31st January, 2026

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

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

Sub: Transcript of Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call which was held on Saturday, 24th January, 2026.

The transcript of the Earnings Conference Call is also being uploaded on the website of the Company at https://www.sbfc.com/investors under the section 'Investor Presentation – Call Transcripts'.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For **SBFC Finance Limited**

NAMRATA SAJNANI
Digitally signed by NAMRATA SAJNANI
Date: 2026.01.31 23:07:28 +05'30'

SBFC Finance Limited MUMBAI

Namrata Sajnani
Company Secretary & Chief Compliance Officer

“SBFC Finance Limited

Q3 FY '26 Earnings Conference Call”

January 24, 2026

MANAGEMENT: **MR. ASEEM DHRU – MD & CEO**
MR. MAHESH DAYANI – EXECUTIVE DIRECTOR
MR. NARAYAN BARASIA – CHIEF FINANCE OFFICER
MR. SANKET AGRAWAL – CHIEF STRATEGY OFFICER
MR. RAJIV THAKKER – CHIEF RISK OFFICER

MODERATOR: **MR. CHINTAN SHAH – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to SBFC Limited Q3 FY '26 Earnings 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 the conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chintan Shah from ICICI Securities Limited. Thank you, and over to you, sir.

Chintan Shah: Yes. Thank you, Ikra. Good evening, everyone, and welcome to the Q3 FY '26 Results Conference Call of SBFC Finance Limited. I would like to thank the management for giving us the opportunity to host the call. We have from the senior management, Mr. Aseem Dhru, Managing Director and Chief Executive Officer; Mr. Mahesh Dayani, Executive Director; Mr. Narayan Barasia, Chief Finance Officer; Mr. Sanket Agrawal, Chief Strategy Officer; and Mr. Rajiv Thakker, Chief Risk Officer. For the call, we will have an opening remarks from the MD sir, post which, we will open the floor for questions.

So now without much ado, I will transfer over the call to MD sir. Thank you, and over to you, sir.

Aseem Dhru: Thank you, Chintan. Good afternoon to everyone. and I'm sorry, I have a bad throat, so I may sound even worse than usual. On the horizon, I see the following four things play out:

One, Ben Bernanke had said and now all countries across the world have been spraying money from helicopters. The central banks are finding that the link between their interest rate and market interest rates has broken. U.S. and India, if you see 125 basis point reduction in repo rate happened and the G-Sec yields have firmed up by 50 basis points. In U.S., the same thing is happening. Next year, it looks like the Indian government between the state and center will have to borrow over INR30 trillion on G-Secs. Considering all of this, I see that next year, the interest rates are actually beginning to harden more than soften that we are seeing right now. So, there is a change in season that I see playing out ahead. Banks also still haven't passed on their rates, I mean, if you look at nationalized banks, their MCLR has come down by not more than about 30 basis points. So, while repo rate has gone down, the transmission of these interest rates down the line is not happening. They also have their own constraints on the fight on deposits. RBI has its own challenge in terms of managing the velocity of currency, and this year we will continuously see the circus of defending the rupee fall, sucking out rupee liquidity and then injecting that through market instruments, injecting the liquidity back. This ensures that the rate of interest this year is likely to either remain same or harden and unlikely to soften going forward.

Second, the latest financial stability report of RBI has some concerns flagged. Household debt is increasing at double the rate of financial asset creation. Between 2019 and 2025, the report says that the household debt doubled to INR15.7 trillion, while the asset additions dropped from 12% to 10.8% of GDP, and liability went up from 3.9% to 4.7% of GDP.

Now, if you look at the end use, generally if retail money is going towards home loans, that is a good place for it to go, and which is positive. Unfortunately, what is happening in India is that 36% of the money is actually going towards asset creation, and end-use consumption is 46%. So, no asset is getting created for 46% of money. That means half the loans that people are taking are, in a sense, fiscal deficit of their own that they are financing. If you look at asset creation, about 36% of the loan goes towards that. For productive purposes, which includes things like agriculture, business and education, etcetera, it's about 18%. So, we are seeing weakening individual balance sheets, and which means that the loan growth will slow next year.

