% of this will go towards micro.
- Saurabh:** Of the 1,700 crores or it is the standard assets of 1,475 or should I take 1,775?
- Sunil Samdani:** See, the estimate of the stresses that we have done and the way we have estimated the ultimate loss given the current scenario and the collection efficiency across all verticals, right? Basis that, we believe that whatever is the ultimate loss, ~75% will be contributed by micro.

- Moderator:** Thank you. The next question is from the line of Eric Chan from Buena Vista Fund Management. Please go ahead.
- Eric Chan:** Mr. Ghosh, I want to just clarify 2 points. You mentioned that under the current trend you're expecting by September, can you give me a bit more color on how the DBOs normalizing of activities in terms of holding certain meetings and taking application for new loan so that I can understand how the asset growth and disbursement trends going forward? And if that was normalized, would the extra DBO that was previously higher still be maintained towards the normalization?
- Sunil Samdani:** And if we talk about the disbursement trends, look at micro banking to start with. Micro banking for us, there are 2 important factors. One is the seasonality factor. So historically, we've seen that Q1 and Q2 has been a muted quarter for us in terms of disbursement. And bulk of the growth comes in Q3 and largely in Q4. Here again, what we are seeing this time, the growth typically is a factor of existing customers and the new customers. Historically, we've grown at 30% plus year-on-year in micro banking. If you break up that growth, about 10% of the growth comes from the new customer and the rest is from the existing customers. So clearly, the new customer acquisition rate will slow down in this financial year till the situation and the infection comes under control. But the existing customers, where we have the track record and they have started their business, we see there as an opportunity to increase our book and consolidate the debt of the existing customers. So that's how we look at the growth side of the story. If I'm not mistaken, your next question was on the provisioning side or on the loss calculation side if you can repeat that question?
- Eric Chan:** Sorry, the second part of the first question was about the extra field officers that we hire. We hire one extra field officer to handle the door-to-door collections during the lockdown period. And when you go towards September, when you're expecting normalizations, should we expect that field officer per rural branch to be maintained or to go back to the previous ratio?
- Sunil Samdani:** There are 3 things. Today, we've added extra field officers because we are not having full-fledged group meetings. And it's more of a smaller group and door-to-door collection. So these field officers will eventually get utilized in 2 ways. One is, typically, we have 8% to 9% attrition. So as the attrition happens, these additional staff can be used as a replacement. And two is for the expansion. Once the situation normalizes, typically we expand our network by almost 8% to 10% every year. So once we start new branches, we will have a ready staff available with experience to be posted in the new branch to start that business. So that's the medium-term outlook on utilization of these additional officers.
- Eric Chan:** Last question. Given the higher, at least in the short term, higher lending risk profile in general, for both the housing as well as the microfinance business, is there any change in lending practice, lending terms compared to pre COVID?

**Sunil Samdani:** No. I mean, at the model both on the micro banking side and the housing side are very time tested models. These models have gone through many challenges historically. So the core model remains the same. Tactically, what we have done till the time there is infection around, instead of a larger group meetings, we have broken the group into a smaller group and the focus is more on door-to-door collections. But on the whole, the model remains the same. Once the situation normalizes, we intend to go back to the same model.

**Eric Chan:** Alright. So no change in terms, no change in lending rate through those customers?

**Sunil Samdani:** So to the old customers, , for additional loans, there we are charging 1% higher from 17.85% to 18.85%.

**Eric Chan:** Alright, 1% higher.

**Moderator:** Thank you. The next question is from the line of Adarsh from CLSA. Please go ahead.

**Adarsh:** Yes. Sir, one question I wanted to ask. Microfinance business, there is always calculated affordability of the product, right, from an angle of household income. A lot of these families would have like migratory, one of the family member may be the male member working out. And that part of the income would have got impacted, right, in a fair number of cases. I just wanted to understand, do you have any sense of how that is exceeding and eating into, say, than we have in the past, quantified a household income of, say, 25,000 or 30,000. Can you give some sense as to even an approximate sense as to how the labor migration could have impacted the household income?

