January 31, 2023

To,
The Manager,
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra East, Mumbai-400051

Symbol: SATIN

The Manager,
BSE Limited,
25^{th} Floor, P. J. Towers,
Dalal Street,
Mumbai-400001

Scrip Code: 539404

Sub: Transcript of Earnings Call on Financial Results & Future Outlook of Satin Creditcare Network Limited (“**the Company**”)

Dear Sir/Madam,

With reference to our earlier intimation dated January 24, 2023 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed Transcript of Q3 and 9M FY 2023 Results Earnings call of the Company held on Tuesday, January 24, 2023.

The link to access Transcript of Earning calls is https://satincreditcare.com/wp-content/uploads/2023/01/SCNL_Earnings-Call-Transcript-for-the-quarter-ended-31Dec22.pdf

This is for your information and record.

Thanking you,

Yours faithfully,
For **Satin Creditcare Network Limited**

VIKAS GUPTA
Digitally signed by VIKAS GUPTA
Date: 2023.01.31 12:12:36 +05'30'

(Vikas Gupta)
Company Secretary & Compliance Officer

Encl: a/a

“Satin Creditcare Network Limited
Q3 and 9M FY 2023 Earnings Conference Call”
January 24, 2023

MANAGEMENT: Mr. HP Singh – Chairman cum Managing Director
Mr. Jugal Kataria – Group Controller
Ms. Aditi Singh – Head Strategy

Moderator: Ladies and Gentlemen, Good day, and welcome to Satin Creditcare Network Limited Q3 and 9M FY 2023 Earnings Conference Call. As a reminder, all participants will be in a 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. H.P. Singh, Chairman cum Managing Director of Satin Creditcare Network Limited. Thank you, and over to you, Mr. Singh.

HP Singh: Thank you. Good morning, everyone. Thank you all for taking the time to join us and discuss our financial results for Q3 and 9M ending FY23. I wish all of you a very Happy New Year and continued success now and in the years ahead. I hope that you would get a chance to go through our quarterly results and investor presentation. Those who have not seen them yet can access the same via our website and stock exchange.

It makes me happy to share with you that we have had a very good quarter. And looking at the business performance, it is fair to say that we are on a solid ground with growth and profitability back on track. We witnessed significant improvement in our financial and operational performance backed by sustained business momentum and consistent improvement in our asset quality, demonstrated the commitment and tenacity of our people towards the desire for excellence.

Before I move on to discuss the performance of the quarter, one thing which I would like to state is that whatever we have stated as guidance with all the stakeholders over the last seven quarters, our performance is in line with the guidance as stated.

Coming to the operations front, we had a healthy disbursement for the quarter at Rs. 1,725 crores on a standalone basis, up by 59% year on year and 10% quarter on quarter. This was our highest quarterly disbursement in the last seven quarters. We have started laying emphasis on acquiring new clients, and in Q3FY23, first cycle clients accounted for 41% of standalone disbursements, up from 17% in Q3FY22.

Significant pick up in the disbursement led to 11% year on year growth of AUM, which now stands at Rs. 6,798 crores on a standalone basis. The consolidated AUM stood at Rs. 7,945 crores. This growth is despite the write offs done in 9MFY23. If we had not done write-offs, the YoY growth would have been 20% on a standalone basis. With positive traction on the business side, we are poised to deliver around 15 to 20% growth in this financial year, which is well within our guided range.

The most important aspect of our business now, is the build-up of the new portfolio, which originated from Jul'21 onwards. The performance is par excellence, with PAR 1 at 0.6% and PAR 90 at 0.1% as on 31st December 2022. This portfolio quality of ours is way better than the industry standards as seen in the data by CRIF Highmark. This is a testimony to our robust underwriting processes and the learnings from the past crisis. The share of this new portfolio in overall on-book MFI portfolio is 90% as on date.

