



June 04, 2024

To, The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.  <b>Scrip code: 540268</b>	To, The Manager Department of Corporate Compliance National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.  <b>Scrip code: TRU</b>
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**Subject: Transcript of the Earnings Call**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and in furtherance to our letter(s) dated May 22, 2024, May 28, 2024 and May 29, 2024, we have enclosed herewith the transcript of the Earnings Call held on May 29, 2024, at 09:30 a.m. (IST).

We request you to take the same on record.

Thanking You,

Yours faithfully,  
**For TruCap Finance Limited**

**Sonal Sharma**  
**Company Secretary & Compliance Officer**  
Encl.: As above



**TruCap Finance Limited**  
**(Formerly known as Dhanvarsha Finvest Limited)**

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**TruCap Finance Limited**  
**Q4 & FY24 Earnings Conference Call**  
**May 29, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 & FY24 Earnings Conference Call of TruCap Finance 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 your touchtone phone. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectation of the company as on date of this call. The statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

Today from the management side, we have with us Mr. Rohan Juneja – Managing Director and CEO, Mr. Sanjay Kukreja – Chief Financial Officer and Mr. Mahendra Kumar Servaiya – Chief Risk and Credit Officer and Mr. Gaurav Bhargava – Business Head (Gold Loans).

I would now like to hand the conference over to Mr. Rohan Juneja – Managing Director & CEO from TruCap Finance Limited. Thank you and over to you, sir.

**Rohan Juneja:** Thank you very much. Welcome to our Fiscal ‘24 Earnings Call today for whole of fiscal 2024. We reported pre-tax earnings of Rs. 122 million, up 68% from Rs. 72 million in fiscal 23. This was driven by robust disbursements of Rs. 13.2 billion, up from Rs. 7.3 billion in fiscal 23 and Rs. 4.3 billion in fiscal 22. Disbursement growth was driven largely by MSME Gold and business loans, which comprise more than 99% of our assets under management today. We disbursed 1,62,000 loans in whole of Fiscal ‘24, up from 94,000 loans in fiscal 23 and 53,000 loans in March 2022 averaging close to 563 loans made per working day. Total active customer count, which was 33,000 in March 2022 and 65,000 in March 2023 is up to almost 97,000 customers today. Total assets under management, which include on balance sheet loans plus loans that we originate for lending as a service partners came in at Rs. 10.3 billion, up from Rs. 5.8 billion in the last one year. The product composition of our total AUM today is 64% in gold loans, 35% in MSME business loans and less than 1% in LAP and personal loans, which are in run-off mode. We opened 58 branches in Fiscal ‘24 for a total branch count of 128 today. 100% of the 58 branches that have been opened in Fiscal ‘24 were opened in Tier-2, Tier-3 and Tier-4 locations. More than 85% of our cumulative branch count today are in Tier-2, Tier-3 and Tier-4 towns in these states, 71 of these 128 branches broke even in Fiscal ‘24.

GNPA's declined to 1.33% from 2.2% in March 2023 and 3.1% in fiscal 22. Collection efficiency, which includes prepayments and repayments on gold loans which is a regular feature in the business, was more than 500% in the fiscal 4th quarter of FY24. If we were to exclude prepayments and part payments on gold loans, collection efficiency has ranged between 88% and 92% every month on interest demanded versus interest collected. Importantly on the 8% to 12% bounce that is seen in bucket X due to technical reasons. Our goal is to recover at least 90% of the bounce in the first 30 days itself. We have recently gone live with the new and more comprehensive collection module as part of our tech enhancement program, which should enhance collection efficiency by at least 2% to 3% points over the course of the next few months. Our net interest margin will decline for the first 3 quarters of the fiscal year 24 has started showing signs of stabilization. For the full year Fiscal '24, our NIM of just under 5% is still well below, an expected steady range of 7.5% to 8%. This compression in Fiscal '24 came largely from the liability side, which we anticipate will start to go in our favor in this fiscal.