**Chandra Shekhar Ghosh:** First point on that, the micro credit. We are not lending to the borrower who have not any enterprise. We are not giving the start-up even also. So for that reason, who are running the business, we are lending to them. Yes, which is as per my knowledge, our borrower's husband, when the income is increased, you say that our study last time also we have had business income of the family, their principle income. And earlier some of the few borrowers' family, the husband was outside of Bengal or state. So they are now returned back in the time of that when they've seen that their wife is running very good business, and they have started another business in the same family. So that time, they are returning back on that. But as of now, I have not any that much of the people who are migrated to others and coming back on that. Sometimes happened, it is in seasonal labor. Sometime of the harvesting of the paddy, that time will go for a month, for 15 days and return back. So some of the borrowers' husband was there, but not in a permanent, we have not seen in that types of husband as a migrant labor in our borrower category.

**Adarsh:** And one more question on the housing mortgage moratorium just sitting in. Sir, again, coming back to the same thing, our moratorium is about 15%. Now the only thing is that, where it was 13% in April and 15% now, the general expectation would have been that the number of people under moratorium 2 would be lower than moratorium 1, simply because some people may have

chosen moratorium 1 out of fear. It was just a way to conserve cash, right? And usually, most companies, right, that we interact with, are kind of indicating that moratorium 2, which is you'll have to opt for moratorium 2. That proportion of borrowers are probably coming down. So why wouldn't we have seen that kind of a change in our customer base also, right, like why has the 15% remained constant?

**Sudhin Choksey:** See, I think, as I explained to you earlier, and as Sunil also explained on the collection efficiency, the way the bank has been calculating, these are in respect of the money which we collect and we receive from the customers. The number of moratorium opted by the customer, obviously, for the phase 2 has been lower than the phase 1. In the month of April, as I mentioned to you, large number of our customers, almost 80% to 85% of the customers are on ECS. So their ECS on April had already passed through. And obviously, therefore, there was no question of refunding or giving a moratorium on that. But once the moratorium period progressed, obviously in the month of May, this money we didn't get it. And in the month of June, therefore, the figure has slightly come down, but the number of customers opting for a moratorium under phase 2 is certainly 20% at least lower than the phase 1.

**Adarsh:** So you're saying, basically, don't look at April. You would have had a higher number than the 13% in May. And after that, the number has dropped to 15%, broadly?

**Sudhin Choksey:** That is correct.

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

**Deepak Gupta:** Sir, I just wanted one clarification. What would be the collection efficiency for the bank if one considers that the customer has cleared all his outstanding as of 30th of June?

**Sunil Samdani:** No. That scenario, it's very difficult. One, we've not calculated that. And two, in our system also, once you give moratorium, then the due itself gets postponed at the end of the tenure, So the best way to look at is to look at customers who were assuming if there was no moratorium, what would have been the demand and against that what has been the collection. What is also important here in the collection efficiency is to understand the behavior of customers. Are there customers who are paying, let's say, who paid the first installment in the first week of June, what percentage of those customers have continued to pay till the end of June? The answer is 99%, So once the customer has started paying installments, 99% of them have continued paying installments, all 4 installments.

**Chandra Shekhar Ghosh:** See. This type of customer actually is a behavioral category. If their behavior has come as a regularized, automatically all our previous dues, they are automatically paying to us.

**Deepak Gupta:** Sir, I understand that, sir, but if the customer has paid all installments in the month of June, you will be adjusting those installments against his outstanding for the month of March or Feb. Am I correct in understanding?

**Sunil Samdani:** What we are saying is the month of March from starting 21st of March, April and May, since there was a moratorium, that due itself has been postponed till the end of tenure. So nothing was due in April and May. So there is no question of adjusting it against the April and May installments.

**Moderator:** Thank you. The next question is from the line of Rahul Jain from LionRock Capital. Please go ahead.

**Rahul Jain:** Sir, couple of questions. One is, within the MFI space, you mentioned about Rs. 22 billion of loans on individual basis. Can you clarify like what essentially are these loans? Like, is it something which you have started recently? Or it has been always there?

**Chandra Shekhar Ghosh:** No, it has been started a little bit 1 year before and diluted and now it has been like coming on that to normalize. So that earlier, I have been maybe explained on that, but again I'll say that. 58 lakhs of micro credit borrowers, which is 51% of the total borrowers are the 4 years and above, that means up to 20 years their age. 16 lakh borrowers who are 14% of the total, Rs. 1,00,000 to Rs. 1,50,000 loan. And 40 lakh borrowers who are 35% of the total borrowers, Rs. 50,000 to Rs. 1,00,000 loan. So we see that another data is there, 50% of borrowers have the single loan only from Bandhan. So we feel that there is opportunity with this customer. Long term with us, they are growing very good as a business, multiple business, will be like to promote them as a MSME. So that in the sole we will be like to consolidate it on that. 30% of our borrowers have another 1 loan from other entity. So if we like to consolidate it all on that, so whatever they have need in the money, in the purpose of housing, in the purpose of business, we will be like to provide and very especially will be taken care of them, individually assess their credit, and individually will be like to take them. That is not in a group lending. This is not in a weekly collection, monthly collection and customer will come to the office to repay. And that is the plan we have been taken. And 1 year before pilot and at last 6 months we have started on that in a good way. That is the amount has come in the 2,200 crores on that.

