

**Date: June 07, 2024**

**To,  
National Stock Exchange of India Ltd  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Mumbai-400051  
Scrip Symbol- SRGHFL**

**BSE Limited  
1<sup>st</sup> Floor, P.J. Towers,  
Dalal Street,  
Mumbai-400001  
Scrip Code - 534680**

**Subject:- Transcript of the Earnings Conference Call for the Quarter and Financial Year  
ended March 31, 2024**

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with respect to our letter dated May 29, 2024 please find enclosed the transcript of the Earnings Conference Call of the Company for the Quarter and Financial Year ended March 31, 2024 held on Monday June 03, 2024.

This is for your information and record.

Thanking You,

Yours Faithfully,

**For SRG Housing Finance Limited**

**Divya Kothari  
Company Secretary  
M.No:- A57307  
Enclosed:- a/a**



## **SRG Housing Finance Ltd**

**Q4 & FY24**

### **POST EARNINGS CONFERENCE CALL**

June 3, 2024 12:15 PM IST

#### **Management Team**

Mr. Vinod Jain - Managing Director  
Mr. Ashok Modi - Chief Financial Officer

**Call Coordinator**



Strategy & Investor Relations Consulting

## Presentation

### **Vinay Pandit:**

Ladies and gentlemen, good afternoon. I welcome you all to the Q4 and FY '24 Post Earnings Conference Call of SRG Housing Finance Limited. Today on the call from the management we have with us, Mr. Vinod Jain, Managing Director; and Mr. Ashok Modi, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded.

Also, this call will be conducted in Hindi language. I would now request the management to detail us about the business and performance highlights for quarter and the year that went by, growth plans and vision for the coming year, post which we will open the floor for Q&A. Over to you, sir.

### **Vinod Jain:**

Jai Jinendra. I welcome you all to the Q4 financial 2024 earnings conference call. In the financial year '24, company has achieved the AUM target of ₹600 crores. In financial year '24, with a growth of 49%, the disbursement was ₹284 crores, which was ₹191 crores for the last year. Month-on-month, we are seeing seeing substantial growth in disbursement, compared to past few years.

Our loan book of 37% growth for financial year '24 was ₹601 crore, which was ₹438 crores in the previous year. Our current monthly disbursement volume is equivalent to what we used to disburse in a year in the past, and our quarterly disbursement is now equivalent to our previous annual disbursement.

In financial year '24, our total branches have increased to 67, which was 62 for the last year. Profit before tax was ₹26 crores, which was ₹21 crores last year. Total income with a growth of 35% was ₹127 crores, which was ₹94 crores last year.

Net interest income was ₹59 crores, which was ₹44 crores last year. Net worth was ₹159 crores, which was ₹133 crores in the previous year. EPS was ₹15.87, which was ₹13.12 last year. In financial year '24, housing loan was 70% and LAP was 30% and salaried loan was 25%, and self-employed loans was 75%. Our entire loan book is secured by property collateral. The average ticket size for housing loans is ₹500,000 and average LTV is 40%.

The gross non-performing asset (NPA) ratio is 2.29%, down from 2.50% in the previous year, while the net NPA ratio is 0.69%, up from 0.51% last year. Due to the increase in the repo rate, our average borrowing cost is 11.13%, compared to 10.82% in the previous year. The company has maintained a healthy spread of 11%. The net interest margin on the gross loan book stands at 11.29%.

In FY24, we raised funds totaling ₹227.80 crores, of which 40% came from public sector banks and the rest from financial institutions. The company's total outstanding borrowing is ₹491 crores which was ₹357 crores last year. with 49% from banks, 39% from financial institutions, and 12% from the National Housing Bank. The company's liquidity position remains strong, with liquid funds of ₹82 crores, including ₹17 crores of undrawn funds. Our asset-liability management (ALM) position is also comfortable.