The on-book GNPA of the Company stood at Rs. 188 crores which is 3.92% of on-book portfolio, down from 8.61% as on Dec'21. Assam constitutes ~65% of on-book GNPA, at Rs. 122 crores. Excluding Assam GNPA as on Dec'22 stood at 1.45%, and in value terms a mere Rs. 65 crores. The Company has sufficient on-book provisions amounting to Rs. 140 crores as on Q3FY23, which is 2.9% of on-book AUM. During 9MFY23, collection against write-offs was Rs. 30 crores, which is till date the highest collection done by us. This is a result of our persistent efforts to collect back our bad loans even after write off.

The collection efficiency for Q3FY23 stood at 100%. We are gradually scaling our cashless collections, with Rs. 200 crores collected through digital mode in 9MFY23. If we include cashdrop as part of cashless, the total share of cashless collection will be 26% vis a vis industry at 21% (Sep'22).

Now let me update all of you about our restructured book as on date; this has now reduced from Rs. 1,151 crores as on Sep'21 to Rs. 200 crores as on Dec'22; in percentage terms it has reduced from 21.4% to 4.2% of the on-book portfolio. This reduction in restructured book is a result of Rs. 588 crores of collections. We also have written off Rs. 363 crores from this book. As on Dec'22, out of the restructured book of Rs 200 crores now, 50% of the book amounting to Rs. 99 crores is 0 dpd. We have created provisions of Rs. 82 crores on this book, thereby, ending the pain of the restructured book.

Coming to our Assam Portfolio, we are optimistic of a turnaround in this geography and have disbursed loans amounting to Rs. 159 crores during 9MFY23. The delinquencies in this book have been negligible, with PAR 1 at only 0.07% as on 31st December 2022. The on-book AUM stood at Rs. 270 crores which is 5.6% of total on-book AUM. To give you an update on AMFIRS, Category 1 and 2 have been successfully completed. The ground work for Category 3 borrowers viz., sampling of data by Credit Bureaus has started.

Further, the company is well capitalized with a CRAR of 27.0%, up from 22.6% in Q1FY23 and balance sheet liquidity of ~Rs. 1,300 crores as on Q3FY23. During the quarter, the Company received the second tranche of ~Rs. 25 crores, against the conversion of Fully Convertible Warrants from Florintree Ventures LLP. This investment sends a very positive signal and provides comfort to all our stakeholders. With this growth capital, we are well poised to have a comfortable capital position.

Moving further, the managerial and leadership skills of the management team at Satin have earned us another feather in our cap. I am happy to share with you all that Satin has been recognized as the Top 50 companies with Great Managers 2022, out of 500 companies, by the Great Manager Award, a platform that recognizes great managers and companies that nurture Great Managers.

At Satin, we reiterate our commitment to sustainability of the environment and support for our communities through our various initiatives and the efforts of our committed workforce. Our clean energy program continues to attract participants and recognitions while benefiting our customers.

The core objectives of our CSR activities are fostering women's empowerment and encouraging education among the nation's youth and it gives me immense pleasure to share that we have been awarded by the Indian Social Impact Awards for "Best Education Support Initiative of the Year 2022-23", solidifying our resolve to cater to community needs.

We've constantly grown by placing a strong emphasis on customer service over the years. The cornerstones of Satin are our technology-integrated processes, robust underwriting, domain expertise, driven workforce, and forward-thinking leadership. Going ahead, we are confident of continuing the growth momentum with better cost efficiencies, while maintaining the asset quality.

Now let me run you through the financial and operational highlights of our company:

Starting with consolidated operational highlights,

- Our AUM as on 31st December 2022 stood at Rs. 7,945 crore
- We have a customer base of 27.0 lacs as of 31st December 2022
- Our disbursement for the quarter stood at Rs. 1,880 crore as compared to Rs. 1,348 crore in Q3FY22.
- Our Assigned Portfolio stood at Rs. 1,985 crore
- As of 31st December 2022, 100% of our disbursement is made through cashless mode while cashless collection stood at 6%. We have also adopted website payment options and UPI auto-debit.