On the asset side, the impact on yields was modest, but we expect this to dissipate as competition becomes more rationale post regulatory intervention and gold loans, especially from February 2024. Operating expenses were Rs. 911 million, up from Rs. 659 million in fiscal 23 due to our expanding branch presence. Given that we are now at close to optimal size in branch count, OpEx as a percentage of AUM should decline in fiscal 25 and fiscal 26 not just due to denominator effect, but due to several efficiency and productivity exercises the company has undertaken.

Now on the more topical discussion on gold loans, since much has been written about it in the press from February 2024. In the gold loan vertical, our team has disbursed more than 28.3 billion cumulatively to over 2,10,000 customers. Gross NPAs in the Gold Loan book are a meager 6 basis points. Gold taken to auctions are just over Rs. 166 million for less than 2,300 customers representing 0.6% of cumulative disbursements. It is noteworthy that we have recovered more than 107% of principal and interest due on gold loans which were sold in auction and refunded excess amounts to borrowers. On recent RBI guidelines, we would like to note that Dhanvarsha gold loans is fully compliant with these norms.

Coming to the balance sheet, the company has made a few announcements on equity raising. The company announced 3 warrant issuances, the first one being Rs. 448.2 million, of which Rs. 120 million was received by the company in February 2024. Rs. 400 million of warrants was also announced by the company in April 2024 for which shareholders have given their approval on May 22<sup>nd</sup> and the money, which is Rs. 100 million is expected into the company over the course of the next 2 weeks. Yesterday, the company also announced a Rs. 600 million warrant issuance, of which Rs. 150 million, which is 25% is expected into the company post the AGM which is scheduled for June 27th. Post completion of these warrants, which total almost Rs. 1.5 billion over the course of the next 18 months, the net worth of the company is expected to be in excess of Rs. 3.5 billion.

With that, we now open the call for questions and answers.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Jayakumar, an individual investor. Please go ahead.

**Jayakumar:** Sir, I have 2 questions. Sir, with respect to the promoter shareholding, I think around 52% of the promoter shareholding has been pledged to I think some lenders. So can I know the reason for the pledging and so what is the purpose of this pledging sir?

**Rohan Juneja:** So I would request you to restrict the questions to the company in terms of business performance. On the promoter shareholding, the company cannot comment.

**Jayakumar:** Also one more question. I think as per the recent RBI guidelines, I think we should not disburse more than Rs. 20,000 in cash form so previously also we are doing the same or we are disbursing more than 20,000 also in cash?

**Rohan Juneja:** No, there was disbursement of more than 20,000 in cash earlier because that was a **grey area** under Income Tax Act and RBI guidelines. Now it's very clear for the industry that it has to be less than Rs. 20,000 and the company is fully compliant with that.

**Jayakumar:** So I think now we are taking bank account from the customers and we are discussing only in the digital format, right?

**Rohan Juneja:** So less than Rs. 20,000 it can be in cash. If it's more than Rs. 20,000, it has to be in the bank account.

**Jayakumar:** Sir, I think we are operating mainly in the rural and suburban areas. So I think some customers might not willing to give their bank accounts to for the loan disbursement. So do you expect any sort of decline in disbursement going forward in the rural segment?

**Rohan Juneja:** We have not seen any decline so far, but it's a very fair question that would there be a decline going forward just given the restriction on not being able to disburse cash that is potentially possible. I think one of the largest players in the space about 2 years back or so commented on this saying that they expect some market share gains for the unorganized sector that is potentially possible, but we haven't seen that as yet.

**Moderator:** Thank you. The next question is from the line of Ashok Jain, an individual investor. Please go ahead.

**Ashok Jain:** Sir, I just wanted to ask, sir, what is that split between secured and unsecured and average ticket size for each of this?

**Rohan Juneja:** So on the secured part, we have about 65% of the book today that is secured, majority of it is by hold. On the average ticket size with gold loan book, average ticket size is 1,20,000. On the unsecured fees, the average ticket size is about Rs. 6.5 lakhs.