Talking about business projections, for the financial year 2025, the target AUM is ₹780 crores, and for FY26, the target AUM will cross ₹1,000 crores. In FY25, we target to raise equity funds between ₹50 crores and ₹100 crores. The targeted branch count for FY25 is 90 branches, and for FY26, we aim to cross 100 branches. We plan to open 15 new branches in Q2 in the south and Maharashtra regions and 10-15 branches in Q3. Our Pan-India Business Expert team is working from our Mumbai corporate office. With this, I would like to thank you all, and anyone who wishes to ask questions can do so one by one. Jai Jinendra.

### Question-and-Answer Session

**Moderator:** Thank you, sir. Anybody who wishes to ask a question may use the option of raise hand. In case there is a problem of raising hand, you may send us your question on chat, and we'll ask on your behalf. By the time the question gets assembled, I would like to ask a question.

**Vinod Jain:** Yes, yes.

**Moderator:** You just spoke that what we used to do in a quarter we are now doing it in a month, and what we used to do in a year, we are doing it in a quarter. Regarding this would you please explain to us in detail, as to how you have achieved this and how this ratio can be improved further?

**Vinod Jain:** Actually, In the past quarters, amidst the challenges posed by the COVID-19 pandemic, we operated with a reduced number of branches. However, in the Financial Year 2022-23, we embarked on an expansion

initiative, opening 25 new branches. The impact of this expansion was evident from Quarter 3 onwards. Subsequently, our quarterly targets became achievable on a monthly basis, and our yearly targets into quarterly. As our branch network and team continue to expand, so does our business. In our previous quarters, the disbursements achieved were equivalent to our annual targets from previous years, demonstrating our concerted efforts within a single quarter. Looking ahead, the new branches planned for this year, scheduled to open in Quarter 2 and Quarter 3, provide us with the entirety of Quarter 4 to focus on their development. These new branches include two clusters in Maharashtra, each comprising six branches, along with six branches in Karnataka, five in Tamil Nadu, three in Telangana, and three to four in Andhra Pradesh. Business plans have been formulated, and teams have been recruited for these locations, including the appointment of 10 to 12 branch managers. It typically takes 4-6 months to achieve break-even in these new branches.

**Moderator:** Okay. There is a question from Arvind Kumar - what is your AUM and disbursement target for FY '25?

**Vinod Jain:** Our previous year target was for average monthly disbursement of ₹ 25 crores. For this year, if we take an average of 25% for the branches, so our average monthly target will be between ₹30 crores to ₹35 crores. And our disbursement will be around ₹400 crores hence our loan book will increase around ₹200 crores. And the AUM will be between ₹700 crores to ₹780 crores.

**Moderator:** Okay sir. We will take the question from Agastya, Agastya you can go ahead.

**Agastya Dave:** Am I audible, Vinay bhai?

**Moderator:** Yes, yes.

**Agastya Dave:** Great. Thank you very much for the opportunity. Namaste Mr. Jain, how are you?

**Vinod Jain:** I am fine. You tell us.

**Agastya Dave:** Congratulation sir, this quarter was very good. What you awaited during the COVID time for the growth, you can see the results clearly. Sir, the question I wanted to ask to you about the branches you opened now, you also mentioned about the breakeven so, sir, could you tell us how many branches are not in breakeven?

