SEC/FILING/BSE-NSE/24-25/68A-B **April 30, 2024**

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Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 511218

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor,
Plot no. C/1, G- Block,
Bandra- Kurla Complex,
Mumbai – 400 051.
NSE Symbol: SHRIRAMFIN

Dear Sirs,

Sub.: Transcript of investors earnings call for the fourth quarter and financial year ended March 31, 2024.

Further to our letter dated 27th April 2024, regarding the audio link of the investors earnings call for the fourth quarter and financial year ended March 31 2024, we enclose herewith the transcript of the said call. The Transcript is also been uploaded on the Company website **www.shriramfinance.in**

Thanking you,

Yours faithfully,

For **SHRIRAM FINANCE LIMITED**

BALASUNDARARAO UPPU Digitally signed by BALASUNDARARAO UPPU Date: 2024.04.30 17:07:08 +05'30'

U BALASUNDARARAO
COMPANY SECRETARY & COMPLIANCE OFFICER

Encl.:a/a.

"Shriram Finance Limited Q4 FY '24 Earnings Conference Call"

April 26, 2024

MANAGEMENT:	**MR. UMESH G. REVANKAR – EXECUTIVE VICE CHAIRMAN, SHRIRAM FINANCE LTD** **MR. Y. S. CHAKRAVARTI – MANAGING DIRECTOR & CEO, SHRIRAM FINANCE LTD.** **MR. PARAG SHARMA– JOINT MANAGING DIRECTOR & CFO, SHRIRAM FINANCE LTD.** **MR. S. SUNDER – JOINT MANAGING DIRECTOR, SHRIRAM FINANCE LTD** **MR. RAVI SUBRAMANIAN – MD & CEO, SHRIRAM HOUSING** **MR. G.S. AGARWAL – CFO, SHRIRAM HOUSING** **MR. SANJAY KUMAR MUNDRA – INVESTOR RELATION HEAD, SHRIRAM FINANCE LTD.**

Moderator: Ladies and gentlemen, good day, and welcome to the Shriram Finance Limited Q4 FY '24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"and then "0" on your touch-tone phone.

I now hand the conference over to Mr. Umesh G. Revankar – Executive Vice Chairman, Shriram Finance Limited. Thank you, and over to you, sir.

Umesh G. Revankar: Yes. Thank you. Good evening, friends from India and Asia, and a warm welcome to all of you who are listening today. Greetings also to those who have joined the call from the western part of the world.

To present our Q4 Earnings Call today, I have with me our Managing Director and CEO – Mr. Y.S. Chakravarti; Joint Managing Director and CFO – Mr. Parag Sharma; Mr. S. Sunder – Joint Managing Director; and also present are Ravi Subramanian – MD and CEO of our subsidiary Shriram Housing. And G.S. Agarwal – CFO. We also have Mr. Sanjay Kumar Mundra – our Investor Relation Head.

It has been a very encouraging 4th Quarter for us and also for a full year. We are seeing the fruitful dividend in our business model at the end of a full financial year post merger.

Let me first go through the economy:

Indian GDP expanded 8.4% in the October to December quarter, far exceeding economist's expectation, thanks to brisk manufacturing and construction. The third quarter GDP numbers was highest in 6 quarters on the back to back of 11.6% rise in manufacturing activity and 9.5% expansion of construction sector. Government also revised up its GDP growth forecast for the full year ending in March 2024 to 7.6% from January projection of 7.3%.

Early in February, Government presented an interim budget that sought to slow the pace of infrastructure growth while aiming for fiscal consolidation. Under the planned capital expenditure effect for an annual rise of 11% to Rs. 11.11 trillion for the year ended March 2025, that is a little down compared to the 33% increase in the previous year.

On inflation:

India's annual retail inflation rate is to 4.85% in March from 5.09% in February to 5 months low, helped by the drop in fuel price. Food inflation, which accounts for nearly half of overall consumer price basket rose 8.52% in March compared with 8.66% in February. The wholesale price-based inflation inched up a 3-month high of 0.53% in March from 0.2% in February.