**Ashok Jain:** Actually, sir, do we have any additional products that we would offer besides gold?

**Rohan Juneja:** So we have gold loans. We have the unsecured business loan and recently we've launched a 3-Wheeler Electric vehicle product as well, which is largely for income generating purposes. The average ticket size on that loan is about Rs. 1.5 lakh and that we very recently rolled out, its fairly small. The book is about Rs. 6.5 crores so far. And we tied up with an OEM and through the OEM we've tied up with dealers.

**Ashok Jain:** And sir, like if we see majority of our branches like we haven't entered South of India. So is there any diversification strategy for that? Do we plan to intend?

**Rohan Juneja:** No, we don't have any intention to go into the Southern India market. That market is very big. It's fairly competitive as well. We feel we have developed a good amount of expertise in the states that we are in, which are predominantly Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, Delhi NCR, Goa. We will continue to cater towards business in these states, whatever additional branch expansion has to come, which will be incremental at the margin, will predominantly come now in Rajasthan, Gujarat and parts of Maharashtra. We don't have plans to diversify into other states at this point. There is more than enough business in the states that we are present in. We are a fairly small player and we're not in the game to go and chase market share. We're in the game to go and build out a good and profitable book and in the states that we are present in, there is more than enough business to do.

**Ashok Jain:** And the last question would be if we see that then like an increasing regulatory scrutiny for all lending businesses, so how we position for this?

**Rohan Juneja:** So increasing regulation can be people may perceive it to be fairly cumbersome. You have to look at it positively as well that it actually brings about a lot of good actions in the sector as well. If you remember, back in 2017, almost every other entity or every other company wanted to be an NBFC. Then there was crisis that came out in September 2018. There was a clean out of the sector and the rest of the actors that did fairly well were the ones that had solid businesses and good balance sheets, good equity investors, good lenders with them. So increasing regulation is not always a bad thing. It actually helps clean out a lot of unwanted stress in the sector. So we look at it fairly positively. The idea is not to do business for a few months or a few years. The idea is to build an institution for the long term. So we welcome it.

**Ashok Jain:** And if I could just defend one last question. So any ROA, ROE guidance?

**Rohan Juneja:** Given the evolving nature of how the industry is today, along with regulations etc., we won't want to give any formal guidance. But as we've said in the past that the endeavor is obviously to generate close to a 3% plus ROA. The timeframe for that is just given regulation, given everything else that's happening in the industry, we don't want to give you a specific timeline on that, but obviously the longer term goal for the company is to generate a 3% plus ROA.

**Moderator:** Thank you. The next question is from the line of Harshal Patel, an individual investor. Please go ahead.

**Harshal Patel:** Now I've finally 2 questions given here. Given the increasing scrutiny on the other industry peers, does TruCap planning to engage with the co-lending partners of this peers?

**Rohan Juneja:** Sir, we are engaging with the co-lending partners on an ongoing basis almost on daily and weekly basis. So post February 24 if your question is have co-lending partners engaged with us more, the answer to that is yes. What have we done, in any case they had unlimited audit rights, they see the business that we write for them and for us because we fund 20% of it on our balance sheet. But post that also, they've done a thorough check of our audit process. They've gone through certain other things that they wanted some more comfort on and it's business as usual, nothing out of the ordinary.

**Harshal Patel:** Another question is what is the anticipated future cost of funds for the company and also the average lending cost as well?

**Rohan Juneja:** So we're funding ourselves at roughly about 13% today on an incremental basis. As we get bigger hoping there can be certain developments, especially with new equity infusion that we've announced as well. And as that comes into the company, we are hoping that the rating agencies take cognizance of that. If there is any positive element towards that effect, then we're hoping the incremental cost of funds should come down. Plus, I don't think that's the function only of what the company does specifically, but also a function of what's happening in the industry as you know, system liquidity is tight at this point in time because there's a scramble for deposits. So I think it's a function of not just what the company is doing on an individual basis on a micro capacity, but also based on how the macroeconomics play out. We are hoping the funding cost for us at peak, but again that is something that we will know better over the course of the next 6 months.

