August 07, 2024

To,

The Manager,	**The Manager,**
National Stock Exchange of India Ltd.,	**BSE Limited,**
Exchange Plaza, C-1, Block G,	25th Floor, P. J. Towers,
Bandra Kurla Complex,	Dalal Street,
Bandra East, Mumbai-400051	Mumbai-400001
Symbol: SATIN	**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 August 01, 2024 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, as amended, please find enclosed Transcript of Q1FY2025 Financial Results Earnings call of the Company held on Thursday, August 01, 2024.

The link to access Transcript of Earnings call is https://satincreditcare.com/wp-content/uploads/2024/08/SCNL_Earnings-Call-Transcript-for-the-quarter-ended-30Jun24.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: 2024.08.07 11:47:33 +05'30'

(Vikas Gupta)
Company Secretary & Chief Compliance Officer

Encl: a/a

"Satin Creditcare Network Limited

Q1 FY2025 Earnings Conference Call"

August 01, 2024

MANAGEMENT: MR. HP SINGH – CHAIRMAN CUM MANAGING DIRECTOR
MR. JUGAL KATARIA – GROUP CONTROLLER
MS. ADITI SINGH – CHIEF STRATEGY OFFICER

Moderator: Gentlemen, good day and welcome to the Q1 FY25 Conference Call of Satin Creditcare Network Limited.

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 "*" then "0" on a touch-tone phone. Please note that this conference is being recorded.

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

H P Singh: Thank you, Aditya. Good morning everyone. We thank you for joining to discuss our performance during the 1st Quarter of Financial Year 2024-25.

Amidst the news of flood and heavy rainfall in few regions, I hope you and your family are safe and keeping healthy. I believe you have had the opportunity to go through our Quarterly Results and Investor Presentation. If you have not gone through them yet, you can access them on our website or through the Stock Exchanges.

I will start the call with the announcement that we have released our Annual Integrated Report for Financial Year 2023-24 and is available on the official website of our company. This year's theme "Growing with Grit, Conquering with Capability", captures our holistic view of our organization providing a thorough dive into our resilient business model and integrated reporting.

As we reflect on the performance of the reporting quarter, we acknowledge that it was a challenging period to navigate, marked by the extreme heat waves across regions and disruptions due to long phase of general elections for a large part of the quarter. This coupled with the fact that a significant portion of our loans are dedicated to agriculture and allied sectors and hence 1st Quarter we typically experience a slowdown due to the harvesting season and it made it harder to manage.

However, we successfully managed these challenges through proactive measures. We identified stress building up in certain areas and took the necessary steps to address these issues in time, ensuring stability and effective steering through this time.

To effectively navigate this seasonally moderate quarter and to proceed cautiously in the upcoming quarters; while maintaining a healthy portfolio quality, we have implemented the following measures:

- We have instituted a dedicated collection team for different DPD buckets, driven by the findings of our data analysis, initiated from Q4 2024 onwards this measure is already showing promising results, positively impacting our portfolio quality.
- During Q1 FY25, we appointed a credit manager for each branch responsible for 100% field verification of all loans disbursed in a month including existing clients. This measure has enhanced our loan verification process, ensuring accuracy, reducing risks and improved overall portfolio quality. As of now, this initiative is implemented across 100% of our branches.
- Our average FOIR per customer for existing clients stands at Rs. 6,400, which is almost half of the RBI prescribed limit of Rs. 12,500. This demonstrates our commitment to maintaining a healthy credit risk profile by not over leveraging our borrowers.
- As part of our strategy, we have been disbursing only one loan per client to effectively contain and manage our credit risk per client. Additionally, in an effort to mitigate credit risk, we have decided not to onboard new to credit clients in 15% of our identified branches. This measure was initiated from February '24 onwards.
- To augment the effectiveness and efficacy of our center meetings, we are calibrating our loan officer span to ensure better control of center meetings. This move is driven by our commitment to enhancing operational efficiency and delivering improved service to our clients.
- We have implemented risk-based pricing strategy basis the vintage and credit history of our clients. This means that the interest rates and loan terms are adjusted basis on the client's repayment history and tenure with us. By considering the clients track record and loyalty, we can offer more competitive pricing to long-standing client while appropriately managing risk for newer clients. This approach not only rewards our loyal clients but also ensure the balance and prudent risk management framework.
- Commenting in the ongoing concern, we state that as of now we have not encountered any significant stress in UP and Bihar. However, aligned with industry trends, we are observing some challenges in Odisha and Rajasthan for which we have already taken proactive measures.