The third thing, which is a positive is that the year before, stock markets did very well, so the wealth effect was felt by the rich. But this time, gold has done brilliantly, so for the first time, there is a wealth effect that is being felt at the bottom of the pyramid. As of now we have about 35,000 tons of gold. So effectively, what's happening is that the value of this is beating our stock market handsomely. There's a wealth effect that is playing out at the bottom of the pyramid, which is a very positive factor.

The fourth positive factor is that oil is likely to remain well behaved, and that's a good tailwind for India generally. It takes a lot to keep something boringly consistent, especially when everything around us keeps moving. We have to move the boat steady and headed in the right direction at the right speed despite all the crosswinds and currents that we meet.

I'm happy to report one more nothing-to-report quarter at SBFC. I would like to take you back to our JFM of last year, where we mentioned that Karnataka ordinance has disturbed our steady portfolio. If you remember in the last April call, we had said that the damage of a quarter takes 3 quarters to repair and another 3 to 4 quarters to restore. We are now 3 quarters down since the damage, and we are seeing that the flow is now contained, but it will still take more quarters to start pulling back to earlier levels. So, we continue to guide with caution and there is no change in our stance that we have declared so far.

We are on track to end this fiscal year FY '26 with an AUM growth of 5% to 7% quarter-on-quarter, a 50 basis points reduction in operating cost and credit cost where it is right now with a 5 to 10 basis point variation that can happen.

Now to end this commentary right now, there is never a right time to do anything, but sometimes you feel it is that time. It is a season of change at SBFC, where I hand over the baton to Mahesh Dayani. It is also a season of continuity as I move into the role as a Non-Executive Vice Chairman. I hope I can continue to add value to SBFC as a coach from being a player.

Thank you so much, and with this, I hand over the call to Narayan, who will take us through the numbers.

Narayan Barasia: Thank you, Aseem. Good evening, everyone. The AUM as of 31st December '25 is at INR10,478 crores with a growth of 29% on a Y- o-Y basis and 5% on a Q-o-Q basis, with almost 100% of our book secured by properties and gold. The MSME AUM is INR8,497 crores, which is almost 81% of our total AUM, which has grown by 25% on a Y-o-Y basis and 4% on a Q-o-Q basis.

The loan against gold is INR1,954 crores, which is 19% of our total AUM, have grown by 48% on a Y-o-Y basis and 14% on a Q-o-Q basis.

We have added 10 branches during this quarter with a total branch count at 230 as of December 2025. The yield for the quarter is at 17.78%, with a reduction of 23 basis point on a Q-o-Q basis and 3 basis point on a Y-o-Y basis. The cost of borrowing is at 8.74% for the quarter with a reduction of 22 basis point on a Q-o-Q basis and 57 basis point on a Y-o-Y basis. Consequently, the spread for the quarter is 9.04%, which is at the same level on a Q-o-Q basis and has improved by 54 basis point on a Y-o-Y basis.

The opex continued to improve due to enhanced operating leverage in spite of our consistent investment in our branch network. The GNPA is range bound at 2.71% with PCR at 46.2% and a credit cost of 1.29% for the quarter.

The capital adequacy ratio is sufficient at 31.7% with a tangible net worth of INR3,306 crores as of December '25. The return on average AUM for the quarter is at 4.67%, with return on average tangible equity further improving from 14.09% in Q2 to 14.56% in Q3. The PAT is at INR118 crores for the quarter, thereby reporting a growth of 34% on a Y-o-Y and 8% on a Q-o-Q basis.

With this, we open the floor for question and answers.

Moderator: The first question is from the line of Raghav from Ambit Capital.

Raghav: Hey, thanks for the opportunity and congrats on the numbers. I have two questions. One, why have the disbursement volumes declined? At first, I would have assumed that it's because of higher stress, but when I look at the absolute slippage number or even the GNPA numbers, the stress situation seems to be largely stable, no major spike and even early buckets are also stable. So, if stress formation is stable, is it competition which has impacted the disbursement volumes? Just wanted some color there. And then I have another question.

Mahesh Dayani: Hi, this is Mahesh here. On a lighter note, to begin, I think it's important to review your past stupidity so that you are less likely to repeat them. When we got into quarter 3, the outlook way back then wasn't too great. Also, we had called out a little early that this quarter or quarter 3 is going to be a lot more cautious.

