May 27, 2023

The Secretary
BSE Limited
Pheeroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 531595

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No- 'C' Block, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051
Scrip Code: CGCL

Sub: <u>Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, regarding Q4 FY23 Earnings Call - Transcript</u>

Dear Sir /Madam,

Further to our letter dated May 15, 2023, intimating schedule of the Earnings Conference Call on May 23, 2023 to discuss the Company's Q4 FY23 Earnings, we are attaching herewith the transcript of the said Conference Call.

The above is for your information and dissemination to all the stakeholders.

Thanking you,

Yours faithfully,
for Capri Global Capital Limited

YASHESH
PANKAJ BHATT

Digitally signed by YASHESH PANKAJ BHATT
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pseudonym=1849f84eabdeea8eb673f7cf6edfd821,
serialNumber=6cf397ef478005ac82073195cebc3c26bc9eaf31
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Date: 2023.05.27 17:43:25 +05'30'

Yashesh Bhatt
Company Secretary & Compliance Officer
Membership No.: ACS 20491

Encl.: As above

Q4 FY23 Earnings Conference Call

May 23, 2023

Management

Mr. Rajesh Sharma
Founder & Managing Director, Capri Global Capital Ltd.

Mr. Ravikant Bhat
Sr. VP - Investor Relations, Capri Global Capital Ltd.

Indian Numbering System Legend

INR 10 Lakhs	= INR 1Mn
INR 1 Crore	= INR 10Mn
INR 100 Crores	= INR 1Bn
INR 1 Lakh Crore	= INR 1Tn

NOTE:
1) This transcript has been edited for lucid reading. To that extent, this is not a verbatim transcription of the audio transcript.
2) Factual corrections are marked at relevant places in the transcript and are referenced to footnote/s.
3) Recurring terms like 'year-on-year', 'QoQ', basis (referring to basis points) in the audio transcript have been shrunk to 'YoY', 'QoQ', and 'bps' respectively.

Moderator: Ladies and gentlemen, good day, and welcome to the Capri Global Capital Limited Q4 and FY23 Earnings Conference Call hosted by Go India Advisors. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravikant Bhat from Capri Global Capital Limited. Thank you, and over to you, sir.

Ravikant Bhat: Good afternoon, everyone. This is Ravikant. I shall read out a brief disclaimer for today's call. The discussion on today's call regarding CGCL's earnings performance will be based on judgments derived from the declared results and information regarding business opportunity available to the company at this time.

The company's performance is subject to risks, uncertainties, and assumptions that could cause actual results to differ materially in the future. Given these uncertainties and other factors, participants on today's call may observe due caution by interpreting the results. A separate disclaimer is available on Slide 2 of the Q4 FY23 investor deck. Participants are requested to note the same.

I now request our Managing Director, Mr. Rajesh Sharma, to present his opening remarks.

Rajesh Sharma: Yes. Good afternoon, friends. Like always, it's a pleasure to welcome you all to Capri Global's post earnings conference call. We declared our audited consolidated results for Q4 and FY23 on yesterday, that is 22nd May 2023. I hope you had a chance to go through the investor deck. The year FY23 was momentous in many ways for Capri Global. Our car loan business scaled new heights, where we have disbursed close to INR6,000 crores car loans in the last year. We launched our gold loan business, where we now own a meaningful network, granular retail disbursal overtook wholesale disbursement. And we concluded major equity fund raise with INR14.4 billion Rights Issue, which has taken our capital adequacy ratio to 40%.

However, the standout highlight was our consolidated net profit for FY23, which despite our strong organic growth push and associated opex for launch of new gold loan branches, nearly matched the FY23 consolidated net profit. This puts us firmly in the saddle to deliver mid-teen ROE over medium term. Let me, therefore, start with the earnings highlights first.

A combination of a strong net income, which increased 42% YoY and softer credit cost at 80% YoY, helped CGCL delivered a strong net profit growth of 55% YoY in Q4 FY23. This also bridged the gap with FY22 consolidated net profit with FY23 net profit coming in at INR2,047 million, nearly equal to the FY22 consolidated net profit of INR2,050 million despite we being in the investment phase in our gold loan branches.

The profitability was achieved despite CGCL continuing to expand organically in both urban retail and gold loan segment in Q4 FY23. But for the opex incurred, our net profit for FY23 would have been higher by INR840 million. Had not gold loan branches would have incurring the loss, our profit would have been higher at INR288 crores.