**Harshal Patel:** But as per the guidance, what estimation I can get as per the average lending cost just for understanding?

**Rohan Juneja:** The average yield on the book that we lend to our customers today is about 19%. That's the average yield. It's a function of 3 things actually. So one is what we are lending to the customer for gold loans. Number 2 is what we are lending to the customer for business loans and number 3 is what is the yield that we generate from co-lending partners that we do business loans with

as well where we get a guaranteed yield. So the combination of all these 3 today is about 19%. The endeavor for us is not to be a 22%, 23%, 24% lender. That is not the segment that we play in, nor is our expertise in that particular product, which is essentially the micro enterprise lending product. So that is not our expertise. We will always be between take it 18% to 21% range is where we will be from a lending standpoint.

**Harshal Patel:** One last question. So what will the future outlook like FY25 outlook for the company's revenue and the growth as well?

**Rohan Juneja:** So we have not given formal guidance. I think just given where we are today, what you've seen for us is the business has grown fairly strongly both from a disbursement and AUM standpoint. Revenues have grown fairly strongly. They're up close to about 62% year-over-year. Profit before tax and profit after tax has grown fairly strongly. We won't want to give out any formal guidance, but obviously the endeavor from management and the company is that we want to continue to do better. There is no formal guidance that the company is giving at this point in time.

**Moderator:** Thank you. The next question is from the line of Aniket Redkar, an individual investor. Please go ahead.

**Aniket Redkar:** I just want to ask you a couple of questions. So I just wanted to understand in the next 3 to 5 years or beyond that, are we anticipating any need for any additional equity raise or for the equity requirement in the future?

**Rohan Juneja:** So post these 3 warrant issuances once they're fully completed, the net worth of the company will be in excess of Rs. 350 crores. Will we need more equity given our growth profile? The answer to that is yes. When do we need that equity? We don't need it imminently. We don't need it right away. But just given our growth profile and given the co-lending partners that we have, every time they assess us as a co-lending partner, where we are doing business for them given the fact that we have to put in 20% of our capital and we have to do sourcing, servicing, collection. And there's a volume commitment given to them as well. They measure us from a risk standpoint as a percentage of our net worth as well. So we've always said it, the sooner we can get too close to Rs. 500 crore net worth or so, the better it is for the company. So do we need it imminently right now from a business standpoint, answer to that is no. Do we want to get to a Rs. 500 crore network sooner rather than later? The answer to that is yes.

**Aniket Redkar:** And sir, one more related to this co-lending partner. So what would be our target in future with the percentage of AUM, how many more co-lending partners we will be adding?

**Rohan Juneja:** So I can't give you guidance on how many more co-lending partners on what percentage of the book will it be? It will be between 40% to 50%. We are at 43% right now. With the co-lending partners that we have today, we have fairly sizable partners in terms of size and how much

business we can do with them, how much business they want to do with us. With the present infrastructure that we have, we can easily cater. We are easily catering towards the volume commitment for these business partners which can go higher as well. Do we need to add any new co-lending partners at this point in time, the answer to that is no. Are there potential discussions, the answer to that is yes. But I think that is a matter of time etc. In terms of do we need to add someone at this point in time, we don't really need it. We're very happy with the partnerships we have today. In fact, the volume that we can do with them is larger than that we are today.

**Aniket Redkar:** And Sir, I just wanted to understand and wanted to know about the employee count and the expenses, the branch wise, I mean average.

**Rohan Juneja:** Yeah, so every branch has on average 4 people. That's for the Gold Loan business. Now in the gold loan branches as well, we have started adding the business loan product, which was not there earlier. So there's a separate sales team that caters towards the business loan product because we don't want any commingling where the gold loan branch personnel are selling a business loan product and obviously the business loan sales personnel cannot sell a gold loan product. So as the business loan product gets added to the branches, on average the branch will be stuck with about 6 people for both the products 4 for gold and 2 for non-gold. And in terms of employee count, on average the branch employees have a salary on a monthly basis in the range of between Rs. 20,000 to Rs. 30,000.