Even while we are speaking of the color of the portfolio quality, South in particular, if you look up the bureau scores are yet to be steady. So, they are still flashing amber and are not green, whereas West and North markets comparatively are a lot better. So, most of the impact that actually happened with respect to our disbursal growth came in from the Southern and the Eastern markets and what we did was that we had tightened our filters with respect to bureau scores and also paused some disbursal in some of our key markets and that's where the big impact is. As you rightly mentioned that November, December seems to be a lot better than probably what we thought and the numbers for November, December seem to be encouraging, and we are looking at quarter 4 to get our disbursals back. But as Aseem articulated in his opening remarks, our mood is still very cautious because the bureau numbers are still flashing amber and it's not green as yet.

Raghav: Understood. See, your employee base has also been coming down, right? And I would assume that's largely because your outlook has been a little cautious with respect to generating business or doing disbursals. So, once you get the confidence on disbursals and on growing the business, is it fair to assume that your employee hiring will also step up?

Mahesh Dayani: Yes. If you look at our employee count, our employee count hasn't dropped. Our employee count over the last quarter, in fact, has gone up. The comforting factor is that my distribution and my people are there. The outcome with respect to the disbursal momentum is more internal that we've done it on ourselves.

As the market tends to improve and as the outlook tends to improve, getting back to the disbursals is not going to be a challenge. Just to give you a sense that last year, if you probably just go beyond a quarter, last year, our disbursals were close to around INR2,600-odd crores. In the first 3 quarters, even if I were to add the current run rate, we'll be comfortably at between INR3,000 crores to INR3,100-odd crores. So, our disbursal run rate will always be at between 18% to 20-odd percent. I don't think we are too bogged down with the momentum for quarter 3 because quarter 3 was more conscious of stabilizing our flows and I think that's what we kept reiterating. Looking at the quarter 3 numbers, we are in a lot more confident position, both on our 0+ and 90+, which gives us the confidence to speak out that quarter 4 is going to be significantly better in terms of momentum compared to quarter 3.

Raghav: Understood. My bad, I stand corrected, your employee number has gone up in Q3, so sorry for misreading that. The other question I have is that your Chief Collection Officer has also resigned. Can you give me some color on who will step into his place and steer this collection ship? Also, can you give me some color on the team strength and maybe the hierarchy in the collections vertical from which we can draw some comfort that despite this resignation, the collections will not be impacted?

Aseem Dhru: No. See, it's a slightly largish collection setup that we have all through, both for early buckets as well as matured and NPA buckets. There are about 550+ people in collections team on the ground. The new collection officer will be joining by the end of March, and in the first week of April, he should be there.

Down the line, because we have a metric structure, there's a zonal head, there's a regional head, there's a full setup below, we don't anticipate any disturbance because of that. We wish him all the very best. He's been with us for a good period of time, he's seen the entire COVID period and he has done a good job with us. We wish him the very best for his next move. But for SBFC, it will be business as usual.

Moderator: The next question is from the line of Nidhesh from Investec.

Nidhesh: Thanks for the opportunity. Sir, first question is on ARC sale. I noticed that we have done some ARC sale in this quarter. Is it in gold or SME business?

Narayan Barasia: This is on MSME business.

Nidhesh: So, our 1+ DPD number also gets deflated because of ARC sale, right?

Narayan Barasia: The assets which are sold to ARC are NPA. But yes, since 1+ also includes NPA to that extent, yes, what you're saying is right.

Nidhesh: Sure. Secondly, can you quantify the impact of labor code? And I noticed that our opex has reduced in absolute numbers on a Q-on-Q basis, so what is driving that? And are there any one-offs in opex?

Narayan Barasia: The impact because of the new wage code is INR2.24 crores for this quarter. That's a one-time impact. Obviously, there were some excess provisions which were no longer required and so those were reversed. It is just a routine expenditure reversal, no one-time in a way, but obviously, a routine expenditure, which we thought will be there, but no longer was required.

Aseem Dhru: As we are seeing the environment, ultimately, we have to get efficient, and the efficiency comes of 3 things:

One is getting your cost of funds down, getting your cost of operations down and getting your cost of credit down. And in the current market environment, we believe that at this point in time, we won't be able to reduce our cost of credit immediately. So the first job was to contain it, which we have.