- Vinod Jain:** Sir, all the branches we've inaugurated have successfully attained break-even. Even if a branch operates on a smaller scale, generating business volumes of around ₹20 lakhs to ₹25 lakhs, it initiates our break-even process.
- Agastya Dave:** So, all your branches are in breakeven?
- Vinod Jain:** Yes, all of our branches have reached the break-even point.
- Agastya Dave:** And sir, how much business is your most profitable branch doing?
- Vinod Jain:** In our branch model, we categorize our branches into three categories: A, B, and C. Our branches achieving a turnover of ₹25 lakhs fall into one category, where they have reached breakeven and continue to operate profitably. The second category comprises larger branches targeting ₹50 lakhs in monthly revenue. The largest branches, situated in major cities, aim for a monthly turnover of ₹1 crore.
- Agastya Dave:** Sir, for a new branch to reach their full potential how much time does it take, two or three years, or is it below that?
- Vinod Jain:** It takes six months, six to seven months.
- Agastya Dave:** Sir, it takes six months?
- Vinod Jain:** Yes, it happens in six months.
- Agastya Dave:** Yes. Secondly, you are in rural locations for so many years, this time the monsoon will be good according to all the predictions. Would you get additional benefit from housing, does demand grows or is there is no correlation in that?
- Vinod Jain:** Sir, during a favorable monsoon season, development is stimulated across the entire country. Monsoon plays a pivotal role in India's economy due to its significant contribution to agriculture. With increased agricultural productivity, there is a corresponding rise in income levels, prompting people to invest in housing, expand businesses, and foster overall development. Consequently, this surge in economic activity leads to an increase in demand across various sectors.
- Agastya Dave:** Yes. The growth that is coming - you haven't given the monsoon assumption so will there be any bump-up addition in this level or...?

- Vinod Jain:** No sir, in reality, there's no certainty with the monsoon. While we anticipate its arrival, an excess of rainfall can actually be detrimental, resulting in crop damage.
- Agastya Dave:** Okay. So, this is your base sir, the ₹200 crores additional AUM you are saying is your base so that should come?
- Vinod Jain:** Absolutely. Right, sir.
- Agastya Dave:** Right sir. And sir, the two years guidance that you have given for AUM so when you reach ₹1,000 crores so at that time will you need capital will you raise it or will you raise it after ₹1,000 crores?
- Vinod Jain:** We've already obtained board approval for the equity raise. Therefore, we plan to secure ₹50-100 crore in equity during this fiscal year
- Agastya Dave:** Okay. So, you will take it in this year itself. Okay. So, I thought the enabling resolution, which is at the end of next year will you take that time?
- Vinod Jain:** No, no. So, we are thinking we will close it in one or two months as quickly as possible.
- Agastya Dave:** Yes, yes. Great sir. I will go back to the question queue.
- Vinod Jain:** Yes, yes Agastya. Thank you.
- Agastya Dave:** Thank you, sir. All the best.
- Moderator:** Sir in the chat Arvind has a question. How about competition from other companies and online fintech companies?
- Vinod Jain:** Sir actually competition and fintech are two separate things. In rural areas, there are relatively fewer housing finance companies due to the extensive fieldwork required. Additionally, the fintech model is not applicable in housing finance companies. Fintech typically operates in unsecured loans where property documents, valuation, legal reports, and technical aspects are not required. However, in our housing finance business, which involves detailed credit assessment and various other factors, the fintech model is not suitable."
- Moderator:** Okay. Sir, we will take the next question from Kamlesh. Kamlesh, you can go ahead.

- Kamlesh:** Thank you, sir. Jai Jinendra sir.
- Moderator:** Kamlesh can you speak up a bit please, you're coming very soft.
- Kamlesh:** I'm loud now. I'm audible?
- Moderator:** Yes.
- Kamlesh:** Yes, thank you. Jai Jinendra sir. Sir, my question was just you said that you have planned for new branches. Sir which regions are you planning and what kind of team are you building in there?
- Vinod Jain:** as already mentioned the regions are Maharashtra, Karnataka, Tamil Nadu, Telangana and Andhra Pradesh. This includes cluster of six branches in Pune. Pune, PCMC, Ahmednagar, Solapur, Satara, Kolhapur. Our second cluster includes Nashik, Dhule, Jalgaon, Aurangabad, Nagpur, Amravati.
- In Karnataka, Bangalore, Mysore, Mandya, Hassan, Chitradurga, Kolar. In Tamil Nadu, Coimbatore, Erode, Salem, Tirupur, Madurai. In Telangana, Hyderabad, Rangareddy, Nalgonda. In Andhra Pradesh, Nellore, Chittoor, Kurnool. In this way we have finalized the branches and locations with 4-5 new states. Also we have recruited expert team of housing finance sector. The entire south region will be monitored from corporate office in Mumbai. We have assembled a team with PAN India training capabilities for recruitment, ensuring expertise in our operations across regions.
- Kamlesh:** And sir, the new branches that we have opened around 30 branches, in terms of profitability and disbursement size, how is it?
- Vinod Jain:** Sir, actually it is yet to be opened. Our plan is to start branches in quarter two and quarter three. We have finalized 10 to 12 branches. We will get the possession in the next month. So, we will start in quarter two.
- Kamlesh:** Okay, sir. Sir, as you mentioned about Mumbai, the corporate office and your business team, I wanted to know what kind of team you will sit there and what do you want to achieve from the opening of Mumbai office?
- Vinod Jain:** What I mean to convey is that as we expand our operations to encompass PAN-India coverage, we are venturing into four to five new states. The expertise of our team is particularly advantageous in this endeavor. Personally, I am also shifted to Mumbai, where I both reside



