



“Shriram City Union Finance Q2FY13 Earnings Conference Call”

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Moderator

Ladies and gentlemen good day and welcome to the Q2FY13 Earnings Conference Call of Shriram City Union Finance hosted by JM Financial Institutional Securities. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing *,* followed by ,0 on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand over the conference to Mr. Karan Uberoi, thank you and over to you sir.

Karan Uberoi

Welcome to Shriram City Union's earnings call to discuss the second quarter FY13 results. To discuss the results, we have on the call Ms. Subhasri Sriram who is the Executive Director and CFO. May I request Ms. Subhasri Sriram to take us to the financial highlights subsequent to which we can open the floor for Q&A session, over to you ma'am.

Subhasri Sriram

Thank you for and welcome to the earning call to discuss on the performance for the Q2FY 2013. Shriram City during this quarter ended September 30th, recorded a top line growth of 59% and this is 759 crores and AUM also recorded year-on-year growth of 59% and the asset under management as on 30th September is at 15928 crores with an off book assets of 11% as of total AUM. The profit before tax for the quarter ended September 30th was at 108 crores as against 81 crores during the same period last year. The gross NPA is at 1.37% which translates to Rs 194 crores in absolute terms and the net increase at 0.32% and this provided the coverage ratio of 77%. The company as you would be aware has adopted a change in the provisioning write off policy last quarter and continues to maintain the same. So this change results on year-on-year basis comparison to a higher provisioning to an extent of Rs. 22 crores approximately. The dispersal for the quarter ended September 30th 2012 was at Rs. 4512 crores recording a 58% year-on-year growth. The focus remains on the small enterprise finance and disbursals in this segment as recorded at 60% growth year-on-year. The gross PAT for the quarter ended September 30th 2012 is at 10.49% and the PBT to average AUM was 4.14%. Return on average net worth is at 22.95% and return on average total assets is at 2.86%. The book value assets as of September 30th is at Rs. 368 and EPS at 20.57 non annualized. The capital adequacy ratio as of September 2012 is at 15.48% with Tier 1 capital being at 12.21%. The total on book borrowings as on September was at 12645 crores and 58% of this was from banks, 22% from retail borrowings and 13% from market through CPs and NCDs and public issue of NCDs translate to 66% of the total borrowing. As I mentioned earlier, in the earlier calls, the company is in the process of aligning its employees and therefore you will notice a significant increase in the employee cost; however, at the same time, you would notice that the operating expenses have not shown a significant increase on the contrary a decrease is to a extent lower than the growth in the business. If you have to combine the two and examine the cost to assets that is AUM to AUM, this has dropped from 4.37% as of September 11 to 3.95% as on September 12. During the half year ended September 12, its subsidiary company Shriram Housing Finance had sanctioned 64.33 crores and disbursed 36.48 crores and currently it operates out of 36 branches and the quarter ended results recorded a loss of 0.47 crores. Thank you so much. Happy to answer your queries. Back to you.

Moderator Thank you very much. Participants, we will now begin with the question and answer session. We have the first question from the line of Pritesh Nambiar from UTI Mutual Fund, please go ahead.

Pritesh Nambiar If you could once again repeat the policy change which has happened on the provisioning side business by business then we could in fact get a better picture?

Subhasri Sriram Just to run past, the RBI guidance was 180 days provisioning and all of us have been expecting for quite some time now, I am not sure when that would happen. Those are expected to have a change in the guidelines to align it with banks with a 90-day provisioning norm. It is in this regard that the company from June quarter from this fiscal decided that we would move in a progressive manner towards the 90 day compliance, so what we have done is moved the 180 days assets to 150 and 120 days on different products both based on the delinquency, past track record in the portfolio, and also the security coverage right now available in each of these asset classes. On this business, we would probably say we have come closer to the 150 to 120 bracket. I would definitely say we are not at 90 days right now. We will probably have to revisit that during this coming quarter to see whether we progress further or we stay at this level waiting for the guidelines to come in. As I explained that if we have to adopt the same guidelines as at September 11-12 numbers, the provisioning would have been less by 22 crores.

Pritesh Nambiar If you could go one step further suppose we migrate from 120-150 day DPD to 90-day DPD?