**Aniket Redkar:** And sir, as we know the market conditions, so what would be our plan in future and is there any yields are we anticipating in future and do we have any plans in terms of the market conditions?

**Rohan Juneja:** This business as usual for us, I mean I think more than me telling you about the performance, I think the performance is reflected in yearly numbers. Revenues have grown 60% plus profit. Profit before tax, profit after tax have grown even higher than that. So the endeavor is to continue doing better, it's a financial services business. In financial services business for anyone, be it an NBFC or bank, it's all about the risk. So it's not about not taking any risk, it's about how you mitigate risk. So risk mitigation in terms of ordered compliances, credit that is an ongoing process for us on our day-to-day basis. For the industry as a whole, I think the regulator has been very prudent with a lot of regulation that has come about in the last few years, be it on digital lending, be it on gold loans, be it on several other products. I think this is very good for the industry over the long haul and we welcome it. So risk wise, we have to look at it on an everyday basis, it is a financial services business. We're looking to build an institution here for the long term. So that's part and parcel of what we do every day.

**Aniket Redkar:** Sir, one last question, are we entering into any new product, the services?



**Rohan Juneja:** Sir, as part of the business loan product, we've gotten into the 3-wheeler electric vehicle segment. That's a fairly small product line for us so far, we've only done close to about Rs. 7.5 crores of disbursements over there. The pilot that we have run for the last 4 months now has been fairly good. So we are seeing very good signs over there for us to make this a bigger product, but that will happen fairly slowly given the fact that the average ticket size on this loan is very small, it's about Rs. 1.5 lakh. It fits in very well with the existing product that we do with the average ticket size of loans that we cater towards the customers, so we are happy seeing the pilot which has played out very well, but that will go up slowly. It's not going to go up very quickly, so that it will take time to build that book.

**Moderator:** Thank you. The next question is from the line of Swapan Parikh, an individual investor. Please go ahead.

**Swapan Parikh:** So my first question is like is it achievable like for us, can we achieve Rs. 200 crores of disbursal by 2025?

**Rohan Juneja:** On a monthly basis you're talking about?

**Swapan Parikh:** Yeah, of course.

**Rohan Juneja:** So we are in our best month in the month of March where we did about Rs. 173 crores. Now month of March is always seasonally strong, so I won't use that as a norm and then in the month of April, we did close to about Rs. 140 crores of disbursement. The goal is for us to get too close to Rs. 200 crore monthly number for disbursements by September of this year.

**Swapan Parikh:** And also I wanted to ask about since like we have seen, the banks are also now very much aggressive in the gold loan space. So can we see that that can affect the NBFCs like our sector and NBFC sector?

**Rohan Juneja:** So banks have always been competitive. It's not that banks have not been competitive. Truth be told if you don't see much competition, that is also something to worry about, especially in a country like India where there is massive demand, especially for loan products. So one thing that I would like to clarify is that the typical customer that gets a gold loan from a bank is quite different from the typical customer that we try to source that comes into our branches. So there's a big differentiation over there. #2, the customer who goes into a bank for the loan is a lot savvier, has dealt with the deal, has dealt with banks the time it takes with banks etc., has multiple accounts open with banks and used to borrowing at a slightly lower rate. You know, dealing with certain other nuances, like having to wait for a little more time, paying for a locker charge, paying a processing fee etc. Our customers very different. The customer wants to be in and out of the branch within 20 to 25 minutes. Has an urgent need for money, be it for the business or for other retail purposes and cares about the convenience of having to come back to the branch, can do a part payment, part release, can leave one ornament while taking the

other without having to close both the loans. So a lot of those nuances come into our customer that comes into our branches, so completely different customer profile to great extent. Is that segment also competitive, answer is yes. Now the question over here is how do you retain the customer because in the gold finance business, that's the most important differentiator at least in our view given the fact that it's a fast churn product. So how you can retain the customer, what kind of benefits you offer them? Most importantly, what kind of customer service you offer them? Because customer service is very easy to say but very hard to do.

