SBFC

2nd February, 2024

To
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051
NSE Symbol: SBFC

To
BSE Limited
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001
BSE Scrip Code: 543959

Dear Sirs,

Sub: Transcript of Earnings Conference Call

Pursuant to applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find attached the transcript of the earnings conference call which was held on 29th January, 2024.

The transcript of the earnings conference call shall be uploaded on the website of the Company at https://www.sbfc.com/investors under the section 'Disclosures under Regulation 46 of the LODR' in due course.

Kindly take the same on your records.

Thanking you,
Yours faithfully,
For **SBFC Finance Limited**
(Erstwhile SBFC Finance Private Limited)

JAY PRABHURAM MISTRY

Digitally signed by JAY PRABHURAM MISTRY
Date: 2024.02.02 20:00:08 +05'30'

SBFC Finance Limited MUMBAI

Jay Mistry
Company Secretary & Chief Compliance Officer
ICSI membership no – A34264
Encl: As above

"SBFC Finance Limited Q3 FY2024 Earnings Conference Call"

January 29, 2024

ANALYST: **MR. RENISH BHUVA – ICICI SECURITIES**

MANAGEMENT: **MR. ASEEM DHRU – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICE – SBFC FINANCE LIMITED**
MR. MAHESH DAYANI – CHIEF BUSINESS OFFICER – SBFC FINANCE LIMITED
MR. NARAYAN BARASIA – CHIEF FINANCIAL OFFICER – SBFC FINANCE LIMITED
MR. PANKAJ PODDAR – CHIEF RISK OFFICER – SBFC FINANCE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to SBFC Finance Limited Q3 FY2024 Earnings Conference Call hosted by ICICI Securities 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 this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Renish Bhuva from ICICI Securities. Thank you and over to you Sir!

Renish Bhuva: Thank you Nirav. Good morning everyone. Welcome to SBFC Finance Q3 FY2024 earnings call. On behalf of ICICI Securities, I would like to thank the SBFC management team for giving us the opportunity to host this call. Today we have with us the entire top management team of SBFC represented by Mr. Aseem Dhru, Managing Director and CEO, Mr. Mahesh Dayani, Chief Business Officer, Mr. Narayan Barasia, Chief Financial Officer, and Mr. Pankaj Poddar, Chief Risk Officer. I will now hand over the call to Mr. Aseem for his opening remarks and then we will open the floor for Q&A. Over to you Sir.

Aseem Dhru: Thank you Renish. Good afternoon everyone and thank you for being on our concall. This is our third call post listing. This is just giving you a little bit of highlights of the quarter. We had a rating upgrade to AA minus (stable) from India Ratings. We have a stable AUM growth. We are beyond the upper end of the guidance that we have given. We have a stable asset quality for the quarter. There was stable spreads and NIMs and we do not accrue interest from the date of the NPAs. We will have to keep that in mind but it was stable both spreads and NIMS in a rising interest environment. Opex has been for the year, we began with 5.8% and we have guided a 50% glide path into the year and we are on track. We should be on that path. We are very happy that the ROE has climbed back to 11%. That was a level we had done pre IPO and on expanded equity in two quarters we are now back to 11% ROE for the quarter and while you are looking at the profit growth, we will have to keep in mind the benefit of the fully deployed funds of the IPO proceeds during the quarter kicked in and therefore there is slightly higher than normal profit growth during this quarter, but those are the big highlights of the quarter. Will now request Narayan to take it from here.

Narayan Barasia: Thank you Aseem. Good morning and wish you a very happy and healthy year 2024. We thank you for joining this investor’s call. Let me take you through some highlights of the financials for Q3 FY2024. The AUM as of December 31st 2023 is Rs.6266 Crores which has grown 40% on a Y-o-Y basis and 8% on Q-o-Q basis. We have seen a sharp increase in the repo rate and therefore interest rates over the last two years have increased. Since the majority of secured MSME loans are on variable interest we have been able to maintain the spreads of about 7.5% throughout this last two years. The spread for nine months ending

December 2023 are 7.47% against 7.44% for the previous period of nine months ending December 2022. We have recently got rating upgrades as Aseem was mentioning from India Rating from A+ stable to AA minus stable. The operating leverage has been improving consistently and accordingly opex to AUM ratio has reduced from 5.84% for nine months ending December 2022 against 5.48% for nine months ending December 2023. Our GNPA remains steady at 2.38% as of December 2023 therefore leading to credit cost of 0.8% of AUM with PCR of 43.5%. We have reported PPOP growth of 20% on Q-o-Q basis and 56% Y-o-Y basis for Q3. We have a PAT of Rs.64 Crores with 22% Q-o-Q growth and 63% growth on Y-o-Y basis. CRAR is to 41.5% as of December 31, 2023. Thank you for patiently hearing. We are happy to take questions from you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Renish Bhuva from ICICI Securities. Please go ahead Sir.