and work. Being situated here provides easy access to industry experts and centralized control. Additionally, our strategy department is headquartered in Mumbai.

**Kamlesh:** Okay. Sir, in our old branches, around 30, how was the contribution of AUM and disbursement in FY '24?

**Vinod Jain:** In FY '25 or FY '23?

**Kamlesh:** In FY '24. In FY '23 - '24.

**Vinod Jain:** In FY '22, our AUM was ₹438 crores. And our disbursement was ₹189 crores.

**Kamlesh:** And in FY '23 - '24 i.e. FY '24?

**Vinod Jain:** FY '24 our disbursement is 283 crores and our AUM is 601 crores.

**Kamlesh:** Okay. And what will be the contribution of these branches in terms of AUM in the future?

**Vinod Jain:** We've established a target of 400 crores for the current year, focusing solely on our existing branches. The target for new branches hasn't been factored into this projection. Our plan is to disburse 400 crores solely from our established branches, while anticipating an Assets Under Management (AUM) of approximately 700 to 800 crores. Our strategy is tailored to the capabilities of our existing branch network.

**Kamlesh:** Okay. Thank you, sir.

**Moderator:** Thank you, Kamlesh. We have one more question from Arvind Kumar in the chat. After this equity raise, when do you plan the next equity raise?

**Vinod Jain:** That's an insightful question. As a finance company, we have a structured approach to acquiring equity for business needs. Equity is not readily available in abundance in the market; it's obtained as per requirement. The decision to raise equity is carefully considered, factoring in aspects such as the market capitalization, Assets Under Management (AUM), and the specific equity needs of the business. Currently, our equity range falls between 50 crores and 100 crores. With this, we foresee no immediate need for additional equity up to 1,000 to 1,500 crores. Being a listed company, we have various avenues available for equity acquisition when needed. Our current plan entails

raising between 50 and 100 crores this year. As we expand our Assets Under Management and find the need for additional equity, we will consider another round of equity infusion.

**Moderator:** Okay. Anybody else who wishes to ask a question, please raise your hand. Sir, I would like to ask a few questions?

**Vinod Jain:** Yes, sir?

**Moderator:** We have seen many companies in the past, they ramp up their disbursements at a high speed, right? As you are expanding these new branches, how fast can this ramp up be in your disbursement? Also parallelly, how strong will your credit appraisal process be? And how strongly will it work? Because these are all new regions, and we do not have as much understanding of them as we do of our existing regions. What is your plan for that?

**Vinod Jain:** We've employed personnel for credit operations in these states. Our credit operations are centralized, with the head of our Mumbai office overseeing credit decisions for these five states. As for disbursement timelines, once a branch is established, disbursement typically commences within two to three months. This rapid timeline is facilitated by hiring branch managers and teams already well-versed in the industry, minimizing the need for extensive training or explanations about our business processes and policies. Our vendor management ensures that legal and technical aspects are swiftly addressed. When expanding into new areas or states, we conduct thorough surveys and develop comprehensive business plans for each branch. These plans are informed by insights from our collection experts, who identify areas with credit challenges and areas with strong credit performance. Once the business plan is finalized, we proceed to open the branch.