Subhasri Sriram I don't have completely across all products. Let me put it this way. One is to go to 90-day DPD, the next is also to look at what type of coverage you would want on that. As I explained earlier, we have a coverage ratio of about 77% and with we also have a significant provisioning cum write off if we were to consider the write off as, If we were to consider the write off as 100% loss on assets, the coverage ratio actually goes up to 84% and if we were to comply this at 90-day DPD, our coverage ratio would be around 54%. I think we would be compliant at this moment itself, but with maybe some of the asset classes might require a little more, but from a coverage point of view we are at 54, if you are desiring to take it back to 70% plus coverage, which again let me mention here currently coverage ratio for nonperforming assets provisioning is not a mandatory requirement for the nonbanking finance companies, it is only for the banks, so even as a worst case scenario, if that is also an unexpected one, we probably require another 30 odd crores plus to take it to a 70% coverage, I am sorry I do not have the exact numbers for the coverage part.

Pritesh Nambiar This quarter what was the provision on account of standard asset?

Subhasri Sriram Provision for this quarter was 4 crores for standard assets.

Pritesh Nambiar Regarding the pricing and the yields perspective, what kind of direction could you in fact give us?

- Subhasri Sriram** Yields, I think more or less we are at this level, I don't think yields will go down further or we actually expect if as I mentioned earlier that our small enterprise finance loan has grown by 60% and the retail gold has probably only grown by 30-35%, so we should expect yield to increase marginally if not by at least 100 basis points and with reference to cost, I think cost of funds we do have right now very comfortable situation, but what was in September 2011 almost 72% has fixed interest rates, now it is reduced to 52% of the total balance sheet being excess of the fixed interest rate, so we are probably at a 50:50 in terms of between fixed and floating, so we are neutral to at this point of time between interest rate movement either side and if the market expect into a straight reversal in the next 6 months, it will probably be the 52% will come down to maybe around 48-44 fixed rate component and therefore we will have the benefit of the interest reduction.
- Pritesh Nambiar** Regarding the cash and cash balances that looks roughly 10% of the assets is locked in cash and cash balances, if I strip off the securitization, CC also amount looks higher, why is it that so?
- Subhasri Sriram** Cash balance is invariably is the last date loans drawn from banks, unfortunately banks don't appreciate us funding their accounts on those days. Though banks do not have priority sector benefit for on book lending, but we have always seen the banks are more than happy to lend to Shriram irrespective whether it is PSL or non PSL. We did get an excess of 1000 plus crores, which was drawn in the last couple of days.
- Pritesh Nambiar** Any traction on the securitization side for you?
- Subhasri Sriram** Thanks for mentioning it. We have actually commenced post the new guidelines from RBI, we have commenced the securitization, the first quarter was a dry patch, we have commenced securitization and we have complied with the new RBI guidelines and done a pass through certificate which is compliant with all the guidelines of the new guidelines of Reserve Bank in terms of securitization. We are on track, the 11% portfolio which is off book portfolio should by March 13 move upward significantly.
- Moderator** Thank you. We have the next question from the line of Ameya Sathe from JM Financial, please go ahead.
- Ameya Sathe** I have two questions, one is securitization amount, how much securitization done during the quarter?
- Subhasri Sriram** It was just 100 crores in fact last week.
- Ameya Sathe** Everything was through PTC?
- Subhasri Sriram** Only PTC.
- Ameya Sathe** Going forward what will be the way for the securitization?

- Subhasri Sriram** PTC, we have methodology and it is definitely doable and there should be no constraints of doing it anymore and it should be coming in good numbers the next two quarters. There is no doubt about that. As I said earlier, that 11% off book should go back to the 19-20% of our off book of last year March. That is not to be a issue, but definitely right now, the assignment option is also being seriously considered and we should be hopefully by December, the next call, we should have done some assignment, but at this point of time, I do not have a term session done to the assignment which I don't think anybody else at the moment, but definitely it looks doable and lot of interest from the banking sector to do that product.
- Ameya Sathe** Anything on the pricing for the PTC?
- Subhasri Sriram** PTC is at base rate.
- Ameya Sathe** Is there any possibility that we will get it below base rate since it is an investment part?
- Subhasri Sriram** At this point, no, at least not for Shriram City, I don't know about others, but I don't think we should be targeting anything below base rate at this point of time.
- Ameya Sathe** Second question on the operating expenses, applied cost has gone up, that must be I think because of absorption of Shriram Chit Fund employees? How many employees did we absorb till now?
- Subhasri Sriram** I would put it this way that we have right now almost employee numbers are doubling, currently it is close to about 4000 plus employees and I expect that before March 13, our employee strength should go up close to about 15000 employees.
- Ameya Sathe** From 4000 to 15000?
- Subhasri Sriram** It is part of both employee cost and the OPEX cost and it is the gratuity claim and others, it is already I think at least 95% of this employee cost is already part of the employee cost and OPEX cost. If any realignment as I mentioned earlier, the only realignment of expenses.
- Ameya Sathe** Why this other operating expenses are going up, anything on that?
- Subhasri Sriram** Going up is in proportion to the business. As I explained earlier, if we look at the income has gone up by 59% including whereas the OPEX which is including the employee cost has only up 49%, actually cost to asset ratio has come down from 4.37 to 3.95, over 40 basis points have been 10% reduction in the cost to assets ratio.
- Ameya Sathe** In the OPEX that is excluding employee cost, how much the commission and brokerages?
- Subhasri Sriram** I would get you the breakup, but again I would restate our accounting policy, all expenses irrespective of expenses incurred for longitudinal assets or liability, 100% is booked on time of incurring the expenditure.

