Date: 2nd May, 2025

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.
NSE Symbol: SBFC

BSE Limited,
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001.
BSE Equity Scrip Code: 543959

Sub: Transcript of Earnings Conference Call

Dear Sir/Madam,

Pursuant to applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find attached the transcript of the earnings conference call which was held on 28th April, 2025.

The transcript of the earnings conference call is also being uploaded on the website of the Company at https://www.sbfc.com/investors under the section 'Investor Presentation – Call Transcripts' You are requested to take the above on record.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For **SBFC Finance Limited**

NAMRATA SAJNANI
Digitally signed by NAMRATA SAJNANI
Date: 2025.05.02 20:09:09 +05'30'

SBFC Finance Limited MUMBAI

Namrata Sajnani
Company Secretary & Chief Compliance Officer

"SBFC Finance Limited

Q4 FY25 Earnings Conference Call"

April 28, 2025

MANAGEMENT: **MR. ASEEM DHRU – MD & CEO**
MR. MAHESH DAYANI – EXECUTIVE DIRECTOR
MR. NARAYAN BARASIA – CHIEF FINANCIAL OFFICER
MR. PANKAJ PODDAR – CHIEF RISK OFFICER
MR. SANKET AGRAWAL – CHIEF STRATEGY OFFICER

MODERATOR: **MR. RENISH BHUVA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the SBFC Finance Limited Q4 FY '25 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Renish Bhuva from ICICI Securities. Thank you, and over to you, sir.

Renish Bhuva: Yes. Thank you, Sejal. Hi, good morning everyone, and welcome to SBFC Finance Q4 FY '25 Earnings Call. On behalf of ICICI Securities, I would like to thank SBFC Finance management team for giving us the opportunity to host this call.

Today, we have with us the entire top management team of SBFC Finance represented by Mr. Aseem Dhru, Managing Director and CEO; Mr. Mahesh Dayani, Executive Director; Mr. Narayan Barasia, Chief Finance Officer; Mr. Pankaj Poddar, Chief Risk Officer; and Mr. Sanket Agrawal, Chief Strategy Officer and IR Head.

I will now hand over the call to Mr. Aseem for his opening remarks, and then we'll open the floor for Q&A. Over to you, sir.

Aseem Dhru: Thank you, Renish, and good morning, everyone. Thank you for being on this call. This is our 30th quarter result since start of SBFC and the eighth post listing. The amazing thing about being a financial services company is that being a proxy of the economy, we are affected by every breeze that blows in every sector. From the macros like fiscal and trade deficits, interest rates, liquidity situation, GDP growth, money moving digitally, currency movements to the micros like the economy shifting to being more organized, individual balance sheets moving up and down, velocity of money in small businesses, working capital cycles, everything. There are multiple forces at play right now.

Finance is a derived demand, and to understand its strength, we have to look at the primary demand in the economy. Economic growth in India chugs along, albeit at a slower pace. What we have seen is that all the consumer staple companies have reported flattish quarter. So whether it is HUL, Nestle, Dabur, etcetera, at 2% growth, it's anemic.

But look, what's happening to the discretionary. So when you're looking at airlines, hotels, you are able to see that where spending is going. So spending is changing. We'll have to change our lens of focus to arrive at where the consumer spending is heading. So no longer looking at consumer staples may be a right barometer to look at.

Inflation is in the tolerance zone and the regulator has shifted its lens on growth. Two rate cuts have been delivered in rapid succession. And looking at the inflationary trajectory and softening of the USD, more rate cuts look to be on the menu. Durable liquidity has been promised and is being delivered. Banks have begun to cut savings rate.

Deposit rates have been able to soften after peaking in March. It looks like MCLR reductions are around the corner. Banks are the wealth from where the NBFC fields are irrigated, and so it's great to see them well hydrated versus the challenge last year.