**Rahul Jain:** And the terms of these loans like because they are individual loans, so they are obviously not required to go for weekly meetings.

**Chandra Shekhar Ghosh:** Yes.

**Rahul Jain:** Would they be paying every week or every month?

**Chandra Shekhar Ghosh:** No, I mentioned it on that. It is individually assessed. It will be not assessed by the micro credit branch's head. It will be area managers above the one level and separate person. And assessment of these customers, separate person, separate way. And she has not need to go to the group

meeting. It is not weekly installment. It's a monthly installment, and customer will come to office to repay, not we are going to customer house to collect. These are the something of the feature of this product.

**Rahul Jain:** Okay. And the second question was about buying the portfolio through IBPC on the mortgage side. So what's the driver behind this? And on our own, would we be looking at going on with the disbursement on a normalized basis within the housing finance portfolio? Or at this point of time, the entire focus is only on collections, and disbursements are still going to be quite low for some time?

**Sunil Samdani:** See, the portfolio buyout under IBPC that we did, it's more of a liquidity management exercise because we are issuers of IBPC as we have lot of priority sector loan So we issue it at a low rate and to deploy that money, because reverse repo today has come down substantially. So if we can match a tenure and deploy by buying a non-PSL loan against that, we can make a decent spread. So this is more of a money market exercise to earn that extra spread. So between selling and buying, we make a spread of 100 basis points plus.

**Rahul Jain:** And with respect to normalized disbursement on a regular basis, like are we increasing disbursements on a regular basis? Or disbursements are likely to be subdued for now?

**Chandra Shekhar Ghosh:** Disbursement increasing

**Rahul Jain:** In housing finance, in mortgage.

**Sudhin Choksey:** Yes. Disbursements have been on gradual increase. I think in the month of June, the disbursements were almost to the 77% of our pre-COVID level. I think in February, we have disbursed around close to 300 crores. And I think in month of June, around 240 crores we have done it.

**Moderator:** Thank you. The next question is from the line of Mihir Ajmera from ENAM Holdings. Please go ahead.

**Mihir Ajmera:** Just had a question on, what's your strategy in bringing the promoter holding down to 40%?

**Sunil Samdani:** I mean, we've discussed this question many times. Ideally, if we have an opportunity, we would want to merge the holding company with the bank because that kind of solves the problem immediately. So we would await clarification from RBI and the committee that they have formed, which is likely to issue the paper for discussion by 30th September. So if we see an opportunity there, we would accordingly request RBI. Alternatively, holding company always have the option to do a secondary sale.

**Mihir Ajmera:** Thanks for the clarification. And lastly, just on the moratorium number, it's around 24% for the bank, that will be like 100 minus the 76%, which is the collection efficiency?

**Sunil Samdani:** So the moratorium could be different because the moratorium is on an opt-out basis, right, and not the customer opting for it. The better way to look at moratorium is the customers who have not paid to be considered as moratorium, right. So since 76% have paid, 24% becomes the moratorium.

**Moderator:** Thank you. The next question is from the line of Jai Mundhra. Please go ahead.

**Jai Mundhra:** Sir, if you can comment on maybe the early signs of any political interference in the collection, in maybe select district of select states such as Punjab, Maharashtra?

**Chandra Shekhar Ghosh:** We have not seen in this situation in this time. And this is more on that if you see that the central government and all are happy to disburse the money to people. So if it is not collection, disbursement also not happened. So this is a very different behavior we are seeing that, very good positive behavior of all public community people and the political people.

**Jai Mundhra:** Sure, sir. And sir, if you can talk about any implication on Bandhan Bank from the upcoming state election, maybe in the state of Bihar and West Bengal, what could it imply going ahead? Your thoughts?