As a result of the aforementioned measures, we are revising our guidance on AUM growth to 20% for the year 2024-25. Despite the challenges we face, we remain optimistic and are continuously assessing ground developments without revising our guidance on credit costs for now, as we witnessed extraordinary events in Q1 as discussed earlier and there are seasonal shocks in our major geographies presently.

Basis these events, we shall be able to give credit cost guidance for the year with Q2 FY25 results.

The guardrails recently recommended by industry body MFIN which imposes a cap on the microfinance indebtness per client to Rs. 2,00,000 and restrict the number of microfinance lenders to 4 per borrower, reflect the industry's commitment to sustainable growth, leveraging the substantial credit advancing opportunities available through the microfinance channel.

Over the years, the SROs have been instrumental in strengthening the sector ensuring its resilience, reinforcing our collective efforts towards the stable and progressive industry.

I am happy to share that our portfolio is well within the guidelines as we are a responsible financial services company. In the last seven months, we have disbursed 11,00,000 loans which are all in compliance with the guardrails. Our average FOIR per customer for existing clients is 48% below the RBI's prescribed maximum limit.

Continuing our dedication to excellence and innovation in the microfinance sector, we have consistently strived to empower communities and drive financial inclusion. As an evidence to our efforts and impact, we are happy to share that we have been recognized as The "Dominant Microfinance of the Year Award" at the 17th NBFC & Fintech Summit Awards 2024. Additionally, as part of our commitment to championing our culture of inclusivity, innovation and continuous loan, we were recognized among the Top 100 Companies to work for India 2024 across all industries by GPTW India.

Now talking about operational performance during the quarter on consolidated basis:

Our AUM grew by 23% to 11,706 crores. On a standalone basis, the GLP stood at 10,485 crores up by 25%. The disbursement stood at 2,114 crores on consolidated basis and Rs. 1,997 crores on a standalone basis.

Our borrower base grew by 15%, while our branch infrastructure stood at 1,447, branches up by 10% YOY. We also ventured into a new state, Nagaland, making a significant step forward in our mission to fulfill the microcredit and needs of underserved communities. This expansion brings our presence to a total of 27 States and union territories.

We have consistently grown our footprints across the country, harnessed numerous prospects for business growth and invested in decisive actions that deliver greater shared value for multiple stakeholders guided by the strong regard for customer need.

Coming to the asset quality, we observed a temporary increase in delinquency during the 1st Quarter. This was due to the severe heat wave across several regions, operational constraints during the general election, which impacted regular collection and follow-ups in the delinquent buckets.

On-book GNPA stood at Rs. 219 crores, which is 2.7% of the on-book portfolio. The company has sufficient on-book provisions amounting to Rs. 200 crores as on Q1 FY25, which is 2.5% of the on-book portfolio. Provision required as per RBI regulations is 150 crores. We have adequate measures in place and are working to ensure that delinquency trends should stabilize in the coming quarter. Maintaining a good collection discipline, our collection efficiency stood at 97.9% and the collection against write-off pool stood at 6 crores in Q1FY25.

Coming to our financials now:

The company’s consolidated net interest income grew by 38% to reach Rs. 383 crores in line with the loan portfolio growth in the quarter. The pre-provisioning operating profits stood at Rs. 213 crores registering our growth of 60% on a consolidated basis.

The net interest income and pre-provisioning operating profit on standalone basis is Rs. 353 crores and Rs. 207 crores respectively. Our NIM for the quarter stood at 13.4%.

Consolidated PAT for the quarter grew by 20% at Rs. 105 crores, resulting in ROA 4% and ROE of 17.2%. This marks the 6th consecutive quarter in which we have achieved an ROA of over 4%, reflecting our strong cross cycle performance and sustainable profitability.

In line with our steadfast dedication to optimizing operational efficiency and resource allocation throughout our operations, our OPEX to average AUM ratio witnessed a consistent improvement dropping to 5.5% on a standalone basis, decreased by 27 basis point on a year-on-year basis. Likewise, our cost to-income ratio improved to 41.4% as against 48.9% on a standalone basis.