Renish Bhuva: Congratulations on a good set of numbers. Just two questions from my side. One on the asset yield expansion which stood at almost more than 30 basis points on sequential basis so can you please throw some light what is happening on the asset yield side Sir?

Mahesh Dayani: So overall if you look at our overall ticket sizes for the quarter, our ticket sizes have come down marginally to almost 9.3 and they were closer to almost 10 odd lakhs in the previous quarter. So one is obviously there is a sequential improvement as your ticket sizes goes down, your yield there is a positive movement that comes through. We have always been guiding that our ticket sizes are going to be in the range between 9% to 11%, so we have stuck on to that particular range, so there has been some bit of benefit that has come or got accrued due to movement towards the lower tickets for this particular quarter as well.

Renish Bhuva: But Sir I mean see that will be only on incremental basis but when we look at the book yield it is sharp 30 basis points so?

Mahesh Dayani: So that is also if you remember in the previous quarter so there was one time adjustment largely related to the stopping of accruals on the NPA so there was an amount of almost close to around Rs.5 Crores which was not recognized due to the accrual of interest so that will be one offset that you will see in this particular quarter which is normalized and majority of the bump up is also happening because of this.

Renish Bhuva: Got it and just a follow-up on that Sir going ahead considering the rating upgrade also and let us say this uptake continues or even if it remains flat like at current level how should spread let us be over the next two to three quarters Sir?

Mahesh Dayani: So we have been maintaining that one of the key things on our ME book is that most of the book almost 98% of the book is variable and we have always been maintaining that the spreads are going to be in the range of 7% odd. We do not expect that the yields are going to move up significantly up from here but we will be able to maintain the yield. The rating upgrade which has come in and it has come in, in this particular quarter is probably going to help us reign in the increased in cost of borrowings which will also probably compliment us to maintaining the spreads that we have been maintaining.

Renish Bhuva: No Sir the thing is that though our guidance is 10% but we are actually running much higher currently and considering the fact that the rating upgrade will also lead to some bit of moderation in cost of borrowing so of course we going to remain above 10% for sure in the near term so internally how do you look at it?

Aseem Dhru: Renish at this moment the banking system liquidity is extremely tight so as you know RBI just did a VRR of almost Rs.2.5 lakh Crores so the system liquidity is deficient at Rs.3.5 lakh Crores in such an environment being able to negotiate a lower interest rate from banks does not seem to be a probability. Of course that would be the attempt, but what it would do is that it may stem the increase in the interest rate that otherwise would have come because see last quarter our cost of funds did not move up despite the 25 basis risk weight being moved up for banks for NBFC lending and we were able to defend it because of the rating upgrade so at this moment in the current situation if the rate of interest does not go up that is victory. Thinking that it will come in this market environment is little too optimistic.

Renish Bhuva: Got it Sir and just last question from my side on the one plus DPD movement so it has gone up by 30 basis points sequentially, but it still remains within the range bound let us say 5.5 to 5.6 so any color on that why there is a sequential increase?

Pankaj Poddar: So as we have guided earlier also so our model makes in 0 plus at 5.5% to 6% range so we expect that to remain in this range and we do not expect any incremental issue or risk coming from this.

Renish Bhuva: Got it. This is very helpful Sir. Thank you and best of luck Sir.

Moderator: Thank you. The next question is from line of Nischint Chawathe from Kotak Securities Limited. Please go ahead.

Nischint Chawathe: Congrats for a good set of numbers. My first question is actually on the borrowing side which you sort of partially answered but going forward looking at the tight environment and there will be some benefit of rating upgrade? You kind of seem to be pretty confident that you will have a stable borrowing cost? Having said that I think if I look at your business mix I think for some of the other NBFCs, PSU banks business, borrowing mix going up and the kind of negotiations that they have, it does give some comfort or confidence on their borrowing cost. In your case that is not really the case? I think your FIs are going up so I am just trying to understand what are your incremental borrowings and probably if you could give some color on incremental rates as well?