**Chandra Shekhar Ghosh:** I many times have given this answer. I have been like to same this answer on that, this is the people are running the livelihood program, they need the money. They continue the relationship in any circumstances with us. I feel that in the state which you mentioned, every year, I face the election. That is in central election, assembly election and Lok Sabha election, panchayat election. Every year, they won election. So my customer also habituates on that. And very good thing on that, that level of the customer and they are very much focused on their livelihood. So that it is again proved on that. 2 months totally lockdown. When it is opened, again started the repayment. They not like to say that, no, I cannot give. They only say that open the lockdown. And when opened the lockdown, you see that now 73% collection has come. So that is a very big way I feel. It's my previous experience, election will come and the government will be like to continue or change. That is another part, but that will be not impact to this customer level.

**Moderator:** Thank you. The next question is from the line of Nishant Shah from Macquarie. Please go ahead.

**Nishant Shah:** Just like follow-ups, which are more like clarificatory in nature. So on the collection efficiency, in one of the previous answers you described it as any collections received from customers except for loan closure divided by the billings for that month, right. So if a customer is under moratorium, will his dues be considered as billing for the month in the denominator or is the 72% calculated without including those?

**Sunil Samdani:** No. So all customers, whether moratorium or not, will form part of denominator.

**Nishant Shah:** Perfect. So that's one. And secondly on active loans, so when you say about 5% of people have received loans for new businesses, this is 5% of the active customers, right, of 11.2 million?

- Sunil Samdani:** Yes.
- Nishant Shah:** So roughly around 5,60,000 and you mentioned that the average ticket size is around Rs. 35,000. So roughly around 2,000 crores is what has been disbursed.
- Sunil Samdani:** No. That is for top-up loan. The overall average disbursement ticket size is 46,500. I'll give you the exact number.
- Nishant Shah:** No. I mean only for the loans given to the 5% customers.
- Sunil Samdani:** So that will include the customers who have closed their loan and taken a fresh loan as well as customers who have not closed the loan but have also taken the additional loan.
- Nishant Shah:** Sorry. Could you come again? I didn't get that.
- Chandra Shekhar Ghosh:** I can explain on that. See last March, about the 21st of the March, suddenly Lockdown announced. And you know that every year, last month of the year and the last couple of days, the good disbursement happen. Who have closed the loan in the last 10 days before in March, they are waiting to take the loan, because of the lockdown not taken the loan. So they are also taking the loan in this time when this lockdown opened because if business is running, will come for, we are giving the loan. And other than this also, we have the top-up loan because earlier I mentioned one point, if you recall, that is in our 50% of the customers, single loan from Bandhan and another 51% customer who have another loan taken from other along with the Bandhan because we are not giving the double loan. So then we have been started the double loan called the top-up loan, so that is in appraised the sizes at 25,000 or 30,000 on that. So that people also taking the loan in this time. So that amount is in average has come 30,000. But if you go to this, who have closed the loan in March, even the time of June and business is running and good borrower, I cannot say no. So there is not in a 30,000. So that total average is coming, that is Rs. 46,552.
- Nishant Shah:** Okay. Understood. So basically, there are 2 types of loans that you have given. One is the top-up loan with an average ticket size of 35,000. What is the proportion of your existing customers that have received this top-up loan?
- Chandra Shekhar Ghosh:** Top-up loan, all are existing customers.
- Nishant Shah:** Yes. But then not all of them would have taken, right? So certain percentage would have taken.
- Chandra Shekhar Ghosh:** That data is not in my hand now. I'll be in touch with you....
- Nishant Shah:** Sir, even a rough ballpark is fine like roughly 10%, 20%, 30%, like...
- Sunil Samdani:** No. All put together is 5%. So we'll have to see, given that what proportion is Top up loans.