On product design of gold loans, there was ambiguity and interpretation issues. The new draft circular provides immense clarity and the regulatory risk on the business continuity, which was a concern all of last year, is now off the table. The draft co-lending circular may make CLM2 on which the industry is operating challenging. We are probably the only lender operating on CLM1. So we should be fine, and that is our current understanding.

DeepSeek has done a number on ChatGPT. One of the most difficult things to achieve is the balance between technology and cost. Achieving frugal tech scale is a challenge we have taken. We have built some very effective tech stacks on cloud using vendors and self-development mix and built over 200 APIs to draw from the best. The benefits of these have begun to roll.

We have just gone live with a paperless gold loan. When a customer visits our branch today, just with their iris scan, we have e-KYC, e-signed done and money is in the customer's account and agreement on their WhatsApp. That's it. No documents, no friction. The challenge now is that the transaction is over before the customer's tea arrives. So we have a problem of a different kind.

We have rolled out account aggregator and are seeing increasing adoption, helping us speed up decisioning time, as well as end-use monitoring. We have been working on a project with Amazon Web Services. It's a generative AI-assisted credit assessment. The virtual credit underwriter should roll in this year. We've been piloting it softly, and we'll roll it once we see the results.

Our assumptions for the year ahead are as follows: one, we will endeavor to grow at 5% to 7% quarter-on-quarter. There will be quarters like the quarter 4 where we will surprise ourselves, but this continues to be our guidance. Two, we have been guiding a 50 bps reduction in operating cost year-on-year due to the design of taking a fully loaded opex of 16 states to listing and then benefiting from scale and efficiency. Three, last year, against the guidance, we have delivered a 69 basis point reduction. In the coming year, we will endeavor to deliver another 50 basis points cost reduction. Four, we will put out 20 to 25 branches this year as well. Five, we are not penciling in any reduction in cost of funds. If it happens, we will take it as a bonus. Usually, what happens is that on Excel sheets, we take the good news in, but bad news always arrives from where you can't see. So we'll keep this path aside. Six, co-origination will remain at 20% of our incremental origination, nothing changes there. Gold will remain 15% to 17% of our book, no change. Eight, we will be holding on to our view of closely watching our credit cost, and it should move in the 1% plus/minus 10 basis points range.

It's funny how humans think in terms of adding zeros to scale. When you start the company, the milestones you think of tend to be INR 100 crores, INR 1,000 crores. This year we are looking forward to us crossing INR 10,000 crores of an AUM number. While one knows that the top line is vanity, bottom line is sanity, and cash flow is reality, the ultimate measure of an NBFC will always be scale, profitability and governance, and we will strive towards that.

So to conclude, we have put ourselves in a position, where good things can happen to us. But we know that while that is a good condition precedent to have, it is only through disciplined execution that we can get to where we want. So help us god.

And now over to Narayan for more detailed comments.

Narayan Barasia: Thank you, Aseem. Good morning, everyone. Our AUM for March 2025 is INR 8,747 crores with a growth of 28% on a Y-o-Y basis and 7% on a Q-o-Q basis, with 100% of our AUM now secured by properties and gold. Our MSME AUM, which is 83% of our AUM grew by 27% Y-o-Y and 7% Q-o-Q to INR 7,249 crores. We added 22 branch during the year, 8 branch during the last quarter. The total branch count now stands at 205, as of 31st March '25.

In terms of yield, spreads and opex, the yields and spreads continue to remain stable at 17.88% and 8.53%, respectively, for the quarter. Our borrowing cost has reduced 5 basis points Y-o-Y and is at 9.33% for the full year in spite of continuous increase in MCLR during the year. Our opex is flat compared to previous quarter and is at 4.62% for the quarter, but improved by 39 basis points from Q4 of previous year due to operating leverage increase in the organization. This is in spite of a consistent increase in the branch network.

In terms of asset quality, our GNPA is range bound in Q4 to 2.74% with PCR increasing to 45.69%. Our credit cost is 1% for the quarter, which is in the range of our guidance. In terms of capital and return ratios, our capital adequacy ratio is 36.1% with tangible net worth of INR2,900 crores, as of March '25. Our return on average AUM for the quarter is 4.52%, with return on average tangible equity further improving to 13.14% for the quarter.