Narayan Barasia: So see what you said is right, the liquidity is tight in the market. The other thing which has happened is the risk weightage on NBFC has been increased right so these two combined actually gives an answer that the cost of borrowing should actually go up. Now incidentally if you see our cost of borrowing for the last two quarters let us say September quarter and December quarter you will actually see that the cost of borrowing has remained stagnant. The good thing which has happened is recently we have also got rating upgrade so keeping all of these in mind and also a very high CRAR we carry so the pressure is a little bit better. It is pretty low and so I think we feel that we should be able to hold this cost of borrowing but yes the liquidity is obviously tight.

Aseem Dhru: Actually Nischint as you know you the ability to negotiate the interest rates depends on the desperation you have for borrowing. At this stage we are sitting on Rs.600 Crores to Rs.700 Crores plus of approval sanctioned from various people so I do not think while liquidity will be tight it is plenty for us so I do not think that there is a problem of funds. It is now just a negotiation of rates because you guys keep needling the banks that your NIMs are less then they come after us so it is all your fault only so effectively see it is a process of give and take. It is a process of negotiation and we will hold back on our sanctions till we get the right borrowing cost that we are also comfortable with and at the end we have to manage the spreads and the NIMs which even as you have seen over the last two years that even the rising interest environment our spreads and NIMs have only gone up. They have not come down so that is the art of management and that is what we will be doing.

Nischint Chawathe: I take the point on margins but more on the borrowing cost is what I was looking at and what is the FI share that is going up in your borrowing? I can see that public banks are coming down? In fact banks as a share of borrowing is coming down?

Narayan Barasia: No so we have not added a lot of FIs in borrowing. Possibly what you are seeing is the co-origination going up. The other thing which has gone up is, We have borrowed from FCNB so we have borrowed some money from the bank under FCNB and that is going up so the banks shares remain including FCNB if you compare and if you look at the data it is also the same but yes we would intend as we go along in the future intend to borrow more from mutual funds, DFIs and things like that but yes including everything put together we would still want our cost of borrowing to remain where it is today.

Nischint Chawathe: The financial institutions are going up so?

Narayan Barasia: So that I am just opening that chart here so that is possibly the FCNB borrowing you are talking about.

Nischint Chawathe: So SIDBI, Bajaj Finserv, Birla Finance, Mahindra Finance?

Narayan Barasia: No that name was the same that percentage borrowing has not increased significantly there. It is still the same.

Aseem Dhru: See we have not really have not materially borrowed anything last quarter. We did not need to considering that we are still deploying the IPO.

Narayan Barasia: So if you look at the presentation you have it is 10.5% and 10.6% now. It is almost the same.

Nischint Chawathe: The second one is on gross stage two levels? If you could give a normalized guidance for this?

Pankaj Poddar: So stage two basically has gone up as per the numbers from Q1 to Q3 and that is largely due to gold loan. For MSME the number is stable at 4%. For gold loan the same has seen an increase where we do not see any incremental risk coming in. We are able to resolve these customers while they go into NPA through auction and other process.

Nischint Chawathe: How periodically do you use these options?

Pankaj Poddar: We have a month end quarterly process based on the staging of the customers so it is predefined process and we do not largely see any loss coming through auction so we do not see loss there.

Nischint Chawathe: Can you give qualitatively and that is essentially be on competition that you really see including MSME business? Do you see players who are coming in some IPO bound competitors who are trying to sort get more aggressive in the market? Obviously your margins speak for you and your yields are obviously speaking, how do you see the way forward?

Mahesh Dayani: So from a competitive intensity obviously you would have players. You would have players largely on the regional side. The competitive intensity was there last year. It was there in the previous quarter. It continues to be in the current quarter as well but as we have always been talking about and guiding saying that the market can accommodate enough number of players it’s just that the segment is how well you define and the segment that we have defined for us is between 5 and 30 and which even today is currently growing at a compounded basis of almost 22% to 23% odd so within that space I guess there is enough head room for us to grow from where we are. We are currently at Rs.6000 odd Crores and the MSME is almost Rs.5000 odd Crores so we do not see that probably the growth is going to be moderating. We feel that 5 to 7 that we have always been guiding for is sustainable and consistent from here on as well.