**Swapan Parikh:** Also wanted to ask what is company's target fee income timeline?

**Rohan Juneja:** So we've not given any specific target on any line items. The only line item that we've said we want to achieve over the course of the next few years from an ROA standpoint is 3 plus percent.

**Swapan Parikh:** So now there is this thing like in Punjab, lot of people are getting out of, the branches are not being in getting out of Punjab. So what are we looking at that?

**Rohan Juneja:** So we only have a limited number of branches there and the only product that we cater towards in Punjab is a gold loan product. We've seen good signs. In fact, the book over there that's built up over the course of the last one year, we opened our first branch in Punjab in April 2023 in Jalandhar and then in Ludhiana. So what we've seen over there is that the branch performance is relatively good even when you compare it to some of the other regions that we operate in. Is it best in class? Answer to that is no, it's that's not the kind of market, but the only product we do is gold loans and the performance that we've seen from the branches we've opened over there are fairly good. Are we going to open more branches there? The answer to that is no. The additional branches if we open and when we open will be in Gujarat, Rajasthan and parts of Maharashtra.

**Moderator:** Thank you. The next question is from the line of Neha Jain, an individual investor. Please go ahead.

**Neha Jain:** I just wanted to check on as per our number of branches, how many branches that have breakeven as of now?

**Rohan Juneja:** So 71 branches of the 128 made a profit in Fiscal '24. That's for Fiscal '24 on a cumulative basis, that number is 58 branches.

**Neha Jain:** Sir related to our LAAS exposure, it has been growing in the last 2 quarters, just trying to understand how do we foresee in this financial year and for the next financial year, what is the potential that we can generate from this side of the business that is one question. And the second question supporting LAAS portfolio is related to the fee structure that we have as of now just like to understand?

**Rohan Juneja:** Sure. So on LAAS, that was an emphasis that we started from August 2021 when we tied up with Central Bank of India. Post that it took us about 15 to 16 months to actually get all the modalities correct because there's a lot of nuances in the LAAS business which include not just tying up with the partner, not just trying to agree on product policy and process, but also integration reconciliation etc., which is a fairly arduous task, so. Today we have 7 partners. The LAAS book is about 43% of total AUM and as I mentioned earlier in my comments, it will be between 40% to 50% even over the long term, it's not going to be over that. So the business there is going fairly well. I think knock on wood, we have fairly very good partners and strong partners like HDFC Bank, DCB Bank, Central Bank of India, Ugro Capital, Ratnaafin, Shivalik Small Finance Bank. So our partners are fairly good. Can we do more business for them? The answer to that is absolutely yes. Longer term, it will continue to be between 40% to 50%. The way partnerships work over there is 80% is funded on their balance sheet, 20% we fund on our balance sheet. We are the front page for the customer, the sourcing, servicing collection gets done by us. There's a hurdle rate that gets paid to the large capital provider. We get paid spread over and above that hurdle rate. So the difference between what is lent to the customer, the rate and the rate that we pay the lending bank for the 80% that spread we keep and we keep the entire yield on the 20% of the money that is lent on our balance sheet, that's how the economics work. And obviously there's a split on the PF, there's a split on other charges etc., which is from lender to lender.

**Neha Jain:** And just one last question, what is the cost of fund that we expect for the current year to be?

**Rohan Juneja:** We are funding ourselves at about 13% right now, ma'am. As I mentioned earlier, we're not giving guidance on any specific line items, but our hope is that as we get bigger and hopefully if there's any improvement etc. and our credit rating profile from the rating agencies, we could see a decline in cost of funds. But we don't have a specific number in mind that we could give out as a target just because it's not just dependent on micro events that happened within the company. It also depends on the macroeconomic environment where system liquidity matters a lot. And at this point in time, system liquidity is somewhat tight.