We made PAT of INR 94 crores for the quarter, thereby reporting a growth of 29% on a Y-o-Y basis and 7% on a Q-o-Q basis. And the PAT for the full year is at INR 345 crores, which has grown at 46% on a Y-o-Y basis.

With this, we open the floor for question-and-answer.

Moderator: Thank you very much. The first question is from the line of Nischint Chawathe from Kotak Institutional Equities. Please go ahead.

Nischint Chawathe: It was just a little bit qualitative. Aseem you mentioned that we are a little bit more cautious in the current environment. Now is it just kind of a fear of unknown, unknown? Or is it something that you're tangibly able to see at the ground?

Aseem Dhru: So see, Nischint, you are the only man who's Nischint, all of us have a lot of chinta. So that was on a lighter note. But basically, see, the way we see it is that if you look at the last few years, there has been a lot of volatility that has happened. One -- some came from liquidity events, some came from nature like COVID, some came from man-made events and crisis, and some came from regulatory pressures that built, and some have come from on-ground issues that what we have seen in Karnataka and now what we are seeing in Tamil Nadu. So there have been a series of events that have happened. And every year, there has been some thing that has disturbed the flow. So one needs to be careful, and one needs to be watchful. We don't know what the future entails.

And the fact is that when we are lending to a customer segment, which is a higher risk segment, and therefore, we have to be a lot more watchful always. So I don't think our commentary will ever change whichever year you will hear the call in because it is easy to -- see, it's a difficult business apart from one player, there has not been anybody who's been able to build scale in this business over time.

So it's a difficult business. We recognize that. And we know that we have to be watchful. It's a slippery slope. We will have to be watchful. Nothing that there is an event right now, but every year, some event seems to be coming that we can't see.

Nischint Chawathe: Got it. Just a little bit of -- again, a little bit of quantitative maybe. On the asset side, with rates coming down, how fast do you think you need to transmit? And any specific reason why you said that you don't want to pen down any cost of benefit this year?

Aseem Dhru: So see we -- it takes time to transmit, -- while the rate cuts happen, incremental borrowing costs have already begun to come down. But the book doesn't reprice until MCLR moves et cetera, which will take time. I mean, there is a pressure on banks also on net interest margin, maintenance, etcetera.

So I don't see that transmission of rate cuts and durable liquidity is going to immediately come to us. So it may come by the second half of the year. And it may come in small spurts, so 5 basis points here, 7 basis points there. We don't see a material reduction in cost this financial year is the base case. If it comes, we'll take it with both hands.

And the transmission only happens when our cost of fund moves, and our other parameters move. So transmission -- so there will be a delay and a lag between transmission of what happens with the regulator and what happens at the banks. Similar, there will be a lag at what happens to us and what will ultimately get transferred to the customer. So I don't see any rate reduction possibility for customers this financial year at least.

Nischint Chawathe: Sure. Because between '22 and '24 when rates were rising, you actually did see a spread expansion. So I'm just trying to understand the behaviour?

Aseem Dhru: So see, what happens is the rise was very sudden then. It was at one stroke, you had a 250 basis point increase. It was a very abnormal rise. So everyone had to react and respond to something that was an abnormal event. This year, I mean, nobody -- there's nobody's case that we are looking at that kind of a rate reduction. So when it is big, the shock and the reaction is instant. When it is in small spurts, it takes time to transmit through.

Nischint Chawathe: Got it. Any change in outlook for gold business after the draft regulation from RBI?

Mahesh Dayani: Hi, Nischint. So there's nothing materially changing for us. In fact, we'd like to welcome the draft circular, which is in circulation as of now. So nothing changes for us. So for last year, on an average, while there was volume growth of 15%, the price movement of almost close to 24%-25% took our average growth to 40% in gold. So clearly, nothing changes for us either operationally or otherwise.