RBI in its MPC meeting held in April 5, 2024, has kept the key positive repo rate unchanged at 6.5% as the retail inflation continues to be above the target of 4%. This is the seventh meeting on trot that MPC has maintained the status quo on the repo rate. According to RBI, India's GDP is projected to grow at 7% for FY '25, while retail inflation is likely to be 4.5%.

On the rural economy:

The Indian IMD, that the metrological department has predicted above normal monsoon rains at 106% of long period average in 2024 raising the hopes in farm sector after erratic weather last year, which clipped the summer harvest. Private weather agency, Skymet has predicted that India will have a normal southwest monsoon in 2024 with 102% of long period average. The RBI's latest survey on consumer confidence for the current period has been on a path of sustained recovery. Consumer confidence for the year ahead also has improved further. As pointed out that rural demand which was lagging the urban demand earlier has picked up since Q2 FY '24. The estimates of rabi crop production being higher, there was a robust 20% rise in agricultural credit growth.

Strong uptick in 2-wheeler and tractor sales has been seen in the rural segment. A normal monsoon is an importantly prerequisite for broader economic growth. Also, stronger rural and aggregate consumption will spur the capacity utilization level that has been a flat lined lately around 75%. Importantly, it will be a critical input for RBI to move decisively towards interest rate cuts, given the role of food inflation, in queering the pitch for a long now. But while rural consumption may see cyclical recovery, broader consumption will continue to play a secondary role as government continues to lead on CAPEX-led growth strategy.

On GST collection:

The GST collection for the month March '24 rose 11.5% on annual basis to Rs. 1.78 lakh crores, second highest since the GST regime came into force. GST collection for the full year saw an increase of 11.7% at Rs. 20.1 lakh crores.

Coming to the auto industry:

This quarter has been generally good for automobile industry. On commercial vehicles, the total CV sales for the Q4 was 2.68 lakh against 2.79 lakh. This is in anticipation because normally, when we come to the election year, just preceding the election year, the commercial vehicle sales slowdown in anticipation of lower activity during the election period.

For the full year, the total commercial vehicle sales stood at 9.68 lakh against 9.62 lakh units sold in FY '23,that is a flattish growth. Within the CV, M&HCV sales in Q4 '24 slowed down to 1.10 lakh units against 1.18 lakh units in Q4 FY '23. And for the full year, it registered a growth of 4%, with sales number of 3.73 lakh against 3.59 lakh.

LCV sales were 1.58 lakh units versus 1.61 lakh units in Q4 '23. And for the full year, sales number was 5.95 lakh units against 6.03 lakh, again, a flat for the year. Passenger vehicle has seen a significant growth. The growth was 11.50% with 11.36 lakh units being sold against 10.18 lakh units in Q4 '23. And for the full year, it registered the growth of 8.40%, with 42.19 lakh units against 38.90 lakh units for the same period last year. Two-wheeler has seen a robust growth of 24.9% with sales of 45.04 lakh units in Q4 FY '24 against 36.05 lakh units sold in Q4 FY '23. And for the full year, it registered a growth of 13.30% in sales of 179.74 lakh units against 158.63 lakh units sold in the same period last year.

Three-wheeler registered a growth of 7.30% with 1.65 lakhs units sold versus 1.54 lakhs units sold in Q4 '23. For the full year, it recorded strong growth of 41.50% sales with the sales of 6.92 lakh units as against 4.89 lakh units sold in the same period of last year. Tractor sales again registered growth into Q4 with 9.12% with 2.44 lakh units against 2.23 lakh units in Q4 '23. And for the full year recorded 7.47% with sales of 8.91 lakh units against 8.29 lakh units sold in the same period last year.

Construction Equipment, again, registered a good healthy growth of 20.35% with 38,079 units sold versus 31,640 units sold in Q4 '23. For the full year, it recorded a growth of 23.77% sales with 123,443 units against 99,735 units sold in the same period last year.

Now I request my colleague, Chakravarti, to take us through the operational performance. Thank you.

Y. Chakravarti: Thank you, Umesh. I welcome all of you to our Q4 FY '24 Earnings Call. And I hope you have had the opportunity to pursue our investor presentation, which has been posted on website and the stock exchanges.