On the borrowing front, during Q1 FY25, the company secured debt funding of total Rs. 467 crores from OeEB, the Dutch Development Bank of Austria and FMO, Dutch Entrepreneurial Development Bank. Such partnership ensure our continued ability to provide critical financial services to underserved communities and support our mission to drive sustainable economic growth. The company has ample liquidity of around Rs. 1,400 crore and a healthy CRAR of 27.9%.

I am also happy to share with you that we have welcomed Mr. Joydeep Datta Gupta, former partner of Deloitte India and Miss Jyoti Davar, Director General at FICCI to our Board as Independent Directors. We are confident that their extensive experience and deep expertise will be invaluable as we continue to strengthen our governance and pursue our growth ambitions.

As mentioned earlier, this quarter presented several challenges, however, with prudent strategies in place, we did our best to navigate these difficulties effectively. We focused on optimizing our operations, maintaining strict financial discipline and enhancing our customer engagement which allow us to achieve stable performance and layer strong foundation for future growth.

Both of our subsidiaries are profitable and are creating the path towards future growth. With the substantial support from the government for the MSME and housing sectors in the Union Budget 2024, we are well positioned to capitalize on these opportunities. This boost with further accelerated our efforts enabling us to expand our reach, enhance our offerings and try sustainable growth across our operations.

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

Starting with consolidated highlights:

We have a customer base of 35.1 lakhs customer as on 30 June, 2024 with presence across 1,447 branches and 425 districts of India. Our top four states contribute to 56% of total AUM in Q1 FY25 and the states are UP, Bihar, West Bengal and Madhya Pradesh. The total revenue for the quarter stood at Rs. 634 crores up by 37% year-on-year.

Coming to standalone highlights:

Our average ticket size of MFI lending for the quarter stood at 49,000. We have a well-diversified customer base of approximately 34.1 lakh clients with 76% rural exposure, 55% of our clients belong to first cycle as on June ‘24. Pan India presence with 1,301 branches across 419 districts.

PAT for Q1 FY25 stood at 103 crore, ROA at 4% and ROE at 15.1%. The net worth stood at Rs. 2,770 crore as on 30th June 2024, GNPA as on June‘24, stood at 2.7%. The overall provision coverage ratio increased to 91% versus 66% in June 23. Total borrowing stood at Rs. 7,403 crore as on 30th June 2024. Debt-to-equity ratio as on 30 June 2024 stood at 2.78x. As on 30 June 2024, 96.7% of our districts have less than 1% of portfolio exposure.

In our constant endeavor to enrich our customers’ life, we provide financing of various products which include loans for bicycles, solar products, home appliances, consumer durables, water and sanitation facilities.

An update on subsidiaries:

Through the collective efforts of our subsidiaries, we aim to extend the spectrum of financial services to our clients by harnessing the strength of our microfinance outreach, we endeavor to extend affordable housing and retail MSME loan, specifically to clients who have completed more than two more cycles with the company and have higher credit requirements.

Satin Housing Finance Limited has now reached an AUM of Rs. 769 crore, which grew by 50% year-on-year, having presence across 12 states with 7,645 customers. SHFL has 100% retail book. The quality of the portfolio remains intact with GNPA of 1.4% as of June '24. The company has 27 active lenders, including NHB refinance, CRAR of 49.8% and gearing of 2.4x. PAT for the quarter stood at Rs. 51 lakh, credit rating of A- stable from ICRA.

Satin Finserv Limited: The company's MSME lending arm has reached an AUM of Rs. 452 crores. We are running down the business correspondent book and focusing on building retail MSME going forward. MSME book grew by 41%, CRAR of 44.9% and gearing of 1.4x. PAT for the quarter stood at Rs. 1.7 crore. Credit rating of A- stable from ICRA.

I am pleased to share with you that we are adding a new wholly-owned subsidiary to our offerings in the technology space. This company will aim to provide technological solutions to the financing services sector. This is with our vision to leverage our technological progress and also diversify our revenue streams.

In closing: As we forge ahead on our journey of growth and innovation, we are confident in our ability to achieve greater profitability while ensuring operational efficiency. Our strategic vision and dedication to excellence positions us bodes us well for a prosperous future.

Thank you for your time. With this, I would like to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Sameer from JM Financial. Please go ahead.

Sameer: Thanks for the opportunity. Just two questions, One is on the operating expenses front. Is it fair to assume that the investments that you have made on collection teams etc. have led to a sequential uptick in OPEX? And secondly on yields, how do you think of yields would you have reduced interest rates in the last couple of quarters? That's it from my side. Thank you.