The second thing is that efficiency has to be brought in by both reducing the cost of funds, which we have, and the market environment has facilitated to some extent and the cost of operations. Now, we have been moving a lot of things to ensure that we deliver that 50 basis point reduction in operating cost. We are adding branches all the time. So, it is not that as an organization we are mature or we are pausing growth. In fact, this quarter, we've added 10 branches. We had a INR2.3 crores extra provisioning because of the labor code and despite that, we've been able to manage this reduction.

Now, it may be a one-time higher number, but that 50-basis point reduction through the year that we had promised, we should be able to deliver. We are working on what we should do to bring it down further next year. So ultimately, it is just about ensuring that the company becomes efficient, uses technology better, automates things that it can, uses AI where it can, agentic call centers, etcetera.

So, there are lots of measures being done in the company to ensure that the operating cost keeps coming down. We now have moved to a cost-to-income ratio of 35%. So this is slightly nice cost-to-income ratio to have, but we believe we can do a lot better than this. So, we will be squeezing cost even as we are eking out faster growth.

Nidhesh: Sure. And next year also, we should expect 50 basis point cost to opex?

Aseem Dhru: No, no, next year, we'll guide in April, but it will not be so much. So we have delivered this 3 years. So, after IPO, this is the third year, and initially, we had guided it for the year 1, we extended it by year 2, we extended it by year 3, so now by the end of this year, we would have reduced it by 150 basis points. At 35% cost-to-income ratio, you would agree that we are not so inefficient. But yes, there is scope. We will try to do better than this, but exact numbers we will guide when we do our strategic numbers by the end of this month. So we will guide you the numbers in April.

Nidhesh: Sure. And I also noticed that yield has declined by 20 basis points roughly sequentially. So have we passed on the benefit of rate cut to the back book? Or is it something else?

Narayan Barasia: So, no, as of now, there's no rate reduction per se. But yes, we have cut down small ticket LAP, as Mahesh was explaining earlier, we have increased the bureau scores, so that is all leading to a slight drop in the yield at an overall level. So, this is more like a hygiene, you don't want to take the riskier customer and therefore the yield has slightly dropped.

Nidhesh: Sure, sir. And last question is on the opening comments that Aseem mentioned that household debt is increasing at double the rate of financial assets. So, how do you see this ending up, let's say, next 3 to 5 years? Because if this rate continues, and what we see that all the NBFCs and banks are rushing towards retail lending, how do you see this ending up for our economy and for the sector?

Aseem Dhru: It will be beyond my pay grade to comment on this. But what I can safely say is that the quality of applications we are getting - we are not very happy with it. So, we actually said that below 700 CIBIL, we don't even want to look at a case. When we did that, our logins dropped. Now logically, it should tell you that your approval rate should be better because you're not taking in cases that you shouldn't, but even after that, our approval rate has continued to drop. So, when we look at the leverage of the customer, when we look at trade lines, when we look at the recent borrowing behavior, it tells you that the lenders have been a little fast and loose with lending, and we will have to be careful and protect our interest in what is not a very comfortable market and which is why I keep guiding that I'm not yet seeing comfort while we are at a place where all the numbers, including NPAs across the system are looking at its possible lowest level. But this kind of a sharp increase in debt usually leads to problems later and experience has taught us each time, and each time we believe that it will be different this time. But unfortunately, in stock market, it may be, but in lending, it never is.

Moderator: The next question is from the line of Harshit from Premji Invest.

Harshit: Sir, the question was related to the, so obviously, this quarter, when we look at the numbers, disbursements were a bit more contained. And should we read that the reduction in opex to assets is also to do with the fact that a lot of the variable payouts linked to disbursements automatically come down for us, even though AUM buildup continues? So, to that extent, if you can help that, I mean, what part of the cost to asset reduction should be linked to more variable cost coming down? And the second point was, if you can help us with the gold loan branches and the gold loan employees.

Mahesh Dayani: So, picking your first question, I think we have a 100% direct model. So clearly, there's very limited variable that is linked, and if the variable is linked with disbursal, then optically only it's going to come down, but it's a marginal impact. In fact, the total headcount has moved up in line with the number of branches that we've added, which tells your distribution is in place, and your staffing is in place. We've consciously tried to tone down our momentum, and as and when we feel confident, we can get it back or we can ramp it back.