Nischint Chawathe: Got it. And just one tiny one last one, if I can squeeze. On the co-origination side, I think as rates go down, do you kind of tend to benefit? I mean, I'm just curious how the pricing is -- evolve for you?

Aseem Dhru: See effectively, it's a zero-sum game because the rates are linked to repo both ways.

Nischint Chawathe: Both ways. Ok got it. Thank you very much.

Moderator: The next question is from the line of Renish Bhuva from ICICI Securities.

Renish Bhuva: On 2 things. So one, on this 1+ DPD trend, right? So we have been witnessing a steady increase in 1+, but at the same time, of course, we've been also able to contain 90+. I mean that's what our gross NPA suggest. So just wanted to get a sense, which geography or pocket is sort of driving this higher flows into early buckets. And do you see any risk to the pace of outflows from 1+ to 90+ in coming quarters maybe because of this change or any other macro events that can play?

Pankaj Poddar: Yes. So on the 0+, basically that we have seen impact of Karnataka portfolio because of certain events. And due to that, we are seeing that impact on 0+. We are not seeing any material movement at this point in time due to the same. So forward-looking for full year, we are not changing our forecast.

Renish Bhuva: Okay. Got it. So incremental flows to early buckets is mainly because of Karnataka issue.

Pankaj Poddar: Basically 50 basis points is due to that thing.

Sanket Agrawal: So Renish, all other states have been constant in the quarter and the only impact that has come in is coming from Karnataka. We have a material portfolio there and therefore, that in the bucket 1 has got impacted and therefore, 0+ is bloated to that extent. But in all other states, we've been able to contain the flow.

Renish Bhuva: Okay. And maybe if you can just share the ground feedback currently. I mean, things have stabilized in terms of flows? Or how is it?

Mahesh Dayani: So obviously, this started somewhere at the beginning of the last quarter. And all I can mention is that sequentially, we're seeing improvement month-on-month. So Feb was better than Jan and March was obviously better than Feb. So obviously, sequentially, we're seeing it better.

Renish Bhuva: Got it. Okay. And maybe slightly related to that also is on the disbursement side. So on a full year basis, we saw our disbursement in secured SME is actually down. And now sort of when we are saying sort of we will be able to maintain or sustain this 5% to 10% sequential growth. If I just calculate the numbers, the ask rate for quarterly disbursement would be roughly INR 850-plus crores. So are we confident of sustaining or achieving those numbers with the new issue in TN?

Mahesh Dayani: Yes. So probably I'll just break up the numbers for you. So what you see on a full year basis is largely because of a 1 quarter impact, which was the Q1 impact, where the total numbers had dropped closer to INR 550 crores. And then thereafter, there was a sequential uptick in it. If you were to just pencil in a number of anything between 4% to 5%-odd, you would continue to grow upwards of 20% in disbursals, closer to 25% of disbursals. And also, in terms of your AUM growth, it's going to be more than 25% and that clearly mirrors our 5% to 7%.

We were averaging close to around INR 255-odd crores a month last quarter, and that's going to take us to more than INR 300 crores or closer to INR 300 crores by the end of the year. So that's not a very large ask that we have before us. So if we were to go with your number seems to be largely within our range.

Moderator: The next question is from the line of Devesh Kayal from Monarch AIF.

Devesh Kayal: Just one question. So our growth in the Western region has been kind of muted at around 12%? So if you can give some color on this?

Mahesh Dayani: It is a soft pocket for us and some part of it is by design. Some of the states we had last year consciously had slowed down because we weren't very comfortable on the numbers that were coming up from the industry perspective. The numbers seem to be looking a lot better. So moving forward, we would see an accelerated ramp-up, and that's where the opportunity for us to hit our required ask on the disbursal also comes through.