Our lending yields are beginning to show soft improvement with the share of gold loan slowly becoming prominent. We had started gold loan business in Aug'22 with a rate offering of 15% in our launch phase. However, we have now moved up closer to or at par with the competition with yields averaging over 18%.

In MSME and housing finance business, the loan yields are stabilizing, while the Construction Finance vertical showed further improvement in Q4. The net interest margin has generally trended lower during FY23 compared to FY22. This was due to the initial suppression of loan yields due to foreclosures, migration of higher-yielding loans. This was especially the case in MSME and Construction Finance and a reduction due to foreclosures or repayment was up to 10% higher than FY22.

However, with low yields in MSME and housing portfolio stabilizing and the share of gold loans improving in incremental share, the NIM should stabilize or improve going ahead. The net interest margin computed on average net advantage was 8.6% in Q4 FY23, a shade better than 8.5% in Q3 FY23, but lower YoY. That is also because our leverage has gone up.

We have been discussing our non-interest income in some detail since past 2 quarters. We've included a separate slide in our Q4 FY23 presentation, please refer Slide 15. The share of non-interest income was 36.3% in Q4 FY23.

On a full year basis, the share of non-interest income in net income was 33% in FY23 compared to 23% in FY22. Net car loan distribution fees contributed 40% to FY23 non-interest income compared to 19% in FY22. The car loan distribution business origination increased 3.5x YoY to touch INR60 billion. We are now present in 450 locations, including 9 branches across the country.

Our cost/income ratio, which hit a peak of 69.5% in Q3 FY23, softened marginally to 68.2% in Q4 FY23. Excluding the cost incurred for expansion in gold loan vertical, our cost/income ratio was 48% in Q4 FY23. Our operating cost was higher in Q3 FY23 as our hiring was high, owing to planned gold loan branch rollouts. With gold loans reaching a significant milestone in branch network, our hiring shall be more even paced leading to well spread out operating expenses in FY23.

We will have a network of 750 branches for gold loans by end of this quarter, reaching the 50% milestone of total 1,500 branches we plan.

We also expect the gold loan branches to reach closer to break-even in FY23 with gold loan AUM expected to touch INR25 billion to INR30 billion. This will also soften the incremental impact on operating costs and soften cost/income ratio significantly.

The credit cost declined to INR112 million in Q4 FY23 from INR245 million in Q3 FY23 and INR571 million in Q4 FY22. On a full year basis, our credit cost was INR642 million, declining 39% YoY. The full year credit cost was 80 bps compared to 192 bps in FY22. Asset quality improved with Stage 3 asset declining 65bps YoY and 57bps QoQ to 1.74%[1]. The PCR on Stage 3 assets was 30.9%, highest in Q4 FY21. We have taken negligible write-offs during Q4 FY23.

I shall now discuss business performance. Assets under management crossed INR100 billion to touch INR103.2 billion. This is a 56% YoY growth. The share of retail loans improved to 79% in FY23, from 76% in FY22. The share of Construction Finance segment where growth was stronger in H1 FY23 due to a strong sanctions and disbursement pipeline, softened 165bps QoQ to 18%, below our threshold of 20%. This is in line with our previous commentary that Construction Finance momentum shall be softer in H2 FY23.

1. Restated from 1.59% previously, see revised Q4 FY23 presentation. Change YoY and QoQ and PCR have accordingly been changed.

Disbursals touched INR28,110 million, growing 87% YoY and 55% QoQ. Disbursals in FY23 stood at 72,902 million and were up 70% YoY. The share of retail disbursal comprising MSME, affordable housing, and gold loans was 76% in Q4 FY23 compared to 49% in Q4 FY22. Gold loan led momentum in disbursal during Q4 FY23, constituting INR9,582 million or 34% of the total disbursals. This translated in gold loans AUM touching INR11,259 million constituting 11% of AUM compared to 8% and 2% share in Q3 FY23 and Q2 FY23 respectively. This rapid scale-up was supported by an expansion of our exclusive gold loan branches, which has increased to 562 branches in Q4 as compared to 449 in Q3.