We have registered disbursement growth of 26.64% year-on-year and of 4.07% quarter-on-quarter. Our disbursement in quarter 4 FY '24 this year aggregated Rs. 39,326.86 crores versus Rs. 31,054.08 crores in quarter 4 FY '23 versus Rs. 37,787.84 crores in quarter 3 FY '24. Our AUM as on 31st March 2024 registered a growth of 21.1% over Q4 FY '23 of 4.96% sequentially. Our AUM stood at Rs. 2,24,861.98 crores as against Rs. 1,85,682.86 crores a year ago and Rs. 2,14,233.47 crores in Q3 FY '24. Our net interest income in Q4 FY '24 registered a growth of 20.02% year-on-year, and of 4.75% quarter-on-quarter. We earned a net interest income of Rs. 5,336.06 crores in Q4 FY '24 this year, as compared to Rs. 4,445.89 crores in Q4 FY '23 and Rs. 5,093.93 crore in Q3 FY '24.

Our net interest margin was 9.02% as against 8.55% in Q4 FY '23 and 8.99% in Q3 FY '24. Our profit after tax grew by 48.73% in Q4 FY '24 over Q4 FY '23 and by 7.01% over Q3 FY '24. We registered PAT of Rs. 1,945.87 crores for Q4 FY '24 as compared to Rs. 1,308.31 crores in Q4 FY '23 and Rs.

1,818.33 crores in Q3 FY '24. Our earnings per share for the quarter stood at Rs. 51.79 as against Rs. 34.94 in Q4 FY '23 and INR 48.42 in Q3 FY '24.

Our asset quality:

Our asset quality gross Stage-3 in Q4 FY '24 stood at 5.45% and net stage at 2.70%. These numbers will show an improvement over the corresponding numbers of 6.21% gross and 3.1% net in Q4 FY '23 and 5.66% gross and 2.72% net in Q3 FY '24. Our credit cost for Q4 FY '24 stood at 2.06% as against 2.24% for Q4 FY '23 and 2.15% for Q3 FY '24. Our cost-to-income ratio was 26.68% in Q4 FY '24 as against 30.15% recorded in Q4 FY '23. Our cost-to-income ratio in quarter 3 FY '24 was 27.08%.

Regarding our subsidiary Shriram Housing Finance Limited, our subsidiary Shriram Housing Finance Limited registered a disbursement growth of 76.88% over the same quarter last year. Disbursement in Q4 this year were Rs. 2,301.49 crores as against Rs. 1,301.13 crores in Q4 FY '23. Shriram Housing's assets under management as on 31st March 2024 exhibited a growth of 71.02% year-on-year and 14.44% sequentially. AUM stood at Rs. 13,761.68 crores at the end of Q4 FY '24 as against Rs. 8,046.60 crores in Q4 FY '23 and Rs. 12,025.14 crores in Q3 FY '24.

Shriram Housing Finance's net interest income registered a growth of 44.12% in Q4 FY '24 over Q4 FY '23. Net interest income for Q4 FY '24 was Rs. 96.02 crores as compared to Rs. 66.63 crores in Q4 FY '23 and Rs. 103.57 crores in Q3 FY '24. Shriram Housing Finance registered a profit after tax growth of 67.1% in Q4 FY '24 over Q4 FY '23. PAT for the 4th Quarter of this year was Rs. 62.06 crores as compared to Rs. 37.14 crores for FY '23 and Rs. 61.52 crores for Q3 FY '24. The EPS stood at Rs. 1.42 against Rs. 1.14 in Q4 FY '23 and against INR 1.88 in Q3 FY '24.

Shriram Housing with gross Stage-3 for Q4 FY '24 stood at 1.03% and the net Stage-3 came in at 0.79%. In comparison, the numbers were 0.93% on a gross basis and 0.69% on a net basis. In Q4 FY '23 and at 1.01% gross and 0.75% net in Q3 FY '24.

I shall now request our Whole-time Director and CFO – Mr. Parag Sharma, to inform you about our resource-raising activities, after which our Joint Managing Director, Mr. Sunder, will brief you about accounting and regulatory aspects. Thank you.

Parag Sharma: Thank you, and hello, everyone.