Now coming to standalone operational highlights,

- Our standalone disbursement for the quarter stood at Rs. 1,725 crore as compared to Rs. 1,085 crore in Q3FY22. We observed a strong growth momentum in the disbursement as a result of cautious and calibrated approach taken time to time
- Our Average Ticket Size of MFI Lending for the quarter stood at Rs. 43,000
- Talking about our collection efficiency. Our collection efficiency trends are as follows:
    - Q1FY23 – 97%
    - Q2FY23 – 100%

- Q3FY23 – 100%
- The collection efficiency of Q1FY23, Q2FY23 & Q3FY23 is excluding restructured portfolio.
- The Collection efficiency on Restructured portfolio for Q3FY23 stood at 79.2%.

- We have a well-diversified customer base, a well-penetrated branch network across states, and 77% rural exposure.
- On-book GNPA reduced from 8.61% as on Q3FY22 to 3.92% as on Q3FY23 (Rs. 452 crore to Rs. 188 crore); out of this, Rs. 122 crore pertains to Assam
- Our restructured book stands at Rs. 200 crore which is approx. 4.2% of the on-book AUM

GEOGRAPHIC EXPANSION

- As of 31st December 2022, our total branch network count stood at 1,260 branches which is spread across 401 districts.
- We have a total State and UTs count of 23, which makes us a well-diversified PAN India Micro-Finance player.
- As of 31st December 2022, 96.0% of our districts have less than 1% of portfolio exposure
- We have seen a significant reduction in our portfolio risk in terms of exposure to the top 4 states, which contributes 55% in Q3FY23 vs 77.3% in FY17.
- Our well-thought-out diversification strategy has enabled us to sail through difficult situations and capitalize on our idea of enriching our clients' lives through financing of various products. We have disbursed around Rs. 35 crore during 9MFY23 under the product finance category, which includes loans for bicycles, solar products, home appliances and consumer durables.

UPDATE ON SUBSIDIARIES

- Business Correspondent services under Taraashna Financial Services Limited has an AUM of Rs. 563 crore. As of 31st December 2022, the Company operates through 157 branches and has more than 3.2 lakh active loan clients.
- Satin Finserv Ltd, our MSME arm has an AUM of Rs. 200 crore with three consecutive profitable years. CRAR of 54.3% and gearing of 0.9x. Total networth stands at Rs. 112 crore
- Satin Housing Finance Ltd, has now reached an AUM of Rs. 383 crore including DA of Rs. 36 crore, having a presence across 4 states with 4,586 customers.
    - SHFL has a 100% retail book
    - The Company has 18 active lenders including NHB refinance
    - CRAR of 58.4% and gearing of 1.9x. Total networth stands at Rs. 122 crore
    - The quality of portfolio remains intact with GNPA of 0.5% as on Dec'22

To update you on amalgamation of the two wholly-owned subsidiaries, Taraashna Financial Services Limited and Satin Finserv Limited, second motion application was filed with the Hon'ble NCLT on May 25, 2022. The said joint second motion application was admitted by Hon'ble NCLT in its hearing dated July 08, 2022 and issued necessary directions of serving notices and newspapers advertisements. The Company had served the notices to government authorities and completed publication in requisite newspaper as per order. The Hon'ble NCLT in its hearing dated January 02, 2023 has reserved the order for second motion application. The pronunciation of order is awaited.

Lastly, as we are treading on the path of growth, we are prepared to the road of more profitability and cost efficiency. With this, I would like to open the floor for questions.

Moderator: The first question is from the line of Rajiv Mehta from Yes Securities. Please go ahead.

Rajiv Mehta: Congratulations on a very healthy set of numbers. So sir, it's good to see that we are actively addressing the delinquencies and flows from the old portfolio. And at the same time, the delinquencies from the new portfolio are minimal. So the credit cost picture seems to be clear, that it's going to go down from here onward. My question is on the income growth. Because in the last few quarters, the income growth has been coming from off-balance sheet funding and off-balance sheet direct assignments.

So the income growth from the on-balance sheet portfolio growth and on-balance sheet funding availability, how should one look at it in the coming quarters? Or would the direct assignment remain a significant part on a continuous basis? Or then we will move the portfolio more towards on-book basis, the availability of on-book funding?

HP Singh: So Rajiv, if you look at the past history and post the pandemic, there was a complete dry down in terms of the assignments. It dropped down to levels where nobody was actually doing assignments across over there. Once the metrics for credit disbursements have started picking up, the lenders have started coming back again in terms of how we are looking at DA assignment. Now this is one of the products which is available from majorly public sector banks.