Moderator: Does that answer your question? The next question is from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: I just wanted to understand you talked about opening 20 to 25 branches in the coming year. How do you decide on which geographies to expand in? Is it district-by-district expansion? Can you talk a little bit on that? And there was a media article yesterday, which talked about certain regulation coming in, in Tamil Nadu, which may try to formulate rules around collections. I see you have lesser number of branches in Tamil Nadu than Karnataka, so I can understand the impact could be restricted. But if you can help us understand what are the stress -- if there is any stress in that state going ahead?

Mahesh Dayani: Yes. So answering your first question with respect to branches. So if you would have looked at our number of states, we're not adding any state. What we've been constantly maintaining is that we're going to get deeper into every state, depending upon the experience that we have on origination, on underwriting, and on the profitability for those states.

And the way it works for us is that we get deeper at a district level, as we move into each of these states. So our existing states are going to get stronger. You would see better outcomes coming in from the states where we are already present. Some of them, we are the flag bearers in those particular states, where we have a significant market share, and we will continue to strive deeper in those particular markets.

Answering your second question in terms of the Tamil Nadu exposure, we have a 3% overall exposure. We'll be a little watchful as to how the situation unfolds in this particular quarter before deciding to significantly ramp-up.

Shreya Shivani: Got it. And sir, one thing that I wanted to understand, you mentioned how the environment in the country has been volatile in the past so many years. So within the segment, how do you manoeuvre around sub-segments? I'm not talking in terms of if you're doing secured MSME, not in terms of one state has more stress, so I move to other states, that is understandable. But do you choose the kind of MSMEs that you are lending to, or you move that around also? And are there any subsegments of MSME, where you feel there is bigger stress right now?

Mahesh Dayani: So in our previous commentary, we've said that our decision to lend or go slow is a function of multiple things. It's not really related to an event, probably something what happened in Karnataka, Tamil Nadu is probably a situation which is solving for excesses, but our decision is largely more credit-driven and how is the market being driven in those particular states. So a couple of states we had slowed down last month. That was largely driven because of the delinquencies going up in that particular segment, not necessarily with us.

And also, the entire efficiency of log-in to approvals to disbursal ratios, if that's not really favorable, then it's a high cost impact for us. So independent of these particular spurt of events because these will ultimately settle down. But our decisions to grow, accelerate is dependent upon a lot of other functions, which also mirrors up your question saying that what is it that we look at the segment.

So when we look at segments, we look at how are the big tickets doing, how are the mid-tickets doing, how the low ticket doing, how is the 0+ moving, how is the 90+ transition happening, how are the disbursals moving. So a lot of those considerations come into play before we decide what the plan for the quarter and the full year is going to be.

Moderator: The next question is from the line of Kamal Mulchandani from Investec Capital Services.

Kamal Mulchandani: My first question is like with respect to the increase in 1+ DPD in the recent quarters, have we put in some incremental credit filters? And what are we doing extra in terms of improving our collection efficiencies?

Pankaj Poddar: So 1+, as we articulated earlier in the question that is we have seen the impact of Karnataka coming in 1+ in last quarter, and that has impacted our 0+ by 50 basis points. We are seeing this to stabilize in coming quarters, and for full year, we are not expecting any material impact of the same.

From a credit side, we continue to watch the space and internally we have been strengthening our collection processes in past couple of years. So this is the same. We are not changing any guidance for full year.

Kamal Mulchandani: Okay. Okay. Secondly, for your gold finance book, if you could just highlight the number of branches from where we are sourcing this book? And incrementally, are we seeing some growth in the tonnage as well? Or it is purely related to the increase in gold prices?

Mahesh Dayani: So in terms of the tonnage, we saw -- so in terms of volume growth, the split is 15% is largely driven because of volume and 25% is the benefit that we got in terms of the price increase -- average price increase. And that's how it sums up your 40% growth in the gold business.

Kamal Mulchandani: Okay. And branches from where we are sourcing the gold loan, if you could just tell the number?

Mahesh Dayani: 165 branches.

Moderator: The next question is from the line of Kunal Shah from Citi group.