HP Singh: Sameer, the yields will remain stable where we are. They could probably be just I think a band of about 0.2% or 0.3% which will oscillate but we won't have any kind of dip in our yield, that is point number one. OPEX, our sense is that we have put in our collection team during this quarter. So, whatever little increase had come has also been factored in. Our own sense is as we go forward, this will not have too much of a bearing in our OPEX. I think if you really look at the cost-to-income, I think ratio, we have gone down substantially from 48.9% to 41.4% right now. So, in our sense the OPEX to average AUM in terms of even the denominator base increasing will probably remain stable. I think there will not be kind of increase in this OPEX to AUM also.

Sameer: Sure. And just one final thing, the 20% growth guidance is on a consolidated basis, is that fair?

HP Singh: Yes.

Moderator: Thank you. Next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: It looks like decent set of numbers given the problems that cropped up this quarter. Sir, I had three questions. One was, can you go into the states which are facing trouble. So, there was some trouble in Punjab in two districts. So, what is the status there, Amritsar and I believe in Jalandhar? Then you mentioned that there are problems that even you are seeing in Rajasthan and Odisha. So, can you go into some details whether these are few districts? Are these related to some local political issues or is there something else going on? What is the actual nature of the problem and how big the problem is? And then you also mentioned that in UP and Bihar, you are not seeing anything. I don't know whether you included those two states because they are substantial for us or is there actually some problem that somebody else is seeing, so that is the first question, Sir.

HP Singh: Let me start from the major one. The UP and Bihar, why we specifically mentioned about that, because there was a lot of talk going on basically that there was a news item where we have to go slow on RBI's advisory that we have to go slow on UP and Bihar. That is the reason why we wanted to specify our stand on what is going on in UP and Bihar. That's the reason why we give it because we are seeing any kind of a stress across over there. So, that's answers probably your third question on this. Regarding Punjab, I think as we said earlier, we are very-very stable across over there. Our collection efficiency even now is about 91%. The districts which were there have probably stabilized in fact we started little bit of a disbursement across over there, which gives us that kind of an impetus that we have been able to navigate the crisis to a large extent. And I think it is slowly and steadily coming-up up the curve right now, so that answers your question on Punjab and Odisha and Rajasthan, you know, I think we have heard about in various quarters and in the sector itself that yes, there is some stress which is building up in few pockets of Odisha and Rajasthan. It's not entirely. But just to give you this thing we were already taking those corrective measures which we enumerated to you during the opening of my Earnings Call. We have done that. We are looking at it far more diligently and we have a handle on it. Our own sense is, I think that it will probably be contained by us. We are probably at it, but it's not something which is probably significant. We just wanted to highlight it so that, we want all our stakeholders to be a little bit aware of where there is a slight stress which is coming in. So, that is what probably answers your Odisha, Rajasthan. I think all the three we have been able to answer.

Agastya Dave: Yes, Sir. My next question is there are a lot of regulatory noises, especially from the Governor himself about the interest rates that the sector as a whole is charging. So, are these noises now becoming threats because they are sounding like it? What exactly is the backdrop which is prompting the regulatory to use such like fairly, I don't know what adjective to use for it, but it looks like regulator is really worried.

HP Singh: So as you said, if there is no threat as such, I think it's probably somewhere when you are serving this underserved communities, you definitely would like to give them probably the best out of the terms of the interest rates which you charge them. And we have also brought it down to our vintage clients as we said, we have done risk-based pricing across over there. But I think what is more important for us to probably look at it is and I think this is like an ongoing thing which will probably go on. As we feel our cost of funds go down as we remain stable on our NIMs. We feel that I think that increase or maybe the better performance in terms of our cost of fund should be given back to the borrowers as such, but you have to look at the holistic view of complete picture as such. It is not just the interest rates, it's also how you are able to drive your credit cost and all the factors put together, you got cost of services to drive collections, to reach out to them. This is a doorstep service which is a process. I think you have to keep everything in mind. So, my sense is I think all the stakeholders are aware of this and I think everybody is taking due steps to make it far and far more affordable for our borrowers across and we have also done the same.

Agastya Dave: Governor Das is a very conservative central banker, and he is a very reasonable man as we have seen over the years. If he is pointing out something then I was just wondering what exactly are they seeing. So, final question, in this quarter consolidated numbers, other expenses, there is quarter-on-quarter jump as well as a fairly substantial year-on-year jump. So, this 41 crores, is there anything one-off here? Why exactly is there such a big jump? It is like sticking out.