In terms of what we look at is when we actually, during the last stages when the pandemic was about to happen, our off-balance sheet and DA assignment was close to about 25% to 30%. We are reaching that level, and we will probably be within that range bound in terms of how we look across of them.

So for us, I think as this probably comes to a place where we are in the range bound analysis of about 25% to 30%, we will remain across over there. And once that comes up, which we are now closer to that across over there, I think the on-book portfolio will also start increasing across over there.

And you have to probably look at from that broader perspective that this is also a product which is available, and a lot of lenders actually try to do this in terms of getting asset pools in their books across over there. So my sense is we are probably looking at the regime post the pandemic reverse as comparable to what the previous was before the pandemic of about 25% to 30%, and that will remain for us.

Rajiv Mehta: And sir, can you comment on on-balance sheet funding availability because you spoke about 15% - 20% growth for the current year, and we are at 10% growth currently at the end of Q3. So we need to grow at a much rapid pace from here on. And also looking into FY24, I mean you said on-balance sheet funding also coming through in the required amount as we would want to grow our on-balance sheet portfolio?

HP Singh: Yes, it is there. So Rajiv, as I have reiterated so many times is that Q4 is always a very big quarter for in the entire year as such. And we are poised to have that same kind of growth pattern when you look at the last quarter, which happens across, we are well on close that. We had guided for a 15% to 20%. We are on course to do that. We've done 11%. I think we'll be within our guided range of 15% to 20%.

On-book raising of I think the money is not a problem at all. I said it's only a few public sector banks which look at this product mainly in terms of how the funding is done, and that is how it probably moves around in the complete MFI sector as such. But so raising funds for on-book and the availability is a lot across over there.

And we have a very big basket. And if you look at our lenders, the basket contains of about 65 to 70 lenders, which are there. So no problem in terms of raising funds for on-book portfolios.

Rajiv Mehta: And sir, how should we look at your FY24 profitability metrics ROA, ROE, because currently, we have high credit cost and we have a direct assignment income. But when we go into FY24, the levels normalize for direct assignment and the levels normalize for credit costs. And when you have growth coming back, what could be the sustainable ROA, ROE level that you would look to in FY24?

HP Singh: So I think overall, I'm not giving you a guidance, but the range is which I'm talking about, we're looking at a 20% growth. That is one. We are looking at ROA of about 3%. We are reaching there only basically, we're looking at a credit cost of about 1.5% to 2% on a stable basis across over there. Whatever pain had to happen is probably now on its last stages of finishing off. And this is how the overall metrics looks like. Growth, profitability, credit cost, I think this is where things stand across.

Moderator: Next question is from the line of Raunak Singhvi, Retail investor.

Raunak Singhvi: Congratulations on the good set of numbers**.** A few questions because I see that we have seen that our customer acquisition has been broadly flat, and we have 27 lakh of customers, as of now. So can you help me as to what proportion will be repeat customers which will be in multiple cycles? And what proportion is new to credit which we will be having?

HP Singh: So Raunak, if you look at our presentation, we have clearly mentioned that the L1 customers now are 41% as compared to our earlier customers. So it's been a gradual process of post the pandemic once things are stabilized to acquire, start acquiring new customers.

Our base is flattish basically because earlier for the last couple of years, we were just concentrating only on our repeat customers across over there. And with now L1 customers probably coming to the fourfold. And we are also going forward, I think this probably will be a test, now we will have a start of rise in terms of the numbers of clients which we address.

Raunak Sanghvi: Sure. Also one question on the gross yield. This quarter, the gross yield has been very high at 22.8-odd percent. And so what is generally the reason or is this a sustainable gross yield which we are looking at? What will be sustainable gross yield targeted for FY24?

Jugal Kataria: So the yields are marginally improving, one that the portfolio quality is improving and earlier we used to get yield loss because of high over dues, as the over dues are coming back on track so yield is going up. And in any case, the lending rates have also gone up corresponding. There's a little bit of increase in cost of funding, but cost of funding has not increased as much as the yields have improved. So it is there. So we can surely look at excluding the DA impact, close to about 11.5%-12% of yields in the business.