The total debt as of March '24 stands at Rs. 1,85,845 crores, broken up into term loans, which is 24% securitization, which is 15.5%. External commercial borrowings, both from the bond and the loan rate at around 14%. The capital market borrowing at 20% and fixed deposit at 24%. The cost of debt has gone up by 5 basis points in the current quarter. And year-on-year basis, it has gone up by 19 basis points.

Liquidity:

We continue to maintain the 3 months liabilities of liquidity, which has been like case in the past also. The leverage ratio stands at 3.83 times versus 3.65 times which was last year. All ALM buckets continue to be positive and the cumulative surplus up to 1 year is Rs. 38,490 crores. The LCR ratio is at 195.55%, and this is compared to 209.86% in the last year. The overall ECB borrowing in the current year has been around Rs. 13,950 crores versus Rs. 6,600 crores in the last financial year. The incremental cost of fund has also gone up by around 6 basis points in the current quarter.

I hand over to Mr. Sunder.

S. Sunder: A couple of data points. One is the employee count as on March 31 was 74,645 as against 73,485 in the December quarter. And the PD LGD numbers, PD for stage 1 was 8.85% as against 7.89% in the previous quarter. And Stage-2 PD was 20.12% as against 18.25% in the previous quarter. And the LGD was at 38.08% as against 41.45% in the previous quarter.

With these numbers, we hand the floor for the Q&A.

Moderator: We will now begin the question and answer session. The first question is from the line of Gaurav Kochar from Mirae Asset. Please go ahead.

Gaurav Kochar: Three questions. I think in the end you mentioned regarding the PD and LGD assumptions that have gone up in this quarter, and maybe that is the reason why Stage 1 ECL has gone up from 3% to 3.3% quarter-on-quarter. Can you just highlight is this because of the COVID data that has come into your ECL model assumptions? And by when do you think this will normalize?

S. Sunder: Every year March, we do a reassessment of our PD and LGD rates asset per se, and this year also, we have taken the last 5 years data and done the thing, and we have also factored the economic parameters also into these considerations. And moreover, why the PD rates have marginally gone up is that we are also factoring that day stamping, which we started doing 1.5 years back. So, because of that, the inflow into the other buckets tend to go up as compared to the earlier regime where in the day stamping was not done. And that has led to marginal increases in the PD, which we have started factoring from the current quarter onwards. And the LGD has come down compared to the previous quarter, again, primarily because of the reassessment of the historical data.

Gaurav Kochar: So, based on these assumptions and the changes you've made, do you believe this can stabilize at 3.3% currently where we are? Or you believe this can move up further?

S. Sunder: No, it should stabilize around these levels. Maybe give or take a couple of basis points.

Gaurav Kochar: Sir, my second question is you mentioned the incremental cost of fund has gone up in line with the overall cost of funds. So, in that context for, let us say, next year based on that the difference between your stock cost and incremental cost is negligible, assuming no rate cuts, do you believe we can sustain this cost of funds at current levels for next year?

Parag Sharma: Yes. We can definitely have the current incremental cost of fund to be maintained and not go up any further because we're currently at around 9%. And I don't foresee any reason why it will further go up.

Gaurav Kochar: And in this context, if I look at our product mix has been shifting towards the higher yielding assets, the non-CV proportion has gone up. And I'm assuming that will continue in the next couple of years also. So, in that case, are we confident of maintaining this 9% margin that we have delivered in this quarter?

Umesh G. Revankar: Yes. Our intent is to maintain 9%, and the product mix definitely will continue to have a focus on high-yielding assets.

Gaurav Kochar: That's great to know. And just last question is with respect to the AUM growth guidance for maybe FY '25 and maybe slightly longer. While you have always called out aspirationally 15% is something that you would want to do. But if I look at this year, I mean, you've already delivered 21%. And if I look at a couple of factors. One is the branch productivity will improve as the cross-sell rate increases, and you will add more branches to the fold for cross-sell. So, taking all these things into consideration, why can't we do 20%?

Umesh G. Revankar: See, there are a couple of factors. One is this financial year, the first 2 months election will slow down the credit demand to some extent because, see, this is a CAPEX-driven growth, our Indian economy. And when the government machinery are involved in election duty, there is likely to be some slowdown in the CAPEX activity of the government, infrastructure activity. So, we therefore expect a little slower growth in the first quarter. That's first.