HP Singh: These are substantial jump, branch expansion this thing. We are opening about 300 odd branches this year and we have opened about close to 70-80 in this quarter.

Agastya Dave: Nothing extraordinary, right sir.

HP Singh: No, natural course of business.

Moderator: Thank you. Our next question is from the line of Amit Agrawal, an individual investor. Please go ahead.

Amit Agrawal: I had a question on written-off assets. What kind of written-off asset pool we have as of June 2024, and I can see that we are not able to recover much from the written-off assets that happened during COVID and post that. So, what options do we have to recover those assets, like selling it to ARCs or giving hard timelines to those borrowers. So, I just want to have an understanding that what happens when assets are written-off and does it just go away, or we get chance to recover in future timelines?

HP Singh: So, I think you know, Amit, you'll have to understand one thing, So, written-off pool is written-off only in our account books, but for the operational field, it has never been written-off. So, we have got pool starting from demonetization, which was seven years ago. Which my boys still are able to bring somewhat a little bit from there. So, for us as a company, we believe that till the time I think we exists and the borrower exists, if we are able to touch base upon them and get back the money that is what we know and that's probably the most soundest of policy which we have been able to adopt for the last 7-8 years. The written-off pools starting from demonetization till date would be close to about 1,200 odd crores, which is there. Now gaining money from this kind of a pool which is 7 years old, 6 years old, 5 years old, 4 years old, is a very tough task. Half of the time you will not find a borrower, the addresses will not be there. It will be very difficult to take them out, but in spite of that fact, you know, we have got our dedicated team. Which I think if I remember correctly, last year we brought in about 48 to 50 odd crores from that pool. This year, we started on a lower note, but we still brought in about 6 crores total from the write of pool. Our sense is if we just keep at it at some point of the time the borrowers get motivated to probably bring it back till that time we are able to find them. But that is the policy which we follow. And I think that has paid us good dividends across the years for us to bring in money from the write off

Amit Agarwal: Can we not sell it to ARC , ARC is buying those pools?

HP Singh: Well, they will not have the collection mechanism. We would have to do that ourselves. You know, so might as well when we are doing it ourselves, let us do it, you know, by ourselves. Why pay an additional cost or something like that.

Amit Agarwal: But collecting money from the old pool is very costly also, right?

HP Singh: So, it's not costly. So, we have got separate benchmarks for us. So, we see it in a different fashion. So, let me just give you a very small example how to do it. We pay a certain amount of salary to our boy, for us if he gets 3X post that, that's the best across over there and we drive them to get 3X of what their salary is and the operating cost is. So, it is never out of pocket for us, you know, it has always helped us in terms of how we look at our P&L based on these dedicated people to do collections in these pockets.

Amit Agarwal: Okay, thank you, that’s helpful. So, my next question is on our subsidiaries, like these housing finance in particular. Housing finance is a big area and big opportunity. Recently, Shriram Housing Finance sold their housing subsidiary. So, my question one is like when can we expect to have a 5,000 crore AUM in housing finance and how are we going to unlock the value from this subsidiaries in future?

HP Singh: Yeah, I think this is a question which probably we have been saying, but I think it has probably not found real penetration in a lot of people to probably understand. I think probably you are not a person who is probably saying it, yes there is a huge opportunity in housing finance for us including the MSME lending which you are talking about. Definitely yes, I think you know, we would probably be crossing the second milestone of 500 crores to about 1,000 crores this year in housing. We are looking at when you said 5,000 crores for us our bench strength where we are working on is that we are able to reach there in the next three to four years, definitely yes and yes we'll monetize it at a certain point of time. Definitely yes, we will do that because that's what we have brought these subsidiaries up, one, to hedge our risk, because from moving from unsecured to secured. Two, to look at the cost of capital for us, and so use our capital efficiently, so we are able leverage two of these business in a separate subsidiary and three is yes, at a certain point of time, definitely we would monetize these assets to bolster our capital strength on the parent company. When and which I think probably I can't give you a definitive answer, but yes, that is what our thought process is.

Amit Agrawal: So, what kind of NIMs we have in this business?

HP Singh: Well, as you would have it, we do a lot of piggybacking on our microfinance clients in the rural housing, which probably is our core area and in which we have got a USP. Our NIMs average is close to about 5% to 7% that is where it is and we feel that is probably pretty good enough for our housing financing company to really look at it.