Moderator: Next question is from the line of Varun Ghia from Dimensional Securities. Please go ahead.

Varun Ghia: Just two questions. One is the provision increase during the quarter. So is it an area of concern? And secondly, what was the slippages during the quarter?

Aditi Singh: Now, you are saying the entire credit cost?

Varun Ghia: Yes, INR 55 crores. Yes.

Aditi Singh: Yes, this is our endeavor to clean the book. And as you say, we are coming like what sir had said in the beginning of the call, we are cleaning the books, the legacy portfolio we are cleaning, so it's a part of that. It's not a point of concern because the 90% portfolio, we have already told that it is already impeccably clean and good asset quality.

Jugal Kataria: If you see the slide on restructured portfolio, we have written off close to about INR 25 crores out of the restructured book, etc. So we are cleaning up the book simultaneously, so that there's no pain left out. If you see are broadly GNPA, about 65% - 70% of the GNPAs are only from Assam. So we are cleaning up the book simultaneously. So 90% of the book is clean and balanced, most of it is from Assam, wherever there's a little bit of stress left out.

Varun Ghia: Okay. And what will be slippages during the quarter?

Aditi Singh: Around INR 85 crores. All in total, but then there are whatever write-off, they are after that.

Moderator: The next question is from the line of Uday Pai from Investec. Please go ahead.

Uday Pai: Sir, what is the interest rate that you are offering on microfinance currently? And my second question is, what is the growth outlook on microfinance?

HP Singh: Sorry, you are not very clearly audible. If you're talking about interest rates, which we are charging from the borrowers.

Uday Pai: Yes.

HP Singh: It's about 24%.

Uday Pai: 24%. And what will be the growth outlook for FY24.

HP Singh: So our guided ranges are close to about 20%.

Uday Pai: 20%. And do you see the competition increasing, can you give a bit flavour on competition and how it is affecting you or something like that?

HP Singh: So I don't know if you've read the latest reports, which are coming in, the MFI sector is going to be close to about INR 12 lakh crores. Right now, it's about INR 3 lakh crores. That is where the growth and the demand stands like in today's volume. So competition all the more feasible and then if we have more competition, in fact it's better for us.

Moderator: Next question is from the line of Hrishikesh from RoboCapital. Please go ahead.

Hrishikesh: Sir, I have only one question. This quarter, our operating expenses lower compared to last year and also last quarter. So is this like a sustainable level of opex you're going to see? Or what can be the opex going ahead, please? Can you guide on the same?

HP Singh: See, we are constantly trying quarter-by-quarter to bring our opex down, and this has probably yielded result as you can see this quarter. Our endeavor is as the portfolio in terms of when we look at recovery, we've got separate teams which are looking at write-off collections as such. So and as we said, we've had the highest ever in these 9 months that we've been able to get in about 30 quarters.

Once this starts taking the backseat across over there, I think we'll have more operating efficiency coming up. Similarly, acquisition of more customers, center size that we are trying to increase, once things stabilize, I think the operating efficiencies will also start kicking in. And we are looking at maybe a sub-6, somewhere where we are able to bring it down. So we are right now at about 6.63%. Our endeavor in the next few quarters is also to bring it down to about 6% and it is very sustainable.

Aditi Singh: Cost efficiency and the base effect will help us have a desirable opex number.

HP Singh: Yes.

Moderator: The next question is from the line of Suraj Nawandhar from Sampada Investments.

Suraj Nawandhar: The asset quality on the new portfolio has been impeccable. And is it sustainable at this level sort of where we see the asset quality 12 months, I think, 12 months down the line?

HP Singh: See, this is I won't say early days as yet, but I think what we built up in the last, how it's been for about 1.5 years now. My sense is that it might probably be in the same range as is. So definitely, yes, but when I talk about that we got a 90-plus NPA of about 0.1%, we have not said that it would probably continue forever. But definitely, yes, the way we are looking at our underwriting process, the way we have actually and this is what, we've remained flat for the last few years as such, just to make sure that our credit quality does not suffer when we actually get into the mode where growths are taking place, and that has not been shown.