- Ameya Sathe** So upfront is booked?
- Subhasri Sriram** Yes and not deferred to the tenure to the asset or the liability.
- Ameya Sathe** The current run rate will continue like 104 crores and 100 crores of other expenditure?
- Subhasri Sriram** Yes if the business is going to grow by quarter-on-quarter 15-20%, I don't think that is going to go down significantly.
- Ameya Sathe** Employee cost will be more or less around 50 crores?
- Subhasri Sriram** Yes, if you to compare these two together, if I have to look at cost to income ratio, it will be in the region of anywhere about 36 to 38-39.
- Ameya Sathe** Question on disbursement breakup, can I have the disbursement breakup in terms of consumer durables, loan against gold?
- Subhasri Sriram** Yes they are very much, much smaller, but I would like to break it up into business loan and gold loan. If you look at the business loan for the quarter is about 1200 crores approximately and business loan against gold is also about 1200 crores disbursement. So 2400 crores out of 4500 crores. We are more or less 50% upward.
- Ameya Sathe** Additional provisioning, last quarter how much additional provisioning we did?
- Subhasri Sriram** Addition to which quarter June to June comparison?
- Ameya Sathe** June 2012.
- Subhasri Sriram** June 2012 to June 2011 additional provisioning?
- Ameya Sathe** No in the second quarter we made additional provisioning of 22 crores right?
- Subhasri Sriram** 22 crores is comparing September 11 to September 12.
- Ameya Sathe** What will be the June 11 to June 12?
- Subhasri Sriram** June 11 to June 12 should be in the range of about 20 crores.
- Ameya Sathe** So 20 crores of additional provisioning in Q1 also right?
- Subhasri Sriram** Yes, it would be there. Once we are shifting the portfolio from 180 to 150, this will continue to be there.
- Moderator** Thank you, we have the next question from the line of Subramaniam PS from Sundaram Mutual Fund, please go ahead.

- Subramaniam PS** My query was on the RBI recent regulation, which prevents lending for gold purchase, is that likely to impair the company in any manner?
- Subhasri Sriram** Absolutely not. We are not into gold purchase financing, any gold purchases and we are not into financing bullion or coins.
- Moderator** Thank you. We have the next question from the line of Mithun Soni from Geecee Investments, please go ahead.
- Mithun Soni** Would you be able to share the loan mix as of September end?
- Subhasri Sriram** On AUM mix, two-wheeler constitute 11% of the book, auto is about 12%, consumer durable is 1%, personal loan is 4%, small enterprise finance non gold –collateralized is about 33%, and gold collateralized is 25%, together is about 58% is the business loan and 20% is retail gold. Small enterprise which is gold cum non gold together is 58%.
- Mithun Soni** But all these things put together comes to 86%, so like gold is 25, you said two-wheeler is 11
- Subhasri Sriram** 4 is personal loan, 12 is auto loan, 11 is two-wheeler loan.
- Mithun Soni** Still doesn't match to 100%. 25% gold, 33% is small business, two-wheeler is 11, auto is 12 and personal loan is 4, so all together comes to about 86%.
- Subhasri Sriram** Consumer durable is 1%, two-wheeler is 11%, auto loan is 12%, personal loan is 4%, small enterprises is 33%, that together is 60% and gold for business loan is 35% and non-business loan is 15%.
- Mithun Soni** On the provision side, you said so now we have restarted somewhere in the range of about 150 to 120 days, so are we trying to bring it down further?
- Subhasri Sriram** No we will never take a call, the board will take a call during this quarter.
- Mithun Soni** If that is the case, so it means the current run rate is something what we should look at going forward?
- Subhasri Sriram** Not any further.
- Mithun Soni** Basically if I have to segregate 22 crores the actual provision otherwise, without that suppose 70 crores, so that is the ratio which will come or 22?
- Subhasri Sriram** No if you have to maintain the same 120-150 this amount will continue till this quarter, till I bring 2011-2012, 2012-2013 comparison basis.