- Nishant Shah:** So top-up loans plus new business loans, both combined are only 5% of existing customers?
- Chandra Shekhar Ghosh:** Correct.
- Nishant Shah:** Fair enough, that clarifies it. So roughly around 2,000 crores is the disbursement for these customers combined? Average ticket size of roughly 35,000 multiplied by 5,60,000 customers. Is that the fair understanding?
- Chandra Shekhar Ghosh:** Fair, correct.
- Moderator:** Thank you. The next question is from the line of Abhishek Murarka from IIFL. Please go ahead.
- Abhishek Murarka:** So couple of questions. Sir, one, are any borrowers paying anything more than their equal weekly or monthly installments? Is anybody paying in excess of that?
- Sunil Samdani:** There will be few borrowers who are paying more than their current demand. Current demand in that week's installments.
- Abhishek Murarka:** And in this case, unlike any of the previous events, basically, there won't be any concept of arrears because anything in arrear is presumed to be under moratorium and added to the end of the tenure. So when the moratorium lifts, you just have to collect from the 0 to 90 as of 29th February, and if the moratorium is, let's say or rather if the collection efficiency is, let's say, 90%, so on the remaining 10%, their clock starts from 1st of September?
- Sunil Samdani:** Absolutely.
- Abhishek Murarka:** Right? So basically, that will be the portion which could eventually become NPA by September end or December end? That's what it's going to be like, right?
- Sunil Samdani:** Yes.
- Abhishek Murarka:** And just a sort of conceptual question. So you said that a lot of people started new businesses and took loans for that. But I'm just trying to think, during lockdown and during a period where, in general, lenders are tightening credit to any new borrowers, what kind of businesses or customers have actually started new businesses? I mean, yes, what kind of customers have started new businesses?
- Chandra Shekhar Ghosh:** If I give the point, it can be tried to understand and that what types of borrower we have. Our agriculture and allied activities is 44.4%. If I say that some of the people are now again cultivating because the production has come good. So that is maybe the one kind of people is coming. Second is my food processing and small retail store. And that is a 30.3% of our micro credit borrower. So if you see that the food processing and retail, the small shops is in very much demand now in a rural market. And agriculture and allied, if you see that the vegetable sellers and door-to-door sale, many people are not going to market and they have that the opportunities

they can take one hand rickshaw and pulling it to the door-to-door, that is a very good business. So these type of people are coming now either Rs. 20,000 or Rs. 25,000 loan to start their business or business running on that. So that types of new customer is coming, very few, not very big amount.

**Abhishek Murarka:** And sir, just another question. What percentage of borrowers would not have paid anything, anything so far, let's say, in the last 3 months or during the moratorium?

**Chandra Shekhar Ghosh:** Are you asking what percentage?

**Sunil Samdani:** So that will be close to 30%. That number can change plus or minus 2%, but it will be around that range. We are talking about June end number.

**Abhishek Murarka:** But your collection efficiency is in excess of 70, right? So that should not be the case, right?

**Sunil Samdani:** No. June was 68. And our number of customers who paid in June was also 67, 68.

**Chandra Shekhar Ghosh:** But as per your question, if I like to say that, actually, that much data not analyzed, but what I learned from my sale people with interaction who have started to come, they have not dropped yet. Very accidental one took it, who have received the loan, they have not yet dropped any installment as of now. Because now is very one-to-one case, our staff are observing and following it, no? So that it is increasing day by day on that. So that we are trying on that how we can be make them as they behave to come as a regular one installment minimum. So when they are coming one installment, they are automatically coming on that next. And hopes have been increased on that. So this is a behavior also, this type of borrower.

**Abhishek Murarka:** So basically, around 30% customers have not paid anything in the last 3 months? That is the conclusion so far?

**Sunil Samdani:** One month because April and May were under lockdown

**Chandra Shekhar Ghosh:** Totally, we are not going to collect. So they are not....

**Abhishek Murarka:** And just a last question. You've given your collection efficiency as of 3rd of July. Would you have a latest figure, let's say, 14th or like as of yesterday?

**Sunil Samdani:** So the latest number, which is about 3 days back, was around 73%.

**Moderator:** Thank you. The next question is from the line of Nitin Aggarwal from Motilal Oswal Asset Management. Please go ahead.

**Nitin Aggarwal:** Sir, I have 2 questions. Firstly, while all are moving steadily, we are now moving closer to the pre-COVID levels. How has the rejection rate trended over the recent months? Are you seeing more instances of over rebuilding in MFI borrowers from other lenders trying to borrow from

us? I know that you have shared the data point that we are not lending to our existing borrowers much, but from other MFIs, are you seeing more applications coming?

**Sunil Samdani:** See at least in our core geography, right, we are, any which way are primary lender to the customer, right? There have been instances where they have taken an additional loan from the other institutions because earlier we had the policy of only one loan for that customer. So whether we call them as customers who are coming from other lenders or the better way to say it, consolidation of debt where we are now telling them that we'll meet all of your requirements, why don't you bank exclusively with us?