Nischint Chawathe: All the best.

Narayan Barasia: Coming to your last question which you asked on FI. The FI actually has gone up from 10.5% to 17.4% and that is because the incremental money coming from SIDBI and that is at a competitive price.

Moderator: Thank you. The next question is from line of Chirag Barasia from Intellect Stock Broking Limited. Please go ahead.

Chirag Barasia: In the industry we exist the presence of strong competitors like Poonawalla Fincorp and Manappuram Finance they have entered the market for MSME lending wherein the NIMs hover around 11% to 13% and ours stand at 9.3% so what is the anticipatory challenges we are going to face in the upcoming future and how well are we prepared to tackle the same?

Mahesh Dayani: So I think the names that you just mentioned on one side as a high incidence of unsecured and on the other side you have gold which contributes the majority of the portfolio so we do not really mirror the portfolio segmentation on both the counts. For us gold contributes close to around 15% odd and MSME contributes close to around almost 85%. Currently it is 83% but in both the cases both are extremely different. We have largely a secured book. A very small unsecured book, but probably by the end of the year is going to run down so if you look at our composition of the assets that is very differently placed and hence probably there is going to be a difference in terms of the NIMS that you would look for a standalone gold or probably on a standalone unsecured book, but as we mentioned earlier I think the best way to look is the spreads that we have always been maintaining and we have always been guiding that our spreads are going to be largely we will be holding on to the spreads. Even in an environment where the rates were extremely volatile, but we stuck onto our spreads of 7% and above also the last four quarters and that is what we have been guiding for the near future as well.

Chirag Barasia: Okay and the last question Sir. You have been mentioning that the risk rate has been increased as per the RBI guidelines so what is the amount of risk capital we are maintaining and also what is the concentration ratio actually borrowing you have been like providing?

Aseem Dhru: So risk weightage has increased for the bank from a banks point of view. From our point of view the CRAR we are maintaining is 41.5% so it is a pretty good equity in the organization. Your second question on cost of borrowing I think as I was saying previously we are doing enough and more to keep the cost of borrowing in control and also particularly since we have got the recent rating upgrade from India rating to double AA minus, Our ability to keep the borrowing cost in check is pretty much there.

Chirag Barasia: Okay thank you Sir.

Moderator: Thank you. The next question is from line of Franklin Moraes from Equentis Wealth Advisory. Please go ahead.

Franklin Moraes: Thanks for taking my question. So could you share your guide path on the opex to AUM ratio and which are the regions which you are planning to focus on?

Aseem Dhru: So as I said in the opening comments we began the opex to AUM at 5.8% for the current financial year and we had guided a 50 basis points reduction over the year. We are on that path. By March as we exit March, we should be on that path and we are in 16 states and we are equally focused on all these states and some states we have penetrated better. Some states we have to do a better job. We are equally focused on all states to ensure that we have a balanced growth across states and do not have concentration in one or two states.

Franklin Moraes: Also beyond this 50 bps reduction is there further scope for improvement in this opex to AUM ratio or should we consider this as more stable?

Aseem Dhru: Next year also we are planning to work. Do not worry so this is not the only year. Ultimately what we have done is that we have created when you do a 16 state setup. You have created an infrastructure where you have invested up front so all the investments need to be sweated out so right now we are not a company at scale. We are still a company that is growing. We are still in the early stage of our business so there is a lot to be done before and next year also 50 basis points reduction in opex should come through and hopefully we will get after for the year after that so ultimately as the AUM grows and as the company matures and as the setup grows we do not need to make investments in people to the level that we have already done and therefore those benefits will accrue into the P&L.

Franklin Moraes: So Sir from a kind of a steady state scenario what kind of a number should we more look for your business model?

Aseem Dhru: Right now you can look at 5.3. Next year you can look at 50 basis points lower, we will see later on. You cannot play the 18 hole golf course well in advance. You play it one all at a time because that is all you can see so at the moment we can see the current March hole and we can see the next March also so that much we can tell you. Beyond that when we reach September next year then we will discuss what we will do thereafter.

Franklin Moraes: Okay great Sir. Got it.

Moderator: Thank you. The next question is from line of Umang Shah from Kotak Mutual Fund. Please go ahead.