Moderator: Thank you. Our next question is from the line of Rajeev Mehta from Yes Securities. Please go ahead.

Rajeev Mehta: Sir, first to understand how the delinquency pool will move from where it is right now. So, firstly if I can know what is 1 to 90 DPD pool as of June versus what was it as of March and where do we see it settling in the next two quarters.

HP Singh: So, 1 to 90 pool is close to about 4.5%. This is one plus, so now out of that 2.7% is 90 plus, and the rest is between 1 and 90.

Rajeev Mehta: Got it? Yeah. And Sir, where do we see this settling with your assessment of the situation on the ground, whether the improvement will come through immediately or would it take some time. If you could just comment on what you see on the ground?

HP Singh: See Rajiv, as I said, 1st Quarter was, a lot of factors which actually externally jumped in. I think this is quarter but the month where we are seeing a lot of rain and a lot of flooding across over there. So, these are not normal nuances of business which we are encountering right now, that is the reason why we said we will have probably a better handle on all this by August end or so and we will give our guidance across over there. Our own sense is that there is nothing in the business which is probably demonstrates maybe highly elevated credit cost. It is only once we are able to settle down these seasonal disturbances which have occurred, and then we'll get a clearer picture, but our own sense is what we are seeing on the ground and the way we are handling it. And we feel that it is no cause of concern where there would be very high delinquencies or very high credit costs. Let these issues of flooding and everything settle down, I think that is why we said we want to give you and everybody a clearer picture and we will be able to do that maybe in a month and a half time.

Rajeev Mehta: Understood. And just to again slightly check on UP and Bihar, so whatever delinquency increase you saw in the 1st Quarter for all the reasons that you mentioned, we did not see much of an increase in the delinquency pool for UP and Bihar as such. We are not seeing any stress at this point in time.

HP Singh: You know, this is exactly what is happening, so there have been again floods in the border areas of Uttarakhand, adjoining UP. There has been flood in Bihar also, Muzaffarnagar specifically. So, UP, Bihar is basically when we are talking about it again issues like, I don't know whether you guys would know or not, Kawar Yatra going on for the last five days. The roads are closed. The schools are closed, things are there. So, these do have a momentary effect on our collections, but that is what I said we are not seeing circumstances in businesses which probably term it to say that we have elevated credit costs, it's related to these factors. Let these factors settle down, I think we will have a far more clearer picture moving ahead. I don't want to comment on anything beyond this. So, let this settle down and I hope once this settle down, we will be able to address it also much better, proactive measures which we have already settled in place, you know.

Rajeev Mehta: Correct, just one last thing I wanted to check on the MFI guardrails that way and I think you just clarified right up front in the call that for us at the portfolio level, there shouldn't be much of an impact in terms of.

HP Singh: We have been following guardrails, that's why I've given you 11,00,000 clients in the last seven months and we are following guardrails before they even set in, so seven months before we started to do that and the FOIR is half of what the RBI prescribes so we always take proactive measures as an institution always for us the key question is always portfolio quality, that's what we always emphasize upon.

Rajeev Mehta: So, my second level question on this MFI guardrail was more on the industry and not specifically with Satin because there could be certain layer of customers who were being supported by certain lenders by becoming additional lender and they used to hold themselves as a regular or current customer. But now with this guardrail being implemented by even the other lenders in the system, can it happen that certain strata of customers will start to default because they are not getting that additional finance on which they were kind of?

HP Singh: I don't think so. I think It is again a factor which we have been following it. So, for us we feel that it hasn't happened to us. You know, so I will not have any comment on that to be very honest.

Moderator: Thank you, Our next question is from the line of Ritika from Bandhan. Please go ahead.

Ritika: Thank you for the opportunity. Sir two new things which MFIN chairman mentioned on the number of lender exposure and also on the ticket size if I could put it that way, how are we looking to deal with the same. Where are we today in terms of what number of our customers are actually, we are #4 or #3 for them. So, that is the first question and second I understand you will be obviously sharing the credit cost guidance a little later, but just if you could still broadly reiterate the guidance, which is as of today for FY25 and break the loan growth into MFI and the non-MFI.