Kunal Shah: So firstly, with respect to the overall ECL provisioning and particularly on Stage 1, so that has got reduced by almost like 20-odd basis points. While we have seen the coverage increasing both for Stage 3 as well as Stage 2, so not very sure in terms of what is leading to change. Obviously, you also indicated that the environment is uncertain, then this would be on a back pull, but still do we plan to increase the coverage or something? And what could be the reason for this decline?

Aseem Dhru: No, no. So see, we refreshed our ECL model, and this has come out of that model. I mean, probably we were overproviding. Even now we are providing higher than anybody else. So this is just when the bots come out, we have completely automated our ECL provisioning. So there is no manual intervention. We do management overlays over and above this wherever we deem fit, but this number that has come out of the model and even after reduction, it is still highest compared to anybody else you would see.

Kunal Shah: Okay. And management overlay, what would be that number today, if there is any? Yes.

Pankaj Poddar: Around INR 4 crores.

Kunal Shah: INR 4 crores. Okay. Okay. And secondly, when you indicated with respect to the cost of funds remaining stable, so that comment is only on cost of funds. It's not, say, with respect to spreads. So looking at maybe the overall funding cost environment, there could be some lag, but we should have that advantage. And given that the proportion of cibil more than 700 customers is also rising, okay, would there be further pressure on yields and margins could come off? Would that be the case?

Aseem Dhru: You have seen us over 8 quarters, even in increasing cost of funds, our spreads have only gone up.

Kunal Shah: Okay. So still maybe even though funding cost remains similar, then not much pressure on spreads would be there, that's what the indication is?

Aseem Dhru: No. as already laid out in the guidance, nothing changes. Everything remains what we had said in the run-up to the roadshow.

Moderator: The next question is from the line of Satish Kumar from Mirae Asset Capital. Please go ahead.

Satish Kumar: So 2 questions from my side. First one is related to the cost-to-income ratio. As the cost-to-income ratio is to around 40% and the company has adequately invested over the past few fiscal. So would we expect the same trend going forward on the cost ratio front? And the second one is the MSME segment. So what is the growth guidance for the MSME credit growth given the competition is rising for these segments?

Mahesh Dayani: So with respect to the MSME segment, I think the overall market, if you look at it, that's close to around INR 3.5 lakh crores in the category of INR 5 lakhs to INR 30-odd lakhs. And that's growing in the range of 20%-odd. So with a lower base, if we are projecting 5% to 7% on a quarter-on-quarter basis, that is something which is achievable, and that's something that we've been maintaining for the last couple of years. We don't see any of those variables changing.

We've invested in our distribution across the country. So some spurt here or some event here or there is not going to probably change the guidance in any form. So clearly, while the competition could be getting intense, but I guess the market is also growing enough and there is adequate and enough and more opportunity for most of the players to grow.

Satish Kumar: Okay. And on cost-to-income ratio front, sir?

Mahesh Dayani: Opex side, I think what we always guided is that we will reduce our opex by largely 50 basis points as the distribution tends to spread. Last year, our opex went down by almost 70 basis points. Our next year guidance also remains the same that we will reduce it by 50 basis points. So it is going to be a downward sloping curve that you would see on our opex to AUM or the cost-to-income, whichever way you derive that.

Moderator: The next question is from the line of Mayank Mistry from JM Financial. Please go ahead.

Mayank Mistry: Sir, I have 2 questions. First is basis on the gold draft that has came in. So do we have any consumption-led loans in our portfolio? And if yes, then how should we see the growth going forward given that it is said that the growth is going to be impacted for gold loans going forward. So although we are at the higher end of our guidance, should we see this move below 15% going forward?

And secondly, what would be our Tamil Nadu exposure because again, the same regulations, same ordinance has been passed by Tamil Nadu as well, which has been passed in Karnataka. So these are my 2 questions.

Mahesh Dayani: So with respect to the Tamil Nadu exposure, it's close to around 3% of our AUM. So the exposure is not very large, significant. As I had maintained earlier in the call that we will be a little watchful, as how the events turn out and then depending upon those, we will decide our acquisition in that particular state. So as of now, it's not a very large material event for us, which will impact our overall momentum.