Umang Shah: Good afternoon. Thanks for taking my question and congratulations on a good quarter. I just had two questions. One is on the AUM growth right. Clearly the growth is looking extremely stronger at this point of time. What should be a more steady state sustainable sort of a growth rate for us and also do we intend to add any new products at least in foreseeable future?

Mahesh Dayani: Our growth has been at 8% on a quarter-on-quarter and on an annualized basis that is more like 40% odd. We have always been saying that 5 to 7 looks as more sustainable and a mature growth outlook and that is what we commit and that is what we always been guiding for and that has been our current stand as well. As far as moving forward we are not adding any more products because I guess the last three to five years if you probably take off two years of COVID, a substantial amount of investments have gone in, in creating the entire ecosystem and the infrastructure of building MSME in those particular markets and states and at least for the next eight odd quarters the distribution is yet to sweat in and the growth path is what something that we would like to demonstrate along with quality. Having said that we would like to remain focused on the MSME play where it would contribute almost 85% to 90% of the total book.

Umang Shah: Understood. That is helpful and the second was on co-origination I mean should we assume that the share of co-origination inches up in the overall mix and if so up to what extent?

Mahesh Dayani: So currently our total co-origination percentage on an AUM is close to around 18% odd. We have been talking about 15% to 20% of the disbursals is what we will co-originate and that is what we are comfortable with and moving forward you would probably see us in the similar range bound percentages as we inch up our disbursals and our AUM further from here.

Umang Shah: Okay and the last one was sort of more of an extension to the question what the previous participant asked so in terms of your branch expansion as you rightly said we have roughly about one fourth of our branch network which is currently sort of lower vintage or lesser utilized but at the same time as we keep growing at let us say 25% to 30% odd we will need to keep adding more capacity as well so from that perspective should we assume that a more 5.3% to 5.5% is more like a sustainable cost to asset at least in the near term till the time the balance sheet becomes a bit more larger and only then a material improvement comes through in terms of our cost ratios Is that a fair assumption to make?

Mahesh Dayani: I mean I would say that is a conservative assumption to make but let me just explain the context here so I guess a large amount of your investments come in at the time when you start a particular state and the investments are largely on account of the infrastructure that you create not in terms of physical infrastructure, but the ecosystem around origination, underwriting, audit, operations, fraud control, and risks that is a substantial investment that one makes. Once you have established that and you have some runway and some color of origination that you are making and you are a lot more stable on the ground then expanding your branches and expanding your roots is not a very expensive affair, so on a marginal cost basis the investments are not going to be very large except for obviously adding more boots on the ground and that is the reason why Aseem in the opening remarks and subsequently mentioned that we are fairly confident that despite adding 25 to 30 odd branches on a yearly basis, we are fairly confident that the opex as a percentage is going to come down by 50 basis points for this year and next year as well, so clearly I think the way it is even if you look at our branches, our branches which are more than three years are averaging close to around Rs. 45 Crores per branch. The branches which are between one to three years are in the range of Rs.35 odd Crores per branch which is only talking about that we are investing. We are looking at how the origination is moving in these set of branches so we are not in a hurry to 100 add branches because we would want to add distribution, see that those set of branches are getting profitable and then probably again add the next set of branches so I guess that is what the entire philosophy is and that is what we would probably stick to for the next four or next eight quarters as well.

Umang Shah: Perfect that sounds good and just one last clarification All our sourcing is in house right? We really do not rely on third party sourcing?

Mahesh Dayani: Yes. So the 3500 head count that you see probably in our investor presentation just represents a higher number because of everything being done in house.

Umang Shah: Perfect alright great thank you so much and wish you all the best.

Moderator: Thank you. The next question is from line of Tushar Sarda from Athena Investments Group. Please go ahead.

Tushar Sarda: Thank you for the opportunity. This is the first time I am attending a call of SBFC. I just wanted to know what is your trajectory going to be in terms of leverage because right now the leverage is low and obviously that depresses your ROE so over the next two to three years how would that play out?

Narayan Barasia: So yes you are right post IPO the debt equity has come down to 1.5 and so if you look at all the banks covenants we have signed with all the lenders is roughly five debt equity but the liquidity markets are so tight it is difficult for us to talk about 5 but what we believe is something anywhere between three and four is something achievable and so once we start reaching three and that is where we will think about whether to raise fresh equity or to move towards four.