Aditi Singh: So, I will answer the first part of the question Ritika for you first, which is the guardrails. So, first of all for everybody's benefit, whatever MFIN has done is more of a supplementary or clarificatory to whatever the RBI had actually guided us in terms of the household income of 3,00,000, in terms of the FOIR of maximum 12,500. Even if you look at the 2,00,000 indebtedness, it roughly translates to a FOIR of 11,500. So, whatever MFIN has done is to simplify it and make it more I will say byte size for everybody. So, that is what it is. This is why the 11,00,000 loans that Sir had just mentioned, we disbursed, and they are all within the guardrails without them being announced. Now to answer the other question about the number of lenders. In our presentation, we have mentioned we are the only lender to 31% of the borrowers. For the next 25%, we are the 2nd lender and for another 20% we are the third lender. We are looking at our data scrub, we are not the sixth lender for anybody of our clients.

HP Singh: Yeah, so this is what Aditi has just mentioned and in terms of our credit cost so as I said let the current issues settle down. As I said, we do not foresee any or maybe significant elevation on our credit cost because we feel that this is due to these factors which have kicked in for the last three to four months, flooding, seasonal harvesting, heat wave, general elections. Let this all settle down, we will be able to give you a far more clearer picture, but as I said, we really feel on the ground that yes, we are not facing that elevation I think probably which is not there.

Ritika: Yeah mam, the second one was on the if you could just reiterate the growth guidance and maybe break it up into MFI and non-MFI?

HP Singh: We have not done this thing, we have taken an overall picture, consolidated is what we always talk about. You know our own sense is that for us it could probably overall on the customer base.

Aditi Singh: And because of any which way the base effect, MFI being the largest piece, it will always override whatever growth the subsidiaries do. So, even for now, the Subs have grown by 50% and 41% Ritika. But since still 88% of the business lies in microfinance, so if we grow 20 here consolidated also it will be 20 or 21 only at the current base, so majorly it will be driven by the core SCNL business.

Moderator: Thank you. Our next question is from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Sir, sorry. But I joined the call 10 minutes late. So, have you shared any guidance for FY25 on ROA and Cost-to-Income?

HP Singh: No, we have not shared any guidance in terms of our ROA and Cost-to-Income. I think you can probably take heart from what we have shown in the 1st Quarter and maybe extrapolate whatever you have to do. We have not given any guidance. We have just given our guidance for our growth that we will be doing 20% consolidated growth for this year.

Rahil Shah: Ok and credit cost you will be sharing later. With respect to this growth, so which particular segments and regions are supposed to drive it?

HP Singh: I think it's overall; we were not doing segmentation as such basically because normally we grow our existing book by about 10% by the loan number.

Aditi Singh: So, in regions like we are saying we are going to be slow in Odisha and Rajasthan. But we have entered 2 new states, AP and Telangana, then deep diving in the existing states where we are strong, North East is where we are strong etc. So, these are going to be the major drivers for the growth for us.

Rahil Shah: OK and lastly, any branch addition target for the year?

HP Singh: Yeah, so we are doing about 300 odd branches for this year. I think we have already deployed about 100 odd branches.

Moderator: Thank you. Our next question is from the line of Jay from IIFL Securities. Please go ahead.

Jay: My first question is how will this Stage-2 loans QoQ and what was your exposure in Punjab?

Aditi Singh: Stage-2 will be 3.5%.

Jugal Kataria: So, Stage-2 is broadly between 31 and 90 days is close to about 1-1.25% of the total.

Jay: Ok. And what will your Punjab portfolio currently and what is your coverage ratio on the Punjab portfolio?

Aditi Singh: In Punjab, the on-book portfolio is Rs. 336 crores and the impacted branches are only 10, which are around Amritsar.

Jay: Ok and the exposure on these branches would be.

Aditi Singh: The exposure on these branches is Rs. 43 crores, collection efficiency from the overall state is 91%.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day and I now hand the conference over to Miss Aditi Singh, Chief Strategy Officer from Satin Credit Care Network Limited for closing comments.

Aditi Singh: Thank you everyone for taking out time and attending our call and all the questions that you asked. We have tried to answer each and everything. I will still wrap up by saying that we have always been very responsible and very much driven by tech and processes always prioritized the quality of our portfolio over growth and other factors. So, this all has actually helped us sail better or sail pretty decent in this quarter. Still if you want to discuss anything you can reach out to us, me and my colleague Shweta Bansal. You have our e-mail ID's also, and the details are there on the website. Thank you so much. Have a great day. Bye.

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