**Moderator:** Okay. Sir, we'll take the next question from Agastya, Agastya, you can go ahead.

**Agastya Dave:** Thank you Vinay bhai. Sir, what do you think about the NPS situation? Our growth is coming back. There are new areas. Historically, your track record has been perfect. Going forward can you give us some guidance on credit costs? Is the past a good reflection? Can we expect the same clean balance sheet as before or is there a little risk?

**Vinod Jain:** We have had a longstanding presence in rural areas, having been operating in the housing finance sector since 2002, totaling 22 years of experience in the field. Our expertise extends to credit operations,

where we possess a deep understanding of the intricacies involved. We are adept at identifying potential pitfalls in credit assessments, technical evaluations, and legal processes, requiring experts to discern and rectify any errors that may arise. Our credit procedures are meticulously designed to minimize errors, ensuring a high level of accuracy. Unlike some businesses that rely solely on documentation, our rural operations prioritize physical verification. This hands-on approach significantly reduces the likelihood of errors, as our field staff conduct thorough physical assessments.

**Agastya Dave:**

Sir, one last question. How much will you increase the loan to value in your target of ₹1,000 crores? Property prices are increasing in the village. Real estate cycle is doing well. I am pretty sure that prices are increasing in the village as well. How much will your loan to value increase?

**Vinod Jain:**

Our Loan-to-Value (LTV) ratio stands at a maximum of 50%. In rural areas, the population varies significantly, ranging from as low as 1,000 to as high as 10,000 individuals. For populations below 10,000, we adhere strictly to the 50% LTV limit. However, in areas with larger populations, we may offer slight variations ranging from 5% to 10%, provided certain conditions are met. Maintaining a conservative LTV margin is crucial for enhancing collection efficiency. Exceeding the appropriate LTV ratio, such as reaching 80% to 85%, poses risks, as property values can depreciate significantly if defaults occur. This depreciation can lead to situations where the outstanding loan amount surpasses the property value, resulting in the loss of the owner's equity interest. Consequently, individuals may abandon their properties, resulting in financial losses. Therefore, our steadfast adherence to a 50% LTV ratio is rooted in years of successful business practice, ensuring sustained growth and mitigating risks effectively.

**Agastya Dave:**

Will you keep it the same in the future? Is the assumption of 50%, correct?

**Vinod Jain:**

For populations below 10,000, we will maintain a 50% threshold. However, for areas with populations exceeding 10,000, we may allow a slight deviation of 5% to 10%.

**Agastya Dave:**

Sir, there is another hypothetical question. This is about monsoon. If the monsoons are good, does the prepayment increase? People prepay their loans. Should we keep that assumption?

**Vinod Jain:** No, sir. Good monsoon conditions do not directly lead to increased prepayments. Instead, business activity tends to surge during favorable monsoon periods. As business activity rises, individuals may require additional financing. So, you're suggesting that regarding housing.

**Vinod Jain:** When it comes to houses, once a person has the funds, they tend to invest in furniture and upgrades rather than downsizing.

**Agastya Dave:** Great, sir. Jain sir, thank you very much for the call and giving your time. All the best, sir.

**Moderator:** Thanks, Agastya. We will take the follow-up questions from Kamlesh. Kamlesh, you can go ahead.

**Kamlesh:** Thank you, sir. Sir, I wanted to know more about Archis Jain. You have designated him as the CEO. What role is he playing in the organization?

**Vinod Jain:** Sir, Archis Jain has dedicated the last six years to working in the field. His primary objective is to spend 20 to 22 days per month at the branch or in the field. He oversees the operational aspects of the branches, including developing business plans, managing teams, and providing motivation. With 5-6 years of field experience, he has built his own dedicated team. Archis Jain excels in meeting targets and is responsible for ensuring their achievement. That's the focus of his role.