The car loan distribution business continued with strong momentum as shown in Slide 12. The loan origination touched INR20,324 million, up 2.7x YoY and 20% QoQ. Total origination in FY23 stood at INR60 billion, over 2.5x in FY22 origination, which was INR17,022 million.

Our fee income in car loan distribution alone has reached about INR118 crores in FY23. In this strong growth backdrop, I would like to highlight we enhanced our capital adequacy ratio to 40% for CGCL from 24% in Q3 FY23. The capital adequacy ratio has been boosted by INR14.4 billion equity raise we did in Mar'23. We have deployed INR2 billion of the money and shall be able to fully deploy the equity in Q1 FY24. Going ahead, we shall aim to sustain the AUM growth momentum above 30% in FY24.

Our profitability should also improve as our gold loan branches move nearer to breakeven. With that, I conclude my commentary. We shall now take questions. Thank you.

Moderator: Our first question comes from Mona Khetan with Dolat Capital.

Mona Khetan: So my first question is on the gold loan book. What is the typical tenure here? And is there hope for further rise in yields from here on?

Rajesh Sharma: So our gold loan typical tenure is about 6 months -- and what is your next -- the second part of the question was?

Mona Khetan: Could the overall yields which are 18%, is there scope for further rise in the yields?

Rajesh Sharma: So 18% is our boarding yield. But realized yield is higher because most of the schemes are rebate schemes where on default interest rates go up further. So we expect the realized yield will be in the range of about 20.5%. Additionally, realize about 2.5% interest above the boarding yield.

Mona Khetan: Okay. Which comes in the fee line?

Rajesh Sharma: No, which comes in the interest income only.

Mona Khetan: Okay. So eventually, this will stabilize at 20% or so, the overall yield?

Rajesh Sharma: Yes. But that happens in new business. That will happen once you reach the end of loan tenure. Because default happens then and you realize the default interest. That happens over a period of time. You will see this quite evident in the H2 FY24.

Mona Khetan: Sure. Got it. And what percentage of gold AUM will have a yield below 12%?

Rajesh Sharma: Below 12% will be less than 10%-15% of portfolio, of the gold loan portfolio, which is only done with a view to park our surplus treasury money rather than putting it in a mutual fund. We can always devise certain schemes, where we use the treasury product and can pass that money with 11%, 12%, 13% kind of rate of interest.

Mona Khetan: Got it. Secondly, on the home loan book, we see a sharp rise in the average ticket size on a QoQ basis from INR12 lakh to INR16 lakhs. What has led to this? Also, if you could share what are the sourcing channels for the home loan book?

Rajesh Sharma: Home loan book sourcing channel is our own direct sales team, which procure the entire home loan book. And ticket size of home loan has gone up because of growing cost of the houses. At the same time, our expansion in few cities, the average ticket size of the loans has gone up.

Mona Khetan: Okay, got it. And just 1 final question again on the gold book. What is the break-up by ticket size? The gold AUM breakup that is above INR5 lakhs, what percentage of book that may be below INR1 lakh, what percentage of book can deliver?

Rajesh Sharma: I think we can give that to you separately. At the moment, it may not be that handy.

Moderator: Our next question comes from Hitesh Gulati with Haitong Securities.

Hitesh Gulati: Congratulations on a good set of numbers. Sir, a couple of questions from my side. Firstly, you've spoken in some media interactions about digital lending and some new products. Can you throw some light on that?

Rajesh Sharma: So digital lending at the moment is in the phase where we are just discussing with a few fintech players to tie up, where we will be disbursing the loans to -- which are originated and guaranteed by them. But recently, there are some changes in the RBI guidelines in the FLDG and all. So we are reviewing that. Once there is a clarity and comfort on our repayment obligations and some sort of comfort from the fintech who originate it, based on that will take a call. While we have a team in place, but still it is away by at least 3 to 6 months.

Hitesh Gulati: And Sir, some other products in the pipeline on the lending side?

Rajesh Sharma: No, lending and there's no other product. We will consolidate what we are doing and we'll focus on gold loan branches to make them achieve faster breakeven.

Hitesh Gulati: Sure, Sir. And Sir, the last question from my side is gold loan is right now 11% of AUM. What is our target for this? And what is our overall AUM growth target for the company?

Rajesh Sharma: So overall AUM growth should continue to grow between 35% to 40% and now adequate capital also is in place. And with the gold AUM over a period of next 4 to 5 years, it will be about 25% of the overall book, consolidated book.