**Moderator:** Thank you. The next question is from the line of Nihal Gupta, an individual investor. Please go ahead.

**Nihal Gupta:** So yeah, considering the significant reduction in LAP loans, can we now say that the gross non-performing assets from the gold loan portfolio is negligible?

**Rohan Juneja:** Yes, the gross NPAs and the gold loan portfolio are about 6 basis points for whole of Fiscal '24.

**Nihal Gupta:** And do we have any sort of projected timeline for the next round of debt funding for our company?

**Rohan Juneja:** Sir, debt funding is an ongoing exercise. It happens on a monthly basis for us, so that is an ongoing exercise. There is fresh debt that we avail to enhance our growth prospects and there's current repayment of existing debt which is there on the existing book of ours. So that is an ongoing exercise. It's literally a day by day, week by week, month by month process that we do.

**Nihal Gupta:** And given our products and services, if we compare ourselves from our competitors, especially banks and other large NBFCs, what will be our unique value proposition if you can give insights on that?

**Rohan Juneja:** I would say one is customer service and the ability to retain a customer. Obviously many of the other competitors also have it. I think the industry overall focuses a lot on customer experience and customer service, but I think the kind of customers that we serve and the geographies that we serve them and we do a fairly okay job there. That's one. Number 2 is we've laid a lot of emphasis on building out the LAAS vertical of co-lending as it's called. And there, tying up with marquee institutions like HDFC Bank, DCB Bank, Central Bank of India and many others. That's not that easy. In fact, it's maybe slightly easier to even tie up with someone, but then to do business on an ongoing basis and scale that up substantially, that is not easy. So I think that is another part that we put a lot of emphasis in and we've done fairly well. And I think the third part is the team, the team that's been put together, we all are fairly driven individuals, we are also owners in the company through an ESOP and through a retention program. So I think that is a big differentiator as well because that's what drives us to make this hopefully make this into an institution over the long term.

**Nihal Gupta:** Thank you for that. But last question, as we speak of our customers, so is there any specific customer segments that we are targeting or if we are planning to acquire or retain customers, do we have any specific plans on that aspect?

**Rohan Juneja:** So we cater towards a specific set of customers in those geographies that we are in. So most of the geographies that we cater towards are non-urban locations, that's one. Sectorally, specifically we focus on customers that are in businesses which include Home Office retail, Home Office non-retail. So these are manufacturers, wholesalers of certain kind of products like wood, garments, textiles etc. Also on the medical supply chain industry on certain parts of auto. So those are the specific sectors that we cater towards. Now how we retain them that is what I believe is our secret sauce that I would not want to specifically spell out on a public call, but it's what we do towards retaining customers in these sectors and how we try to make a more or a differentiator for ourselves that helps us retain these customers.

**Moderator:** Thank you. The next question is from the line of Rohan Mehta, an individual investor. Please go ahead.

**Rohan Mehta:** Most of the questions have been answered. I just wanted to get your take on 3-wheeler EV vehicles. What kind of yield and AUM does this product get and what could be the addressable market size for this? If you could give some color on that sir?

**Rohan Juneja:** So the yield on this product ranges anywhere between 18% to 23%-24%. We do it in a range of between 18% to 22%. The market size is fairly big. I cannot give you a target AUM. The reason being that we've just piloted this now for the last 4 months and it's very specific geography wise. So for instance, we don't do this in Maharashtra. We don't do this in some of the other geographies that we are in. It's there largely in Delhi NCR and then also now in Madhya Pradesh that we'll be rolling this out. How big is this market is fairly big, but the AUM growth for this will not be exclusive. It will take some time. The reason being that the average ticket size on this is about 1.4 to 1.5 lakhs. That's number one. Number 2 also is we don't want to do something that is parabolic growth, right. We want to see how the vintage of this book develops over a period of time and how every single vintage performs. So we're doing this on a fairly very good pace right now just given where we are. Like I mentioned, the book is about Rs. 6.5 crores. We funded close to little more than that. Book is closed at about Rs. 7 crores. We funded these vehicles and the performance so far is very good. So we're very encouraged, but again the AUM growth on this will not be parabolic. It will take time. We are still taking a fairly cautious stance given the fact that it's a fairly new sector for us.