**Kamlesh:** Basically, he has built a very good team?

**Vinod Jain:** Indeed, the team at the branches. When someone holds the position of CEO and spends 20 to 22 days in the field, they immerse themselves fully in the team's environment. This entails dining, lodging, and even sleeping together, fostering a close-knit bond. The CEO makes it a point to visit every branch, ensuring familiarity with each branch manager's home and even meeting their families. Such close interactions cultivate strong relationships and mutual understanding, allowing them to anticipate and fulfill each other's needs effectively.

**Kamlesh:** Sir, we were talking about AUM. The target of AUM is ₹750 crores to ₹1,000 crores. How will our borrowing mix be in that? And how will be our expected borrowing rate? And how will be the spread in the new region?

**Vinod Jain:** Sir, as of today, our borrowing breakdown stands at 49% from banks, 12% from the National Housing Bank (NHB), and 39.16% from

financial institutions (FIs). This borrowing composition remains consistent, with half sourced from one bank and the remaining split across others. When venturing into new states, the interest rates will generally align with rural norms, albeit with adjustments for larger population centers where rates may vary slightly. Thus, there's no rigid parameter dictating a ceiling or floor for rates; rather, it hinges on the pace of development within each state. Presently, rural areas are evolving rapidly, resembling urban centers in some regions like Gujarat, while retaining a more traditional rural ambiance in others such as Rajasthan and Madhya Pradesh. Hence, borrowing dynamics may differ across states based on their unique developmental trajectories.

**Kamlesh:** Okay. Sir, I have one more question. What is the bank transfer rate in our loan book?

**Vinod Jain:** The bank transfer, commonly referred to as BT, typically ranges from 8% to 10%. The amount transferred out from our finance company is generally reciprocated by an equivalent sum from the recipient finance company. In essence, there's a balanced flow between the two entities, with the average amount transferred out being roughly equivalent to the incoming funds.

**Kamlesh:** Okay. Sir, in LTV, how much collateral do you consider?

**Vinod Jain:** Our portfolio is entirely collateralized based on LTV (Loan-to-Value Ratio). We exclusively deal in secured products and refrain from engaging in unsecured loans. Each loan in our portfolio is backed by property collateral, with a co-applicant, typically the wife, and a guarantor required for every loan. Unlike some other major companies that may not mandate a guarantor or co-applicant, our policy mandates both.

**Kamlesh:** Okay, sir. Thank you.

**Moderator:** Thanks, Kamlesh. Anybody else who wishes to ask a question, please raise your hand. Kush, you are unmuted. Do you want to ask a question?

**Kush Tandon:** Yes, hi. I was just searching for the hand. Mr. Vinod ji, Namaskar. Congratulations for a good result.

**Vinod Jain:** Thank you, thank you, Mr. Tandon, thank you, sir.

**Kush Tandon:** Sir, I have a question. Your loan is on a fixed rate. And in the last one and a half years, due to the increase in interest rate, we had to bear a

loss at the NIM level around 1%. So, sir, the loan we are giving at the rate, is again on a fixed rate? And because the interest rate will be less in the future, we are seeing a benefit. So, sir, will you comment on this

**Vinod Jain:**

Sir, our client base primarily opts for fixed-rate loans. If the repo rate rises, we might experience a slight profit decline for the fiscal year. However, if the repo rate subsequently decreases, our profits will likely increase. This preference for fixed rates stems from the rural populace's limited understanding of flexible rate mechanisms. Even a minor fluctuation in instalment amounts, such as a ₹50 change, can prompt confrontations, as clients expect consistency in their payments. By offering fixed-rate loans, such disputes are minimized. Clients understand the fixed terms of their loans, such as a ₹5 lakh loan with a fixed instalment of ₹12,000 or ₹13,000, without questioning minor adjustments. Thus, adhering to fixed rates is integral to our operations and product offerings. While an increase in the repo rate may lead to temporary losses, potential reductions in the repo rate could offset these losses, a possibility we anticipate in the foreseeable future.

**Kush Tandon:**

Sir, I joined a little late. Sir, our Opex has also increased a lot, because we put new branches, we hired people, we opened new offices. So, what is your view on that, going forward the growth of Opex will be less than the growth of the top line, sir?