- Mithun Soni** We have currently reached about 15.5% capital adequacy, maintaining the growth will mean that we need capital sometime very soon?
- Subhasri Sriram** We do have warrants from Shriram Capital, which will need to be converted during next two quarters.
- Mithun Soni** Post that do we require any more capital or that should be good enough?
- Subhasri Sriram** Two scenarios, one is that we have the warrants getting converted. Two is our Tier II capital right now is only at 3.5%. we still have a lot of head room on Tier II, so we will explore that and before we go for our fresh round of capital.
- Moderator** We have the next question from the line of Pankaj Aggarwal from Ambit Capital, please go ahead.
- Pankaj Aggarwal** Your loan against gold portfolio total, I mean for individuals as well as for business purposes, what was the sequential increase in this loan book and what is the approximate LTV we have right now?
- Subhasri Sriram** It is between, retail gold will be around close to 60% and business gold LTV will be around 55% or even 54-55% and in terms of sequential growth on the AUM could probably be around 30% from year-on-year comparison or a quarter-on-quarter.
- Pankaj Aggarwal** In terms of growth, it is coming from more customers coming to your branches or branch expansion?
- Subhasri Sriram** No branch expansion. Branch expansions are not being done. I repeatedly say that branch expansion is not plan for business growth for the immediate quarter, I would say. It is roughly a branch expansion is a target for long term growth so whatever branches we do right now it would take a couple of years for it to take a full-fledged thing. We do not start a branch with gold loan business and branches start with two-wheeler business and progressively take up other products.
- Pankaj Aggarwal** In terms of LTVs when you say 55% and 60% LTVs is it on the value of the gold or the value of the jewellery?
- Subhasri Sriram** Not value of the jewellery. It is not including the sales tax or whatever making charges. It is on the 20 carat gold, market rate.
- Pankaj Aggarwal** There was a news article a few days back where your group company Shriram Transport announced that they might do gold loans going forward, so do you see any impact?

- Subhasri Sriram** Absolutely not. It was earlier being operated through our structure, we have facilitated that but I think from logistics point of view the volumes are so small in those branches that it is better if managed by Shriram Transport.
- Moderator** The next question from the line of Kaitav Shah from Anand Rathi, please go ahead.
- Kaitav Shah** My first question is pertaining to this consumer durable business, I know it is pretty small right now, but how are we doing it and what are the plans over 2-year period as to where it will be in the AUM mix?
- Subhasri Sriram** It is already at 1%, I think it can only go down further with rest of the business growing much faster rate that is answering your second part of the question. Our view on the consumer durable is, how do we do business we continue to only focus on some of the very large key retailers and also restricted on the manufacturers, so it is limited space that we operate, and largely here again we would like to going forward more and more of the consumer durable would be for the business class, it is like for a shop who needs a cooler or a generator or inverter or lift or elevator or mass scale TV, this is what we would like to finance rather than retail customers for one washing machine or one LCD TV. More and more the consumer durable here will be in line with business customers for business purpose rather than for consumption.
- Kaitav Shah** In terms of your asset quality gross NPA, we have seen 11% rise QoQ, so is this in any particular segment or it is across?
- Subhasri Sriram** If you look at quarter-on-quarter comparison, I think it is purely on with the balance sheet and not on any particular sectors.
- Kaitav Shah** What are the kinds of delinquencies that we see in two-wheeler business?
- Subhasri Sriram** Two wheeler businesses at 180 DPD, we would be close to about less than 2% for 180 days, net is 1.17.
- Moderator** We have the next question from the line of Nischint Chawathe from Kotak, please go ahead.
- Nischint Chawathe** Two questions from my side. One is on the growth traction that you would see over the next 6 months, you already have some data for the previous months, so possibly on the basis of that how do you see things playing out, whether you really see the traction this year as strong as it was in the later half of last year, some sense on that and the second is some color on the nonperforming assets very specifically in business loan category, if you could share that number and how that is trending up and whether you have any strong opinions on trends out there?
- Subhasri Sriram** Just to answer on the growth typically you would have seen year-on-year that the second half is normally the higher growth period. One is the festival season and I think even the business

community which is more supporting the local market, this is the best time of the year, so we definitely are very hopeful and confident that the last two quarters should be far higher than the first quarter.