And the second is we would like to be as granular as possible, not focused on top line growth. Because if we go for big ticket loan, our new vehicle or equipment loan, our big ticket SME loan, we can always grow faster. We will be focusing more on high-yielding products, more granular. So, our aim is to grow the bottom line larger than the top line. That is the idea. So, our focus will be more on a granular small ticket and high-yielding products. So, the entire energy will be on growing the bottom line faster than the top line.

Gaurav Kochar: And sir, the credit cost, I mean, now that ECL, even on Stage 1 will stabilize at these levels, what kind of credit cost do you like to guide for fiscal year '25?

Umesh G. Revankar: See, credit cost, we have been giving a long-term guidance of around 2%. And this year, we have ended up with 2.06% against the previous year, we ended up with 1.97% for the full year. And we should be able to maintain that around that level for the full year.

Moderator: The next question is from the line of Renish from ICICI. Please go ahead.

Renish: So, just circling back to what Gaurav was trying to highlight on both side. So, just wanted to know that in terms of the merged entity, where do we stand in terms of the product integration? So, as we speak today, roughly 3,000-odd branches. So, are all these branches equipped with all products? Or where do we stand in terms of the product integration today? And actually, if we have not reached the maximum level, so despite being the metro for not supporting these segments, specifically vehicle segment in first half due to election. Does the merger benefit drive the growth?

Y. Chakravarti: Yes. This is Chakravarti here. As far as branches are concerned, no, we are doing it in stages. So, all the products are not available in all the 3,000 branches and may not be available in future also. Because it depends on where the branches are located and the feasibility, we will be introducing. As we already mentioned, we have added some like close to between 800 to 900 branches for gold loan, SME in another 600 branches. So, this is an ongoing process. Probably it will take about a year or so for us to fully take these products to all the feasible locations.

The SME may not be available in all the branches because we will be operating on a hub-and-spoke model, where the spokes would be the lead generators and the hub will be the processing and underwriting office. Similarly, gold may not be available in certain commercial vehicle branches because these branches are located outskirts of the city. So, we will not be opening that. So, it's depending on feasibility. But as I told you, all the products may not be available in all the branches, one.

Second is on the growth side, the Commercial Vehicle segment is the largest of the portfolio. And if it is growing at a lower pace, obviously, the other products will have to grow at a higher pace. We expect commercial vehicles to grow around 11%, 12%, okay? And that means if we have to reach the 15% AUM growth, the other products have to grow at 20% or more. So, that's how they will balance it out.

Renish: And just a last question from my side. This is a bit on a qualitative side. So, we have recently seen a vehicle financing company with a single large product of roughly Rs. 1.8 billion. So, now given the merged entity, we will be having one of the largest distribution networks physically on the industry space a bit more than 3,000 branches, more than 70,000 odd employees. So, how we will ensure that no such events happening at Shriram?

S. Sunder: We have a robust internal audit department and there are also controls and checks and balances at various levels. And we are confident that the frauds of a very big nature will not occur. So, here and there are smaller frauds keep happening, the customer related for, but it's restricted to say Rs. 1 crore or INR 2 crores, but nothing significant will be against. We have the confidence in our audit and the control mechanisms.

Renish: So, would you like to give some, let us say, 2, 3 important points to highlight, let us say, how frequently we do the audit, or do we have external audit structure, et cetera?

S. Sunder: We have around 150-odd member internal audit team who visits around 2,300 branches. That is the audit plan for the year '24-'25. And to support this, we also have a 200-member operational audit team, who also parallelly visit all the branches and then ensure that no fraud as such happens. We have market intelligence also.

Moderator: The next question is from the line of the Adarsh Parasrampuria from ENAM Holdings. Please go ahead.

Adarsh Parasrampuria: Sir, since you mentioned that the focus will be on profitability. Can you kind of indicate what kind of ROEs you expect? You are at 16% this year. You've created a lot of buffers in provisions. So, any ROEs that you would target over FY '25 and '26?

Umesh G. Revankar: See, we have given guidance of 16% to 18% as the range. And we are already at 16-plus. I think this financial year, we should be able to cross 17%. So, that is the target. And definitely, by '26 we will be 18%.