Aseem Dhru: The way to look at it is that from here onwards the entire growth will be debt fueled so we have done a round of equity. Now we achieved a FY2026. It has to be debt fueled a bit of growth so whatever growth that you see will come from borrowings that we will be doing so leverage automatically will kick in.

Tushar Sarda: That I follow, What I am asking is by FY2026 end what would you be in terms of leverage debt to equity?

Aseem Dhru: You come down and sit in management meetings. It is very simple. We are saying 5% to 7% quarter-on-quarter kind of growth is what we are doing. You do the math. If you are doing 5% to 7% quarter-on-quarter growth then for the next quarter till FY2026 what would be our total AUM and of that whether equity is already fixed. The balance is leverage.

Tushar Sarda: Okay thank you.

Moderator: Thank you. The next question is from line of Avinash Singh from Emkay Global Financial Services Limited. Please go ahead.

Avinash Singh: Thanks for the opportunity. A few questions, The first one is on co-lending co-origination given that you have built extensive branch network and you have about three and a half thousand strong work force, sourcing dynamics particularly in the PSL segment most of your loans will come that is where many of the banks particularly public sector banks would be very sort of an interest wherein are doing co-lending kind of arrangement so why sort of you are relatively bit guarded towards co-lending is your view there ? that is number one and second you are largely into secured MSME wherein you had unsecured loan in slightly may be bigger size MSME as well that sort of business loan in demand and your understanding, your infra and ecosystem that you developed so why sort of you are not venturing into unsecured space with the same intensity thanks?

Aseem Dhru: See the way to look at is like this that first we need to understand that when people market this co-lending it often does not get appreciated. There are two forms of lending in the market. One is CLM1 circular. The other is CLM2. CLM1 is co-origination. CLM2 is co lending so what we are doing is co-origination which is where it is a tri party agreement between us, ICICI bank and the consumer and the entire process is jointly vetted so even the credit looks at every transaction prior to giving a loan and both operations look at documents prior to disbursing the loan so it is a double check in a sense that happens before a loan gets disbursed and that is the process we are following and generally you would have seen that all NBFCs and securitized in the good old days 20% to 25% of their books. We think that instead of securitized taking all your books and securitizing and doing co-origination is a much smarter way to do it and it is more ROE accretive as well so what we have decided and we also get a benefit additional benefit of ICICI bank which is superior to us in understanding credit, we are still a small new company. They have been around. They have seen cycles so we get their guidance on cases and on credit and if we are making mistakes they help us in identifying them and catch it early so the benefit is that we have a very asset light ROE accretive model. It is a very difficult thing to achieve because both the credit teams on the ground have to talk, both the operations teams on the ground have to talk so in the country right now we are the only game in town. There is no other working CLM1 model. We have built Rs.1000 Crores book. You will not find a single other such model in the country so clearly it is a difficult thing to achieve. It is not something that it has taken us two years and I would complement ICICI Bank for being patient and all the help they did for us. It was a big thing and for them it is water of the duck back but yet they enthusiastically participated in the entire process and made it work so it has been a lot of work getting the programs fined tuned, getting credit fine tuned, getting up the valuations, legal and so many small things are there and getting all that fine tuned system integration, reconciliations and there are so many minute details to it. It is not easy to do this with someone else. They are doing this as pleasurable as getting a root canal done so you will not do it unless you have to, so co lending is easier. Co lending you can have 20 partners or 30 partners because co lending is nothing but DA without minimum holding period so we like co origination more. We think it is more value accretive for SBFC so that is the thinking on co-origination. Sorry what was your second question?

Avinash Singh: Unsecured business loans and unsecured MSME?

Aseem Dhru: No. We are happy. We are happy doing what we are doing. We will do what we know. There are so many players doing unsecured. What will I do and compete with them. They are doing so many wonderful things. I have nothing better to offer. I do not have a right to win in their segment. We are very happy building what we are doing. We still have to do much in what we are doing and get that right rather than try to do 20 things and make a mess of all them.

Avinash Singh: Okay thank you.

Moderator: Thank you very much. As there are no further questions I will now hand the conference to the management for closing comments.

Aseem Dhru: Thank you everyone for being on this call. Financial services at the end of the day is a boring business and I really thank you for taking the time out and asking those questions. We have tried and made the presentation in such a way that hopefully most of the questions would be answered. After this also if you have any further clarifications or doubts happy to take calls later. Thank you very much and see you next quarter. Thank you.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.