Nischint Chawathe The trend in the month of October is kind of supporting this?

Subhasri Sriram Absolutely, we are more or less in line with our expectation and we should in November, December, January till February will be and in March normally you will have the general yearend pressure across all things.

Nischint Chawathe No reason to say that there would be any weakness or anything like that? I think there had been conflicting trend coming out from various places?

Subhasri Sriram This consumption local there is no slow down. Where in sectors ,which has grown too fast, production is too fast may be their expectations have not been met, but definitely if we look at some in consumption going down it is not going down at all and I think credit is also if I say consumption including the credit consumption is also strong. Indications are not that either the consumption will go up, but credit will not go up. I would say both consumption and credit is very strong. In fact I would credit is very strong in almost all segments and the other in terms of your nonperforming assets, I don't think we are seeing anything to worry in terms of delinquency, but I should agree that the customers, I think more in terms of scale, in terms of volume, in terms of location, I think we would probably see some amount of, a number of days of delay in collection, which I would say is not a bad idea because these normally gets compensated by penal charges, delayed charges, so I don't think it is a bad idea, but there is amount of delay in payments.

Nischint Chawathe In light of that you may want to continue with the accelerated provisioning policy or you may to kind of.....

Subhasri Sriram Accelerated provisioning policy I would say we have reached the particular level, do we want to move to 90 as I said earlier, we will have to revisit that. We will probably stay at this level and probably for two quarters you will see the comparison being visible, then of course it will be at the same level. I don't think this is any indication for us to change any of the policy, any of the performances or anything to change our policy. Change in policy was purely on account of expected RBI guidelines rather than on the company's side any concern, if we have to comply with that we might have to comply with that irrespective whether what I would look at whether what would be the delinquency or write-off, so that is the guidelines say, so I might as well be prepared for it and that is what we are working towards. We did not want to have to have it in only one quarter and rather do it through several quarters and smoothen the whole thing.

Moderator Thank you. We have the next question from the line of Elizabeth John from CRISIL, please go ahead.

- Elizabeth John** Regarding the provision that you touched upon we are moving to this 120-150 DPD, just trying to understand if at all we would have moved to 90 DPD, how much would be the additional provisioning this quarter, some sense on that?
- Subhasri Sriram** The point is always very difficult to answer that because I will have to look at what type of coverage ratio I need to reach to 90 DPD. Right now I have 55% coverage at 90 DPD, so I don't have to, but I might require more, but if we look at coverage rate we are already at 55%, so the only question comes in whether if we have to 70% coverage which is right now at a 180-day DPD, the current provisioning methodology, so we will have to guess the number, very difficult to put at that coverage.
- Elizabeth John** Employee cost, you already touched upon and you mentioned that there will be an increase in FY13, till FY13 you will be adding up, so that transition entirely will be completed in FY13?
- Subhasri Sriram** Absolutely, 100% even before that, let me again reiterate. When I have an employee cost going up more than my growth in business, the OPEX will not grow at the same rate in business, because it is only a shift from the OPEX to employee cost, so that is something which we will have to notice. For example, if my employee cost has gone up by 120%, the OPEX will go only by 20%, but the business may grow at 60%, so the OPEX will not be in line, so if we were to add these two together and look at the cost to income ratio, as I said earlier that it is more or less at 38-39%.
- Elizabeth John** Any Shriram chit branches that you have migrated this quarter?
- Subhasri Sriram** We have more or less done that if you mean by fixed assets and all that? We have more or less done that.
- Elizabeth John** Because I see the depreciation increasing on a sequential?
- Subhasri Sriram** That is more in terms of investments in each of these our own branches, it is not just the branch coming in, but our investment increases, more and more users coming, more and more systems, more and more technology investments, those have got translated into fixed assets and depreciation.
- Elizabeth John** In our CAR computation, have we considered the half yearly profit?
- Subhasri Sriram** For capital adequacy we have considered half yearly profits
- Moderator** We have the next follow up question from the line of Mithun Soni from Geecee Investments, please go ahead.