It's sustainable, yes, definitely, yes. And that's why I said my guided range is that we would have a credit cost on a stable year at about 1.5% to 2%. Internally, our team has taken a much better target than that, but that's internal for us, but this is the overall thing which we are trying to guide everybody that it will be in this range found across.

Suraj Nawandhar: And sir, how do you see your loan mix changing going forward? Are you focusing more on housing loans or MSME loans or our loan book will be primarily driven by microfinance?

HP Singh: No. So we have separate subsidiaries, which do their independent business of MSME financing and housing finance, and they are growing at their own pace across. If we say that, I think they're growing at about 50% - 60% year-on-year, and they will continue to do that. So they are separate from the microfinance holding company as such actually.

Suraj Nawandhar: And sir, what is your cost-to-income ratio for this quarter?

Aditi Singh: 47%.

Suraj Nawandhar: And sir, any plans to open new branches?

HP Singh: Well, that happens across in terms of our operations across but we normally open about 15 to 20 branches on a quarter-by-quarter.

Aditi Singh: We opened 22 branches this quarter too. There are a very high branch opening options other than where we want to slightly deep dive more.

HP Singh: That's why I said about 15 to 20 branches quarter on quarter, that's what we try and do that.

Suraj Nawandhar: And sir, cost to income ratio will remain in this range with new branch openings or it will go up.

HP Singh: No, it won't go up, 15-20 on a denominator of about 1,000 branches, I think it's hardly anything. So it doesn't affect the cost to income ratio.

Moderator: Next question is from the line of Rahul Mishra, Individual Investor.

Rahul Mishra: So just on this guided credit cost of 1.5% to 2% on steady state, would you say that steady state has now begun? And I'm saying this on a full books, so not differentiating between pre-July, post-July, Assam, or do you think that is couple of quarters away?

HP Singh: So when I say steady state, steady state is because if I tell you right now, I don't think I'll be doing justice to my statement. And I say steady state starts from the steady state of in terms of affairs both in collection as well as disbursement. And steady-state starts from FY 2024. So it happens from 1st of April, if I tell you a steady state, the way growth, the way disbursement, the way collection and the way I said the new disbursements which are taking place. So that's why the guidance I've said is 1.5% to 2%. Internally, our target is much better than that, but this is what the steady state of affairs talks about.

Rahul Mishra: And this would be the whole book as it includes, pre-July, post-July?

HP Singh: Exactly. And Assam is an outlier. And if you get category three, that will be an outlier in terms of whenever if that happens across and we are confident it might happen before the end of this quarter.

Moderator: Next question is from the line of Himanshu from Aditya Birla Sun Life Asset Management.

Himanshu: Hello. Yes. So I have one question. So if you can give me this since you have already given the post-July onwards, you have already given in terms of the PAR1 to PAR9, 0 Dpd. Can I get a similar trend for the 10% of the portfolio which is prior to July '21? How is the nature of this basically in terms of the forward flows in the 0 – 90 Dpd?

HP Singh: Himanshu, I think we haven't done that analysis, but just to give you a brief say. Out of this 10%, about INR 200 crores will be restructured book. So that is there.

Aditi Singh: And that trend is shared.

HP Singh: And that trend is shared basically because in that we've got about INR 100 crores, which is 0 Dpd, rest probably, I don't have a bifurcation of to 1 to 90 and 90-plus.

Aditi Singh: It is there. And 78 crore is in PAR90 and what we shared is that.

HP Singh: So 78 crore is PAR90, and we've got a provision of about INR 82 crores. So that is balance, I think, about INR 200 crores - INR 300 crores, which is probably the balance which was left out of our own book of about 4,000 crore.

So balance is about INR 200 crores. And you can do the analysis, the pain probably of even the 10% book which is there is in terms of, the more stressful was restructured book, and that is where the numbers are.

Himanshu: Sir, secondly okay, probably if you don't have these numbers. Probably you can give me some color around in terms of the collection efficiency because collection efficiency of the restructured you have already stated 79%. On the overall efficiency rate is 100% probably of this remaining portfolio of 10%, which is outside the restructure, but still the prior to the July, can we get the collection efficiency number?