So, our guidance for our overall year-end number at INR3,000 crores against INR2,500 crores, INR2,600 crores hold. So that's just to calm the nerves on the disbursal for the full year compared to where we've ended on for the first 9 months. With respect to our gold, our gold AUM per branch is close to around INR10 crores now. We've closed Q3 at INR1,954 crores, almost close to INR2,000 crores, and the number of gold branches is closer to 200.

Harshit: And sir, the number of employees attributed to gold loan would be how much roughly?

Mahesh Dayani: So, we would have roughly around 8-odd employees per branch. So that's roughly around 1,600-odd employees.

Harshit: Understood. Got it. Sir, one last question was on the, not this quarter specifically, but if I take our average ticket size and the sort of disbursement per employee, roughly it comes at around 2 files per sales employee in terms of disbursal productivity. Now, if we look at the business in general and all the efforts on automation, etcetera, is this 2 right now limited because of the fact of the quality of files which we are getting? Or I mean, practically, is this a limit beyond which the economics norm probably don’t allow, or how should we look at this number improving over time? Because I think our cost to asset reduction journey is also now at a very optimal level. So from here on, unless we improve the disbursement productivity, our loan growth will gradually start gravitating towards the disbursement growth number?

Mahesh Dayani: Yes. So, right point. So, I think our count is not 2. The count is more leaning towards 1.5 and that's largely because the login to disbursal ratio has come off and that percentage has dropped by almost 5% to 6-odd percent before we entered this financial year. This also goes on to show that despite a higher bureau score, the rejections are still high, which effectively means that the leverage at an individual level or at a business level seems to be elevated and hence, the conversions are not as high as what they used to be last year. That's one.

Second, as you rightly mentioned, obviously, we need to be efficient, efficient with respect to our logins and ensuring the e-signs which happen with respect to documentation, which shaves off a significant time and effort and is going to ensure that the front end probably is able to deliver a lot more. But that is subject to the kind of filters that we apply and the kind of eligible customer base that comes through or the position of leverage improves moving forward.

So, what we are clearly looking at is, if you look at our entire ecosystem that we've created right from staffing of the distribution to making the front end enabled customer onboarding through an entire digital journey is in place. As we move along, I think we have the capability to improve from here, subject to, obviously, the ecosystem also being supportive and improving.

Moderator: The next question is from the line of Sucrit Patil from Eyesight Fintrade Private Limited.

Sucrit Patil: I have just one question. With strong capital adequacy and steady cash flow, how do you plan to sustain net interest margins while managing funding costs and credit risk? From a financial process point of view, how will you structure liability diversification, working capital cycles and hedging mechanisms to ensure ROE remains strong and balance sheet continues to grow in the coming quarters?

Narayan Barasia: So, coming to your first question on NIM. So, as the leverage increases in our business, NIM obviously tends to go down, right? But I think the most important element here is to look at the spread. So, if you look at the spread over the last 3 years or 4 years when the market interest rates were going up and the interest rate now coming off, we have been able to continuously look at a superior spread while also making sure that we are able to manage the credit cost. So, I think what is important from our point of view is to ensure that we maintain the spread as we go along into the future, and we tighten the belt wherever we are able to from a credit quality perspective.

Coming to your second question on ROE. Opex, as you have seen over the last 3 years, the opex has improved, and we further would like to continuously look at it and see whether operating leverages can further be improved. So, ROEs from here, we have now achieved a 14.5% ROE, the first milestone is to achieve a 15% ROE. So, while we maintain spread with the improved leverage and slightly better opex, ROEs should actually go up from here.

The last question which you have is on the debt and the mix. The mix has always been improving. Our bank borrowing total is about 50% or so. We have increased our borrowing from NCD market. We have DFIs now, we have now signed with 2 DFIs over the last year. So, gradually, we are moving towards a much-diversified portfolio. We have now raised money from ECB market. So, diversification is going to be key. As we scale from here, we will actually look at diversifying into much more new sources as we go along in the future. Our debt/equity is still very low. It is around two. Capital adequacy is pretty high. Raising debt is not a problem. Liquidity is abundant and quite available. So diversification, yes, will be the course of action as we go along.

Moderator: The next question is from the line of Prithviraj Patil from Investec.