**Nitin Aggarwal:** And about the rejection rate, how has that been like in the recent months?

**Sunil Samdani:** So clearly, the new customer acquisition has slowed down, as I had mentioned earlier. And as far as the existing customer goes, there we have the track record of almost 5 to 6 years to understand that customer. So the rejection rate is more to do with the new customer acquisition. The existing customers have been tracked on a weekly basis on the behavior and credit constraints. And the decision whether we will extend fresh loan or not is taken during the tenure of the first loan itself as we see the behavior of those customers.

**Nitin Aggarwal:** And secondly, on this MFI collection efficiency, which is, say, 73% you just said. Has the income levels of these customers also moved back to their pre-COVID levels because that will only point toward the durability of this improvement.

**Chandra Shekhar Ghosh:** There is one point we would like to mention here. This is a customer segment, which their only earning source is that business. And because of that, only the business or 2 businesses, their earning source. And that business, anyhow, they are trying to run it. And relationship with the bank, they are trying to best way. So I hope that, that has been helped us on that to get return back the installment. And they are also very happy to return back. And then when they need the money, they will be getting. So that is the basic principle has been in this micro credit sector.

**Sunil Samdani:** And the income level, to calculate in one month after the lockdown, I think it's too early. I think we should rather wait for some time to have a better understanding on the income level. But certainly, when we are disbursing new loans, we are assessing the customers on the income and the obligation side.

**Nitin Aggarwal:** And our NBFC-MFI portfolio has reported 100% collections for the month of June. So does it imply that their collection efficiency has already recovered back to normal levels and is probably trending higher than us also?

**Sunil Samdani:** See, there are 2 things. As the government announced the relief or the tactics for the NBFC through the refinance opportunities from NABARD, SIDBI and those institutions, there has been some improvement on the liquidity side. And that's one reason why the collection efficiency, they have improved. And two, the customers where we have gone with the TLTRO option, right,

so the underlying condition was that they have to start repayment if they need the fresh TLTRO. These are the 2 reasons why we see the collection efficiency going back to 100% on the NBFC side.

**Nitin Aggarwal:** And lastly, Sunil, any impact of this Bihar lockdown that you are seeing on the collection efficiency again which was just announced, but didn't come up?

**Sunil Samdani:** See, Bihar, you're talking about Bihar lockdown?

**Nitin Aggarwal:** Yes, which was just announced like day before.

**Sunil Samdani:** No. I think it's not implemented or about to be implemented. So we'll have to wait and see. Otherwise, Bihar was one of the best-performing states for us,.

**Nitin Aggarwal:** Yes. So whereas now, it can again impact the center meetings as such.

**Sunil Samdani:** Yes, clearly. Lockdown impacts the center meetings and collection efficiency. More than the red, green, yellow, it's the lockdown which is single largest factor.

**Chandra Shekhar Ghosh:** But this time, any states have not started to total state lockdown. They are going to this, some pocket in Bihar, as in little bit have been affected as a flat. In Nepal, water has been locked in, in the Bihar. That has been little bit disturbed, as of my knowledge.

**Moderator:** Thank you. The next question is from the line of Anand Dama from Emkay Global. Please go ahead.

**Anand Dama:** Sir, basically, when you say that the collection efficiency is 70% or so, do you mean that whatever EMIs which were due in the month of June, be it 4 EMIs or 5 EMIs, all have been paid by the customers? Or there could be a case where a customer would have just paid about 3 EMIs due or 2 EMIs due?

**Sunil Samdani:** No. We are talking about for the month of June, So only June installment dues we are considering because for April and May, customers were in moratorium so that due itself has been postponed to the end of the tenure.

**Anand Dama:** Yes. That is fine. But, say, for instance, a customer where you would not have been able to reach in the first week of June or a second week of June, in that case, how have you recovered the first week or a second week kind of EMI? Have you recovered any in the third and fourth week, collectively?

**Sunil Samdani:** So there are 2 things here, right? One is whether the customer is paying more than 1 installment? Yes, few customers do paying more than one installment. But let's say we started the collections from 1st of June, so it started with 10% to 15% collection efficiency, increasing it to 70%, right? So as the days went by, the customer started increasing in terms of started paying collection. So

those customers, let's say, a customer who started paying from 16 and didn't pay the first 2 installments, so those customers are considered as moratorium for the first 2 installments, and that installment will fall due at the end of the tenure. So once they start installment, then it becomes the starting point.