Moderator: Our next question comes from Pushkar Jain with Sequent Investments.

Pushkar Jain: Congratulations on great set of numbers. My question is on competition from banks. The last 3, 4 quarters, we have seen a lot of competition in terms of yield from banks for gold loans. Is the competition -- how is the competition shaping up right now and what percentage of our book would be less than -- would be yielding less than 15% in gold loan?

Rajesh Sharma: So, yes, competition is increasing. But market is increasing by 12% to 13% year after year. And still the majority of the gold loan market is still with the informal lenders and jewellers who lend at very high rate of interest. So market will continue to move from unorganized lenders to the organized lenders like NBFCs and banks. While banks target higher ticket size and the customers are different, gold loan focused NBFCs target retail customers with ticket size in the range of starting from INR10,000 and going up to INR2 lakh. So the segment is quite different. Despite competition, as I said, majority of the gold loan market will continue to shift and we can see good growth in the next 4, 5 years in this.

Moderator: Our next question comes from Jai Daxini with IIFL Securities.

Jai Daxini: So in gold loans segment we were targeting 1,500 branches over the next 4 or 5 years. But we have already opened 550 during the last 8 months. So could we actually reach our target within 2.5 years? And how will be the growth in next year? And also how would this affect our opex movement and C/I ratio?

Rajesh Sharma: At the moment, we'll take a pause at 750 branches. And we will make them become profitable before we start the next phase or round 2 of balance 750 branches. Currently, our focus is to make them achieve their target business numbers and achieve profitability faster.

Our cost/income ratio, which is at the moment elevated, will come back to the level of about maybe between 45% to 50%. And when the profits start delivering, I think it will further show the improvement there.

Jai Daxini: Okay. And 1 more question -- in the Construction Finance, our ATS has declined QoQ. So is there any colour on that, like INR191 million to INR18 million on Slide 9.

Rajesh Sharma: Can you repeat the question, please?

Jai Daxini: Yes. In the Construction Finance business, our ATS has declined from INR191 million to INR18 million.

Rajesh Sharma: No. So I think because of the font size, it's got a bit hidden. It's not -- we'll rectify that.

Jai Daxini: It is INR180[2] million, right?

Rajesh Sharma: Yes, yes. Correct[2].

Jai Daxini: Okay. And our GNPA has declined in SME segment by 120bps[3] QoQ. So how do you think this segment would be growing asset quality-wise and what's the strategy as of now?

2. It was Rs258 million. Relevant slide in investor presentation has been corrected.
3. MSME GNPA decline was 85bps QoQ. Please refer revised presentation.

Rajesh Sharma: You are asking specific to MSME, which is what you're referring to? Can you please say that?

Jai Daxini: Yes, SME segment. GNPA has declined 120 bps, so -- QoQ.

Rajesh Sharma: So this is the overall. This is not talking about a specific segment. This is a consolidated level of the company.

Jai Daxini: Yes. So what's your growth plans in this vertical as of now?

Rajesh Sharma: No, no. So as far as GNPA is concerned, that is overall of the company. As far as the growth of the vertical of MSME is concerned, MSME will continue to grow in the range of 25% to 30%.

Moderator: Our next question comes from Nikhil Nyati with Equirus Securities.

Nikhil Nyati: Sir, my first question is on the gold loan yield. I see a sharp improvement on a QoQ basis, which is reported on Slide 16. Can you throw some light upon that like and how much of it is attributable to the P&L interest and overdue interest, if any?

Rajesh Sharma: If you talk about the gold loan, the onboarding yield that we are achieving now is about 18%. Overall basis, we expect to get the default interest rate on about 25% to 30% of portfolio. Then, we will also go more granular. From a higher ticket size where jewellers used to come, we are going to the retail consumer. So the ticket size is dropping and our interest is also going up. But initially, when we launched the loan, we were more focused to make our presence felt in those particular branches. So our yields were lower. With the combination of all this impact, our yields have gone up.

Nikhil Nyati: Got it, Sir. And Sir, second question is on the cost of fund side -- our cost of funds have remained fairly stable over the last year despite the rate increases. So how do you see the cost funds panning out in the next 3-4 quarters?