Aditi Singh: So Himanshu, on 96% of the book, the collection efficiency is 100%. On 4% of the book, which is restructured, the collection efficiency is 79.2%. This is all inclusive. Even the other book, which is pre-July '21, but not restructured, the performance was not that bad.

And another way to look at it is when we say our on-book GNPAs near INR 65 -66 crores barring Assam, that includes the whole of the book. So that is another way to look at it.

Himanshu: And my last question is around disbursement, you have already given a couple of guidance in terms of the ROE, ROA, credit cost, AUM growth. If you can give me around what sort of a disbursement trend that we should target for you, you are targeting for the next year that we should set, what sort of a disbursement and how probably risk state that you would have very comfortable probably if any new states that you are very comfortable in terms of lending and probably once they have choose and which states where you are still cautious?

HP Singh: See, I think overall, what we're looking at is when I said the 15% to 20% growth for the next year means that average, it will probably come out to about INR 600 crores, INR 650 crores month on month basis. That is what the disbursement plan looks like, but the 20% growth is what we are targeting. And this year also it will be 20%.

And in terms of geography, I think we are probably looking at each and everything. We don't want to open up any more geography as such newly because I think we've covered 23 states. We don't want to now get into maybe any other state but have a deep diving into whichever state we're probably working in.

And for us, UP, Bihar, I think are our main states, and we will continue to have a deep dive into those states. But I think overall, it's normal as such. There's no cautious stand to be taken across anywhere. And I just gave you an indicator in terms of my speech, I think maybe you were not there. In Assam we've disbursed now and our new portfolio over there, the NPAs, PAR 1 is 0.07%.

Himanshu: And can I ask you, can you give asset quality color of the non-MFI portfolio?

Aditi Singh: 0.5% for the housing company and around 4-point something for SFL GNPA and net NPA around 2%, we've shared on their respective slides. Happy to guide to that again.

Moderator: The next question is from the line of Darshti Shah from ThinkWise Wealth Management.

Darshti Shah My question is around the employee count. So when we look at the FY22 employee count, it's come off substantially as on today. But when I look at the employee cost, the cost for 9M FY22 and 9M FY23, there's not much difference in the cost. So if you could help us understand this?

And do we say that your loan growth target is 20% for the next year, did we see a substantial increase in the employee cost as well as employee count?

HP Singh: So I think if you look at the yearly this way, I think you will have to look at the growth in terms of how the increment and appraisal happen, that's also one of the factors which you have to take into account. It doesn't remain a steady state in terms of whenever we have a drop in the terms of employees.

And also, we are taking maybe slightly experienced guys when we are looking at right of collections to be done. These are not employees who would as we do within the loan officer category where we employ them as technically graduates or maybe 12th standard pass. So our loan officers are based on that.

And so that is where probably you might look at maybe the slight difference in terms of that. And the second question was for you in terms of loan growth.

Darshti Shah: Yes. So when we say that we're going to do a 20% loan growth next year, so would this mean, the number of employees, specifically the loan officer would increase?

HP Singh: No. That won't happen. Our current optimum efficiency for every loan officer looking at borrowers is close to about 450-odd. In fact, for us, internally, we've set up benchmark that we would like to go to about 500 to 550 , so we will not have any practical rise in terms of our employee cost or personnel cost based on that because the optimum efficiency has started setting in post the pandemic when new clients are also getting acquired, and we are deep diving into every branch in terms of increasing our number of loan clients per branch.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Ms. Aditi Singh, Head Strategy for closing comments.

Aditi Singh: Yes. So I just want to say thank you to all of you for coming this morning and attending our call. And I sincerely hope we have addressed all your queries, we try to be thorough here as much information be transparent. If you feel that you want to understand something more deeper or have a detailed discussion, you can always get in touch with me or my team. My name is Aditi Singh, Head of Strategy. You can also get in touch with my colleague, Shweta Bansal, DGM-IR, and we shall be happy to take you through any details you want to understand. Thank you so much. Have a good day.

HP Singh: Thank you.

Moderator: Thank you very much. On behalf of Satin Creditcare Network Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.