Your question on gold with respect to consumption, I think let me break this into 2 parts - What you see consumption-driven loans are largely small ticket loans in gold. What we typically see is more than -- our average ticket size is slightly more than INR 1 lakh, closer to probably INR 110,000 to INR 120,000-odd. These are largely business owners are used for business purposes. So the impact drawing towards consumption-driven loans is also going to be limited.

Mayank Mistry: So what would be the currently mix of income generation and consumption loans in our book then?

Pankaj Poddar: It will be mostly consumption. So like basically loans for which we would be offering in gold loan.

Aseem Dhru: See gold is a very small portion of our book. We are an MSME lender. That's our focus. Gold will remain at this 15%-17%, no change.

Moderator: The next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Sir, my question is on, would give us some idea on how the bounce rate has been like in the current quarter? And I mean, with your initial commentary on some elevated risk in a few states, how do you see -- I mean, how do you think it will pan out in next 2 or 3 quarters?

Sanket Agrawal: We usually track 0+ as a metric in the segment and bounce rate for the last 1 year has remained flattish from our portfolio perspective. 0+ has been one of the tracking points that we are looking at, and that's where our collections have been driven.

Vignesh Iyer: Okay. And sir, what is -- I mean, what do we have as an internal estimate for a steady-state ROA on our AUM?

Sanket Agrawal: So ROA has been ranging around 4.5% from the last 6-odd quarters. And as we lever up, there will be some compression on the ROA, but we would want to hold it on for the next 1 year between 4% to 4.5%.

Moderator: The next question is from the line of Harshit Toshniwal from Premji Investments.

Harshit Toshniwal: Am I audible?

Moderator: Sir, I would request you to please use your handset.

Harshit Toshniwal: Hello. Is it better? Yes. Sir, the question was on the gold loan piece itself. I think specifically on these 2 that how is our structure of the gold loan in terms of bullet repayment or principal EMI? And with the LTV norms changing, how should we look at that piece itself, maybe for you and also for the sectors, if you can help us, right?

And the second is from the increasing intensity of requiring to document the purpose, etcetera., how should that be looked at?

Mahesh Dayani: So from an LTV perspective, our overall LTV on the gold portfolio is close to around 60%-odd. So at a portfolio level, obviously, we have a required margin of safety, so that's not an issue. With respect to the new draft circular, which has come into play, we are already following that circular. So for us, there is no material change that we see with respect to the LTVs, which is in play. What was your third question?

Harshit Toshniwal: On the increase in documentation fees, sir. So I think you said more -- given most of our loans are income generation, but do we now need to put in some additional efforts in terms of documenting the end purpose of loans so practically, how is that possible?

Mahesh Dayani: So I think that was a soft nudge, which was always there from the regulator to monitor the end use for the gold loans for a particular ticket sizes and above. So that was already into play. We will just have to see that whether it is for the entire spectrum or is it for certain ticket sizes. If it's for certain ticket sizes and above, then there is no change for us.

In case it is for the entire spectrum, that's the only incremental or marginal effort that will be required from our side. But on an overall impact basis, we really won't have to turn the entire tumbler up and down on this one. Whatever changes are going to be there are going to be marginal and not really extremely -- it's not going to impact our cost in any way.

Harshit Toshniwal: Okay. Sir, one last question that our repayment structure in the gold loan, is it a bullet-based repayment?

Mahesh Dayani: See, if you look at the circular, what it tends to say is that if you have a ballooning structure, where you balloon all your interest and everything is rear ended, there could be an event risk in case the gold price falls, and that's rightfully done in. Thankfully, we are largely on a monthly servicing that we do it or on an EMI basis.

So again, to that particular portfolios that have been mentioned in, we don't have a share in that particular bucket or that particular product in our overall portfolio. So again, the impact assessment on that particular point is also minimal for us.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Sanket Agrawal: Thank you. That's it from our side.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.