Prithviraj Patil: So I had a couple of questions. So the first one is on, do we target any AUM mix for our gold loan business and because the mix of gold loan has gone up by 200 basis. And I just wanted to know, is that leading to the operating efficiency that we are seeing in our opex to AUM?

Mahesh Dayani: So, if you were to probably look back a couple of quarters, you would have seen probably 83-odd percent, 17% and 1%. The 1% was largely unsecured, which was a legacy book, which we had discontinued. So, that obviously has moved in favor of gold. Gold traditionally has actually been a high opex business. In fact, contrary to the belief that it would have been accretive on the opex side. But yes, this quarter, because of the gold price support, you've seen a gold AUM increase in line with most of the peers who have reported those numbers. So, one is, obviously, it's profitable, yields are looking good and costs as such are in line, and I think a lot of our existing ME branches which did not have gold, have also started doing gold now so there is some bit of saving there, which is coming to our advantage but I think the gold trajectory will continue to build in from here.

If you look at two, three parameters, we are at INR10 crores per branch. If you look at midsized companies who have probably 500, 600-odd branches, you would have an AUM of anything between INR13 crores to INR14 crores per branch. So, even on our existing distribution, if we probably didn't have to add any further branches, you could see an upside of 30% plus and that's the efficiency that we'll kick in with our existing distribution on gold.

Moderator: The next question is from the line of Shreya Shivani from Nomura.

Shreya Shivani: I hope I'm audible. My first question is on the asset quality trend. I want to understand your provision coverage for Stage 3 has, I mean, on Y-o-Y basis, it's been up, sequentially, it's been flat. Can you help me understand if there is any management overlay that we've built into or is it just a number, purely a mathematical number that the model throws up?

My second question is on the login detail that you gave that you are seeing even in a profile with a higher than 700 CIBIL, there is over-leveraging and probably more loans which are not towards asset-creating activities. So, is that an implication that probably more personal loan where the end use is not defined is visible to you in the kind of files that you are receiving? Also, is it in certain categories of your customer, like because your customers are all MSME borrowers, is it more among the trading community or the servicing community where you see a higher chunk of personal loan, maybe I'm just guessing that. Or any color around that, if you can share with us?

Narayan Barasia: So, coming to your first question on PCR and whether the management overlay increases the PCR. So, management overlay has been made, but it has been made on Stage 2 assets, has not been made on Stage 3 assets. So, to that extent, the management overlay, whatever we have made has not increased the PCR. PCR has generally got increased looking at the way the portfolio is moving, etcetera, the PCR numbers are improving. That's all it is. We have not made any special provision so far as PCR is concerned.

Rajiv Thakker: On your second question, see, yes, most of our customers would be small time traders. The thing is that most of these customers' end use would be towards the working capital. Now, when Aseem was talking about the consumption, I think he was talking about overall as an economy and the numbers which is published by report. But our customers, most of the end use which we come across during the personal discussion is towards the business and working capital apart from the BTs, which is around 15-odd percent of our book, wherein the loans are taken over, and of course, apart from that 15%, there is also a part wherein we fund customers for taking out loans. Not much of our customers post our loans would have a significant unsecured borrowing per se. Some of the things because of this increased indebtedness, what we have also done is that we have tightened some of the filters in some of the ticket sizes, which are high risk from FOIR perspective so as to curtail the lending which we do to these customers.

Shreya Shivani: Sure. And just a follow-up over there. You mentioned that most of your customers after your loan may not be taking a lot of unsecured. So, your collection team probably is checking the CIBIL score, I mean, that must be a part of your business process, right, on a regular basis to manage that, the outlook that you're sharing, right?

Rajiv Thakker: Not collection team per se, but at the risk level, we keep on tracking our customers on intervals where we see their behavior and specifically customers which are borrowing outside and are delinquent. These are the risk angles which we look at on a periodic basis.

Also, from the foreclosure requests coming in, we rate these customers as a red flag so that when the foreclosure requests come or enhancement request comes, these are flagged so that we don't enhance these customers.

Moderator: The next question is from the line of Nischint Chawathe from Kotak Securities.

Nischint Chawathe: This is Nischint from Kotak Securities. I just wanted to ask Aseem, if he'll be associated with SBFC in any specific role hereinafter?