**Anand Dama:** So customers who have paid and customers who have not paid, what is the reason? So if the customers have not paid 3 EMIs and have taken moratorium till date, is it because you have not been able to reach the customer or customer has not been able to reach you? Or is it that the customer has a genuine business disruption and because of which, they have not paid?

**Sunil Samdani:** See, typically, these activities started only in the month of June, right, whether we call it collection activity from the bank side or business activities from the customer side. And our interaction with the customer is, it typically takes 4 to 6 weeks for the customers to start repayment after they start their activity. So these customers who are paying in June are those customers whose business never got impacted during COVID. Those agri, allied and the small retail grocery shop kind of business, food processing and retail. So those are the customers who have first come up in the month of June. And as days goes by, July and August, the customers who started their activity in June will start paying.

**Anand Dama:** So sir, then in that case, what is your broad assessment? You will reach more than 90% kind of a collection in the month of September is what you were indicating, right, earlier on?

**Sunil Samdani:** Yes, correct.

**Anand Dama:** And sir, question to Choksey sir. So in the mortgages, we have mentioned in the presentation that we had lot of new customers onboarding happening in this quarter. So how has this happened, particularly in this quarter where there was a lockdown?

**Sunil Samdani:** So this is for the month of June.

**Anand Dama:** This is for the month of June. Yes. But then even in month of June, how have you got these customers? Like, are these customers who have walked in? Or basically, these are the balance transfers which have happened and because of it, these are new customers for you? Or you have gone and sourced these customers from the ground?

**Sunil Samdani:** Mr. Choksey, I think, he will be the better person to answer this.

**Sudhin Choksey:** Our disbursements during the month as well as during the quarter primarily have been in respect of the partly disbursed loans. So they are the customers who have taken a loan and they have taken a part of the disbursement. Besides that, there have been new customers also who have walked in, in the month of June. And to them also, we have given the disbursements to them. There could be part of these customers could be transferred from the other lenders as well.

- Anand Dama:** Because you have mentioned somewhere that the disbursement basically to the new customers is more than 50%. So is really the proportion so big for the new customers?
- Sudhin Choksey:** Yes, that is 50%.
- Sunil Samdani:** Yes, that 50% is of that 250 crores disbursement that we are talking about, excluding the IBPC purchase.
- Moderator:** Thank you. We'll take the next question from the line of Karthik Chellappa from Buena Vista Fund Management. Please go ahead.
- Karthik Chellappa:** Just one follow-up. In the last quarter, I had a data point that followed that 50% of the borrowers roughly were unique to Bandhan, and Bandhan plus one more MFI was 80% and Bandhan plus 2 MFI was 94%. So of the balance 44% where there is Bandhan plus 1 or 2 MFIs, based on your feedback from the field, how would your collection ratio compare to that of the other lenders?
- Chandra Shekhar Ghosh:** We cannot comment to the other lenders.
- Sunil Samdani:** We will not be in a position to know also We may have some market intelligence, but we cannot talk about that. We don't have any official numbers.
- Karthik Chellappa:** Sir, but at least qualitatively, is there any significant difference? Well, the angle that I am coming from is if it is different, then basically your collection ratio was much better than the peer group, right? So at least qualitatively, is there any color or?
- Sunil Samdani:** Logically, if you see, we have always done better than the other players in the industry, including what we saw in Assam, as recent as Assam. So historically, yes, we've always done well.
- Chandra Shekhar Ghosh:** But only point of that, that is the customer behavior are same. Only change in everything, collection, disbursements, success, how the employees are behaved with the customer. So that is only the difference to one to one. Other are more or less in the same.
- Karthik Chellappa:** Because the angle I was coming from is, if you are confident that over a period of time you will be able to expand the proportion of customers who deal only with you, then by definition, your peer lender must have a lower collection efficiency, right? If they have the same efficiency because then they can also disburse the loan.
- Chandra Shekhar Ghosh:** No. I'm not getting that. I think we will give it a pass and say. Excuse to me to say others about it. And because every organization having their own policy, own strategy, own culture and values, not that will be like to comparable.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to Mr. Sunil Samdani for closing comments.



*Bandhan Bank Limited  
July 15, 2020*

**Sunil Samdani:** So thank you, ladies and gentlemen. Thank you for taking this time out. Really appreciate. Thank you.

**Chandra Shekhar Ghosh:** Thank you.

**Moderator:** Ladies and gentlemen, on behalf of Bandhan Bank Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.