**Vinod Jain:**

Sir, Tandonji, your question is quite insightful. When we transition into full expansion mode, such as scaling up our Mumbai corporate office and extending our team nationwide, it inevitably leads to increased costs. This cost escalation is a natural consequence of our growth strategy. However, it's crucial to note that as we expand and establish 25 to 30 new branches, our overall costs will eventually decrease. This reduction in costs can be attributed to certain fixed elements within our head office and corporate team structure. Even with a doubling of Assets Under Management (AUM), only a modest 10% to 20% increase in team size may be necessary, as the majority of our infrastructure and setup remains unchanged. Thus, the scaling of our operations will ultimately drive down our expenses.

**Kush Tandon:**

Yes, sir, yes. Thank you, sir. These were the two questions. If there are any more questions, I will come later.

**Vinod Jain:**

Absolutely sir.

**Moderator:** Thank you, Kush. Anybody else who wishes to ask a question? Sir, there is a question from Arvind in the chat. What type of customers are you giving loan to?

**Vinod Jain:** So, our loan portfolio predominantly focuses on rural housing finance, with 94% allocated to rural areas and only 6% to urban regions across our entire geographic scope.

**Moderator:** Sir, he is asking about the type of customers?

**Vinod Jain:** Certainly, within this demographic breakdown, approximately 74% are self-employed individuals, while around 25% are salaried. Additionally, in rural areas, our clientele encompasses a diverse range of businesses. This includes various types of shops such as grocery stores, vegetable markets, general stores, and barbershops, among others. Additionally, we cater to businesses such as utensil sellers, jewelers, tailoring shops, and hardware stores, reflecting the broad spectrum of our customer base within rural communities.

**Moderator:** Sir, there is one more question. To what extent are you willing to expand your debt-to-equity ratio?

**Vinod Jain:** Sir, let me explain the concept of the debt-to-equity ratio. Firstly, it's important to note that we operate as a housing finance company, not as an NBFC. Under RBI guidelines, we're permitted a leverage ratio of up to 12x. Secondly, SBI, our lead banker, has granted us approval for a leverage ratio of up to 10x within their sanction. Comparatively, typical NBFCs usually operate within a leverage range of 5x to 7x. Additionally, our housing finance products typically span a duration of 10 years, whereas NBFC products usually have shorter tenures of two to three years. NHB, as per RBI directives, allows for a maximum leverage ratio of 12x. With SBI's approval, we can operate up to 10x leverage. However, private banks usually prefer leverage ratios of around five to six times. This year, our target leverage ratio aligns with these standards. Considering our equity funding, we anticipate that up to ₹1000 crores to ₹1200-₹1500 crores would suffice, eliminating the need for additional equity up to ₹1500 to ₹2000 crores.

**Moderator:** Right, sir.

**Vinod Jain:** And now our debt-to-equity ratio is three times.

**Moderator:** Since there are no further questions, we shall end the call here. Do you want to give any closing comments?

**Vinod Jain:**

I have a request for everyone. Considering our business operations and the trust our investors have placed in us over the years, we urge them to comprehend the dynamics of the finance industry and consider long-term investments in our company. Our objective is to base our actions on equity principles. We encourage individuals with financial acumen to invest in our company's equity. While external factors like the COVID-19 pandemic may occasionally impede our progress, we remain steadfast in our commitment to business growth. Despite any temporary setbacks, we are determined to fulfill the promises we have made. Our team consists of approximately 650 to 700 highly skilled individuals who are dedicated to our cause. This expertise and dedication are the cornerstones of our success in rural business. We pledge to maintain and enhance these qualities. With this, I express my gratitude to you all. May your trust and confidence in us endure. Jai Jinendra.

**Vinay Pandit:**

Thank you, sir. And thank you to all the participants for joining on this call. And thank you to the management for giving us their time. This brings us to the end of this conference call. You may all disconnect now. Thank you, sir.