A. Parasrampuria: And sir, the other question was on the housing subsidiary. The subsidiary has grown well, profitability is strong. A lot of media articles we were, and you have indicated that probably by the end of this quarter, you all can speak a little bit more about what kind of plans you have for that subsidiary. So, if you can just talk about that.

Umesh G. Revankar: See, our housing subsidiary is growing very fast, and we need to add capital to that for further growth. So, the entire thinking is on providing the growth capital. So, we are looking at various options of providing the growth capital. So, the discussion internally is on nothing, so status quo remains. There's nothing decided on that.

A. Parasrampuria: Okay. But you would want to get growth capital, and which means that you won't look to like media articles talk about lock, stock, barrel sales. So, is that option also one of the options.

Umesh G. Revankar: All the options are open.

Moderator: The next question is from the line of Meghna Luthra from InCred Equities. Please go ahead.

Meghna Luthra: Sir, I just have 2 questions. One is that since 2-wheeler sales have been good, the book has still been slow in terms of growth. And the second question is a bookkeeping question. I just wanted some breakup of disbursement according to the segment.

Parag Sharma: See, 2-wheeler disbursements have definitely grown. But as you know, it's a 20-month product. If you look at it year-on-year, there is a 14% growth on disbursement. So, even the number of units also have grown. AUM wouldn't have grown significantly because of the tenor being, so the churn is higher there.

Meghna Luthra: And sir, can I please have the breakup of disbursement?

S. Sunder: Yes. Maybe we have done Rs. 15,425 crores. Passenger vehicle, Rs. 6,706 crores for Q4, I'm calling out for Q4. Construction Equipment, Rs. 2,354 crores; Farm Equipment, Rs. 894 crores; MSME Rs. 6,372 crores; 2-wheeler, Rs. 2,602 crores; gold Rs. 3,249 crores; personal loans Rs. 1,722 crores, totaling to Rs. 39,326 crores.

Moderator: The next question is from the line of Shweta Daptardar from Elara Capital. Please go ahead.

Shweta Daptardar: Sir, I might be harping on growth all over again. But then we do understand that the near-term election driven phenomenon would anchor the growth prospects. But sir, 1 year down the line, say, as we move towards FY '26 and also given the fact that you mentioned in the beginning that the growth will be more coming from lower yielding products, which today also are potentially or have potential to grow at 30% rate. Then why still our growth targets remain around 15%, 16%? So, what is the expectation 2 years down the line?

Umesh G. Revankar: See, I think I already explained. We would like to have a more granular growth. We'll be focusing on our niche area of small ticket lending, where high-yielding assets will be given a little higher weightage, and we are already a large base. And the growth will be calibrated, and we will be focusing on improving the bottom line. So, the entire focus is to bring efficiency and profitability, not the top line growth.

Shweta Daptardar: Sure, sir. Sir, secondly on the credit quality. So, in terms of Stage-3 and so also similar trends in Stage-2. Sir, we have seen drastic improvement there, which wherein even our credit cost guidance of 2% is coming. So, do you see further improvement in GNPAs of Stage-3 going forward, given that the credit cost which you are guiding is expected to drastically come down to 2% odd levels from 2.3% to 2.4%?

Umesh G. Revankar: See, our target is as the economy improves and our target of Stage-3 is we are at 5.45% now. We will be moving towards 5% by the end of the financial year. So, that is the target we have. And net will be around 2.5%. And credit cost, by and large, will remain on a similar line, maybe around 10 basis points plus or minus.

Moderator: The next question is from the line of Chandrasekhar Sridhar from Fidelity International. Please go ahead.

Chandrasekhar Sridhar: I have few questions. One for Parag, you sort of mentioned that interest cost would be causally flat. I do notice though you have increased FD rates recently.

So, just far and given that it's a reasonable chunk of our borrowings, maybe just some thoughts on how did it result in interest cost being constant?

Second, another question for Sunder. Maybe could you share the write-off number for the quarter? And then for Umesh. Can you share a few thoughts around price versus volume in the CV segment. How has been that this year? How do we see that moving into the next couple of years in terms of the CV business? And because at some point in time, the BS-VI vehicles will start coming into our portfolio, which should result in some level of step-up in pricing. So, just curious to see why you are still guiding for 11%, 12% only because my understanding is that BS-VI eventually starts getting into our portfolio by the latter half of this year?