- Mithun Soni** One question with respect to the small business. Have you opened new territories in terms of expanding this business or we are currently focusing on the same market where you have been?
- Subhasri Sriram** We continue to be largely concentrated or skewed to the South Indian states that is Andhra Pradesh and Tamil Nadu, but as I mentioned in the previous calls, the company continues to as and when the branches makes sure and have a vintage of employees, we look at business loan as the next opportune product and in this line the Western region commenced in this product segment last year and this fiscal, last two quarters, the north has started into that business. When I say North it is not all the branches of North we would have about 10-15 branches in the North have commenced the business loan product. The next two years, we will see this product growing in more and more locations.
- Mithun Soni** When we say north, are we focusing particularly on the progresses stage or like?
- Subhasri Sriram** In business loan segment we are right now only in Punjab and Rajasthan. We are not in UP and very little Delhi, NCR, not proper Delhi, outskirts of Delhi this year and we are not so active in UP.
- Mithun Soni** Going forward are we also planning to enter into Maharashtra?
- Subhasri Sriram** As I said, Maharashtra and Gujarat was last year 2011-2012 and MP and MP and Chhattisgarh just one or two branches in each state we have just commenced.
- Mithun Soni** As of now, what would be the share of Maharashtra and Gujarat of the total loan book?
- Subhasri Sriram** Very small, it would be very difficult to say but I would say from a branch number, we probably are in excess of about 20 plus branches in these two states. This is very small compared to about 400 plus branches in South India, these two, Andhra and Tamil Nadu alone.
- Mithun Soni** Segments of businesses which we are targeting, is it the traders segment?
- Subhasri Sriram** It is only traders, 5 lakh, 10 lakh, 20 lakhs segment.
- Mithun Soni** Any major changes in the culture or anything which you are witnessing or any particular challenge?
- Subhasri Sriram** No, I think this segment will continue to be coming to the NBFC and will continue to find it difficult to get access to bank fund, so I don't think there is any level of change in that.
- Mithun Soni** What are the yields we are currently getting on this?
- Subhasri Sriram** Around 20 to 24%, I would say average 22% yield in the business loan.

- Mithun Soni** In case of gold, what will be the incremental?
- Subhasri Sriram** If it is a business class gold loan will be around 17%, the retail is about 19 to 20%.
- Mithun Soni** Going forward, how do you see the mix currently? The mix has been more or less remaining as steady.
- Subhasri Sriram** I don't think that is likely to change. I think we have reached a steady pace. If at all we will have quarter-on-quarter small increase in the business loan category.
- Mithun Soni** But otherwise the mix of about 38-40% of gold loan combined and 33-34% of the small business?
- Subhasri Sriram** But the small business loan with gold, which is right now about 60% will close to go up to 75%, because I don't expect, though the growth in two-wheeler and standalone will be high, but Rs. 30000 loan will find very difficult to compete with the 3 lakh loan, so 10 loans of two-wheeler make one business loan.
- Mithun Soni** So focus is primarily on the business loan?
- Subhasri Sriram** Absolutely and small enterprise finance.
- Moderator** Thank you. We have the next follow up question from the line of Subramaniam PS from Sundaram Mutual Fund, please go ahead.
- Subramaniam PS** Just wanted to know you said that your employee count will go up to 15000, so I assume that most of them are already working for you though they might not be there on the payroll?
- Subhasri Sriram** Yes, they are already there part of the employee cost or OPEX, it is just the statutory payments of this will come to us, their PF and ESI.
- Subramaniam PS** What I wanted to know is, what is the breakup of this employee say between collections, business sourcing. That seems to be a very large?
- Subhasri Sriram** Between collection and business sourcing very difficult to split it, but between field office and back office, the field will be probably 90%. We are pretty heavy on our automations so our back office process is not a very manpower intensive activity.
- Subramaniam PS** Typically one field officer will be handling how many clients?
- Subhasri Sriram** Depending on the product and geography location he is in. One employee in South India probably will handle easily about 150 customers because we have very thick and very dense more than 1000 branches and manpower. In the western and Northern region, an employee

might handle only about 50 in the worst case and 100 in the best case. The geographic coverage may be around 50 km and spread across all four directions.

Subramaniam PS What is the average ticket size generally for a customer?

Subhasri Sriram For which product?

Subramaniam PS For the business loan?

Subhasri Sriram For business loan the average ticket size is about 8-10 lakhs.

Moderator As there are no further questions from the participants, I would now like to hand the floor back to Mr. Karan Uberoi for closing comments, over to you sir.

Karan Uberoi On behalf of JM Financial, I would like to thank Ms. Subhasri Sriram of Shriram City Union and all participants for joining us on the call today.

Moderator Ladies and gentlemen on behalf of JM Financial Institutional Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.