Rajesh Sharma: As you know that we borrow from PSU banks where interest rates are reset on an annual basis. So while the interest should have gone up, the impact comes when the interest rates are reset. Majority of the resets were started during Quarter 3 and all the resets have happened by the end of March'23. So our interest rates *(cost of funds)* will go up by another 40 to 50bps. And we are quite confident that we will be able to pass on this increase in interest rates to our new customers.

Nikhil Nyati: Congratulations on a good set of numbers.

Moderator: Our next question comes from Mayur Liman with Profitmart Securities.

Mayur Liman: Congratulations on a good set of numbers. I just want to ask, what are the parameters that pushed the performance of Q4 FY23 and full year of 2023?

Rajesh Sharma: Can you please repeat the question?

Mayur Liman: Yes, Sir. What are the parameters that pushed the performance of Quarter 4 and the full year 2023?

Rajesh Sharma: Can you be specific? What exactly you wanted to ask?

Mayur Liman: If you give me details about the gold loan segment and the car loan distribution, it will be good.

Rajesh Sharma: Car loan distribution, if you talk about, that has disbursed close to INR6,000 crores worth of car loans. And we had a revenue from that about INR118 crores. If you talk about gold loan, gold loan AUM has stood about INR1,126 crores, and where the average yield is about 18%.

Mayur Liman: Yes, Sir. But what are the market scenarios that pushed these drivers, means if we look the income, I mean, operational income, so it increased. So, I mean, I just want to know what are the market or economic factors that pushed the business forward.

Rajesh Sharma: If you sum it up, going forward, our car loan distribution business, next year will grow about 50%, and that will give you a pure fee income, no capital is required. And that will improve our fee income ratio to the overall income, that has already improved from 22% to 33%.

And overall basis, our AUM will continue to grow about 35% to 40%. And as we said, since our gold loan branches are now achieving 1-year period in the next year, those branches will be near to break-even or some of them will become profitable. So our overall cost/income ratio will drop. We see that in the next year there should be a significant upside in profitability.

Moderator: Our next question comes from Ashish Kumar with Infinity Alternatives.

Ashish Kumar: Sir, on the car loan distribution business, you mentioned that we have got our revenue of INR118 crores. What will be the profitability on that business, Sir, cost/income ratio, just to get some sense?

Rajesh Sharma: From INR118 crores top line, we have got a profitability close to about INR30-32 crores from that segment.

Ashish Kumar: And Sir, there's no balance sheet exposure to that?

Rajesh Sharma: No, because we are just referring leads originated by our team to the banks who have partnered with us. We have partnered with close to 8 banks. And on successful conversion of that lead, we are paying a fee by the banks. And that is what our business model is.

Ashish Kumar: Okay. And Sir, just to understand what is it that we are doing differently as compared to so many other people that we've been able to build up car distribution business so quickly? What has clicked for us?

Rajesh Sharma: So we have touch points. We have built a strong network of our own team and since we've distribution network, and we are focused only on new cars, we are able to do it with a quick turnaround, and we know that which customer will fit in with what interest rate. We run that program and are able to offer the customer very quickly. Suppose somebody applies, whether he'll get a good interest rate in Bank of Baroda or HDFC Bank or Bank of India, we are able to tell him. And we help the customer do that decision quickly and making available funds to buy his car quickly. So I think the turnaround time in the right kind of way, rate of interest matching his income profile helps us to get better business.

Ashish Kumar: But so is what, let's say, some of the larger distributors like Andromeda, et cetera, do…

Rajesh Sharma: I do not know exactly what is the business model of Andromeda. But as far as we are concerned, we have about 450 touch points and our own feet-on-the-street people along with them. So that is helping us. And we are adding more locations and few more bank partners this year. So this year, again, we'll see a 50% growth in that. Currently, in the new car loan disbursal, other than the dealers, I think we are number one.

Moderator: Our next question comes from Gaurav Sharma of HSBC Securities.

Gaurav Sharma: Yes. I have a couple of questions. One is regarding the borrowing mix. Since you have a large portion of borrowings from scheduled commercial banks, I want to know what will be the break-up of this into MCLR linked bonds, EBLR linked bonds or repo rate linked bonds, if any? That is first. Second, I just wanted to know what are the cross-selling opportunities you are exploring in your loan products? These are my 2 questions.