Parag Sharma: What you're saying is right. We have increased our deposit rate not very significantly, between 5 to 10 basis points, what we have increased. And only in one bucket, we have increased by around 20 basis points. But overall, that deposit portfolio until it substantially goes up, then only there can be increase in costs. Otherwise, that there's only on the incremental borrowing that rate is applicable and not on the existing book. So, that is one part.

On the other piece is, which is largely the domestic borrowing that are what we are focusing upon now, we have done large ECB borrowing in the January to March quarter. We don't foresee substantially going to the offshore market again for a further raise. Domestic rates are holding up. There is no increase there. So, that is the reason I'm saying that cost may not go up substantially. It may be a few basis points here and there can be there, but I don't foresee any substantial increase in cost.

S. Sunder: And on the breakup of rate costs for the quarter, bad debts, which was written off was Rs. 805 crores, and the incremental provisioning was Rs. 456 crores, totaling to Rs. 1,266 crores.

Umesh G. Revankar: Coming to CV. See, used vehicle price increase was witnessed in the last financial year, there is an increase of around 25% for all the used vehicle, whether it is BS-II or BS-VI, we can get repriced almost on similar rate depending upon the vintage, the price is going up because of the new vehicle price goes up. So, this increase has already come into the factor, hence we have guided 12%. Actually, we have grown 14.6% on CV in this financial year.

Going forward, you are right, the prices of the used vehicle will remain strong and further up. Therefore, there is a scope for us to increase our used vehicle portfolio. The supply of used vehicle right now is restricted because the new vehicle sale was less in the 4 years back or 5 years back. So, for 2019 to '22, the sale of new vehicle was depressed. So, there are not enough supply per se. And the current new vehicle that's the last year and this year's new vehicle will be available in the market, maybe a couple of years from now. That means there will be a robust supply of used vehicle for the next 4 to 5 years. That's what we feel confident that our CV portfolio will keep growing, but at a steady pace, maybe between 12% to 15%, it will be growing very steadily. But there will not be a big increase or big numbers in the immediate future, it will happen over the next 3 to 5 years.

Chandrasekhar Sridhar: Is it fair to say that the volumes actually were down this year. Basically, the growth is largely utilized in them because if you say being a 25% increase in price over the last couple of years, it means that bulk of the AUM growth essentials is pricing, which is coming of the vehicle?

Umesh G. Revankar: It is around 5% factor. As I say, a 15% growth, 5% is due to the price increase. And 10% is due to the new addition.

Chandrasekhar Sridhar: Right. Okay. Then a couple of projects, personal loans, we have seen a pretty reasonable sequential decline, your thoughts around that. And then lastly, on OpEx, obviously, the last year, 1.5 years, we have been adding people through the franchise, but the sort of later employee addition now slowed down a little bit. How should we think of new employee addition OpEx over the next year or 2?

Y. Chakravarti: Chandra, this is Chakravarti here. I think on the employee side, you will see that slowdown. We wouldn't be adding much. Probably we will be adding people when people are on notice period, we will be picking up some people. So, basically, we have created a small bench. So, small recruitment will continue, but nothing substantial will be added, one. On your personal loan, yes, we just tightened our…. slowed down of the business because of the concerns that the market is expressing over it, though we are pretty confident about the portfolio quality.

Moderator: I now hand the conference over to Mr. Umesh G. Revankar for closing comments. Please go ahead.

Umesh G. Revankar: Thank you. Thank you for joining this call. And this quarter has been one of the best quarters for us on stability, improvement in asset quality and growth. Even though the growth may be a little slow in the first quarter of this financial year, with the IMD prediction being positive on monsoon, IMD and Skymet, we expect good demand that will come from the rural area in the second quarter. And expecting that, I think the first half of the year we should be able to see very steady growth and with the new government coming in and a lot of new projects may be announced and also will give impetus to existing infrastructure project. All in all, next quarter when we meet, we will have a lot of good things to talk about and a good performance. Thank you very much.

Moderator: Thank you. On behalf of Shriram Finance Limited, that concludes the conference call. Thank you for joining us. You may now disconnect your lines.