Aseem Dhru: Yes. So, Nischint, the thinking is this that while building the business out has its own pressure points and its own immediate deliverables. I think somewhere the culture of the company; we can do a lot better than what we have done. So, I want to focus now some time building on that part. Also, whatever I was doing in terms of ensuring governance, risk control, compliances, etcetera, all those roles also I would be handling over. The intention is that the biggest challenge for any CEO is succession, and that is where a lot of CEOs, even much better and much greater CEOs have struggled with post their departure.

The real test of my innings will be 1 year from today. And the idea is to ensure that without any hiccup, the entire transition happens and to the best of what I can, I would be hoping to contribute to SBFC in the role now as a non-executive Vice Chairman. So, on a lighter note, salary stops, but work doesn't.

Moderator: The next question is from the line of Subhanu from 3Head Capital.

Subhanu: Sir, one clarification question from my side. Sir, you mentioned, our gold loan mix can go up to 30% or so?

Mahesh Dayani: Loan mix on what?

Subhanu: Gold loan.

Mahesh Dayani: No, so, what we said is that the gold loan currently is 19%, and we said that given the current spurt in terms of the gold prices and the resulting growth, you could see a couple of basis points moving up here and there, but not a 30-70 ratio.

Aseem Dhru: See, our guidance for gold loan has been that it will be under 20%, continues to be that. A few basis points here, there can happen. Now, if gold rallies and doubles from here also, who knows. So, that's not in our control. But even co-origination, we have said that it will be about 20% of our origination, and that's what we have kept it at. So, the intention is to keep it around 20%.

Subhanu: Okay. Sir, my second question...

Mahesh Dayani: 30% was on the growth of gold.

Subhanu: Okay. Sir, what is the average ticket size in the SME segment this quarter?

Mahesh Dayani: INR10 lakhs.

Subhanu: My last question is how much customers are in the SME segment come from Tier 2 and Tier 3 segment?

Mahesh Dayani: I think almost, most of them would be Tier 2, Tier 3. If I was to hazard a guess, it would be more than 85-90%.

Moderator: The next question is from the line of Chintan Shah from ICICI Securities Limited.

Chintan Shah: Yes. So I just had a question on growth. So in our earlier remarks, we mentioned the leverage levels are relatively increasing and the household debt is increasing, but so not is the asset creation. So, in this context, how do we see our growth going ahead? Will it be at the lower end of the guidance or probably even we could taper our growth further from there, if there is some more leverage happening and if there is a situation of a relatively slow growth of prices or assets?

Aseem Dhru: No, there is no crisis or situation. As I said in the opening of the call, we continue to guide that we will be in the same range, 5% to 7%, see 1% to 2% can be here or there, I mean, too much shouldn't be read into it. So, 5% to 7% quarter-on-quarter growth is what we continue to guide from what we are seeing right now. If we see that the deal is differently, then we will let you know. At this moment, we maintain what we've been saying.

Chintan Shah: Sure. Got it. Yes, in terms of our management change, so are we now expecting any other addition at the CXO level in the management or no, for Mr. Mahesh's role?

Aseem Dhru: No, there is internal, I mean there are internal talent that we have there. So, some elevations may happen within that.

Moderator: The next question is from the line of Ruvitash Arora, an Individual Investor.

Ruvitash Arora: Sir, my question has already been answered.

Rajiv Thakker: Thank you.

Moderator: The next question is from the line of Ashish Sharma from Oaklane Capital.

Ashish Sharma: Hope I'm audible, sir.

Rajiv Thakker: Yes, yes.

Ashish Sharma: Yes. Sir, just wanted some perspective on the credit cost. So credit cost, which has sort of increased given the environment, would it be possible for you to sort of give any outlook on credit cost for FY '27? I mean you expect credit costs to remain in the similar range?

Sanket Agrawal: So, at the moment, we are guiding for the next quarter, which is in the range of 5 to 10 basis point up or down. For the next financial year, we'll guide in the month of April. By then, we'll also see the color on what is happening in the South book, etcetera, so we'll have more knowledge. We'll give you the entire year's guidance in the concall of April.

Moderator: Ladies and gentlemen, we'll take this as the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to the management.

Sanket Agrawal: Thank you for taking the time in reading our results, investor deck and the questions. Thank you so much.

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