Rajesh Sharma: We don't borrow through SLR or EBLR linked bonds. We borrow money from public sector banks[4] as a term loan. And there's less than 5% borrowing in the form of non-convertible debentures, which were borrowed from banks when the TLTRO scheme was announced. These are getting repaid. By the end of June, I think every NCD except 1 with a financial institution will remain outstanding, which is very small amount. The rest of borrowings are term loans ranging from 5-year to 8-year tenure.

Gaurav Sharma: Okay. Got it, Sir. And upon the cross-selling opportunities in lending product?

Rajesh Sharma: So currently, we have MSME branches, home loan branches, and gold loan branches plus car loan distribution. Going forward, our old gold loan branches will convert into loan centres and they will start cross selling home loans and MSME loans. In any case, MSME loan branches also cross-sell the home loans. Our technology is under development. That will take around 6 to 9 months' time. And once that takes place, we'll launch a pilot and then we'll convert all the gold loan branches into full-fledged loan centres. So, the cross-sell opportunity will rise exponentially.

Moderator: Our next question comes from the line of Satadru Chakraborty, an investor.

Satadru Chakraborty: Okay. My first question is on the MSME business. Here in the slide, I see that the average ticket size has increased, the accounts have increased, let's say, 20-odd percent. Can you just throw some light on how you see this segment going forward in the fiscal year '23 and '24? Any stress or strain that you see in this segment? And just in general, what is your vision of this segment progressing forward?

Rajesh Sharma: If you talk about MSME, I think going forward, if you've seen that earlier, we had about restructured pool of about INR200 crores-plus amount, which has come down to about INR93 crores, which is clearly showing the good result.

4. Share of private banks in CGCL's borrowing mix is currently very small.

Going forward, our average ticket size will continue to be in the range of less than INR25 lakh, which currently today is about INR19 lakh. The average ticket size will not move up. But since we are adding more branches, the distribution network will strengthen. At some point of time, our gold loan branches will also do the cross-selling. So MSME business will grow. And I think this will remain one of our key growth drivers.

Satadru Chakraborty: Okay. Similar question also for the housing finance business. I think you mentioned that the average ticket size has gone up. That is clearly visible. The loan-to-value looks pretty similar. Accounts have gone up. I was just concerned a little bit about the geographical distribution. Do you see yourself expanding into any other geographies? Or what exactly is your strategy for the next 2 years for housing finance?

Rajesh Sharma: In housing finance, we are adding new branches in Uttarakhand and Uttar Pradesh. And this year will be adding another about 25 to 30 branches there. And plus, we are adding branches in some of our existing locations where business is good. We are adding more manpower strength there to source and underwrite that business. So overall, I think Housing Finance will grow in the range of about 55% to 60% for the next 2 years.

Satadru Chakraborty: Okay. And then the last question from my side was really around your capital structure. It's not really the structure, but the capital that you raised in the Rights Issue. Congratulations on successfully raising that. When I look at the gold loan business and the opportunities that I see, I have a strong sense that capital cover, let's say, will sort of run down in 2 years. Is there any longsighted vision of what you want to do again? And if you want to do a capital raise, will it be from public shareholders, will be from NHB, will it be from other banks? Or just any vision of how you see the capital base basically going forward for the next 2 or 3 years?

Rajesh Sharma: So last time, we raised capital was in 2010. Now we raised, even that is the Rights Issue, where we put in a significant amount of money. I don't think company will require capital for the next 6 to 7 years. And in case the co-lending takes off, company may not use the capital even for the 10 years.

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

Rajesh Sharma: Yes. Thank you all for attending this call. As we stated earlier, we continue to build a granular book and we continue to cater to the same segment, which is not catered by the banks, be it MSME, be it affordable housing, be it gold loan and even be it the smaller developer construction finance.

I think we clearly see that backed by our strong distribution network, a good capital adequacy ratio, and our 10 years' experience in lending business, we have already established our underwriting standard and a good collection team. We have invested heavily in the collection team as well as the collection systems – chatbots, auto-dialling and all that.

On back of that, where the collection is the heart of our entire business, we feel that the company will continue to grow in the next few years at a range of about between 35% to 40%. Gold loan branches will convert into the loan centre, which will further bring our operating cost down. Overall, within 3 to 4 years, you will see a significant improvement in margins as well as improved return on equity. So, thank you all.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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