**Rohan Mehta:** Fair enough. So the impact of this on our P&L would start reflecting maybe by the first or second quarter of this fiscal?

**Rohan Juneja:** No, it's fairly small. Obviously, the P&L impact in terms of, it's not going to move the needle on the P&L from an income standpoint. I think it will start becoming substantial from an income standpoint or somewhat substantial only towards the latter half of this year, not before that.

**Moderator:** Thank you. The next question is from the line of Jayakumar, an individual investor. Please go ahead.

**Jayakumar:** Sir, this gold loan product or this gold is keeping in your lockets only or we are hypothecated to the bank?

**Rohan Juneja:** So we keep all the gold in our branches.

**Jayakumar:** So we don't have any lending agreements for this gold, right for the banks?

**Rohan Juneja:** So when lenders give you money, you give them receivables. So the receivables are hypothecated with the lenders, but the gold stays with us.

**Jayakumar:** So all the gold loan book, it is completely own book, right? It's not off-book correct?

**Rohan Juneja:** So in gold loans, we do it with co-lending partners, what we call lending as a service. So we do that with HDFC Bank, DCB Bank and Central Bank of India.

**Jayakumar:** So is this BC partnerships or?

**Rohan Juneja:** No, these are co-lending partnerships, BC partnership that we have in gold is with Shivalik Small Finance Bank. So that 100% of the gold that gets originated is for Shivalik Small Finance Bank. We don't contribute any capital towards that.

**Jayakumar:** Sir, for this 80:20 partnerships bank, so how this agreement will work, Sir? So if the interest payment not received from the customer, let's suppose our monthly collection efficiency almost 90%. So but we need to pay to the bank fully right and 100% we need to pay to the bank, right?

**Rohan Juneja:** The risk is Pari passu. So it's 80:20, 80% their contribution, 20% is our contribution.

**Moderator:** Thank you. The next question is from the line of Akash Sharma from JP Finance. Please go ahead.

**Akash Sharma:** So, Sir, there are a couple of questions I want to ask that is there any intention of the company to increase their product portfolio like venturing into some other products apart from gold?

**Rohan Juneja:** We have gold loans. We have the unsecured business loan and we have now a 3-wheeler electric vehicle product. In the business loans, we are contemplating and we are piloting certain other anchor based finance products or supply chain finance product but that is part of the business loan portfolio. There is no plan of us to go into any other product segment like affordable home loans, smaller ticket LAP or anything. We are not planning to do any of that right now.

**Akash Sharma:** And so what would be the yield on these products specifically on gold and business loans?

**Rohan Juneja:** On the gold loan products, we lend anywhere from 12% to 21%, the average yield on that product today is just over 19%. On the business loan product, we do it 2 ways. One is what we do with our own sourcing, be it through our branches, be it through our own direct selling team DST, be it through association networks etc. there the yield on average is about 21%. And we also do it through other smaller co-lending partners who do a micro enterprise lending product where we get an 18% yield and we also get a first loss default guarantee. So that's the yield on these products and the 3-wheeler EV product is anywhere between. It's fairly new for us, but it's anywhere between 18% to 22%.

**Akash Sharma:** And for these business loans, do we offer any risk based schemes or is there any different mechanism in place that we go through?

**Rohan Juneja:** I didn't understand what you say do we offer risk based yields? Can you elaborate on that?

**Akash Sharma:** Yes sir. So I mean there are different types of yields, right. So do we offer any risk based yields?

**Rohan Juneja:** So everything is a risk based yield only for us because when our credit team does the assessment post sales bringing in a file, the yield that is offered to a customer, if a customer is eligible is based on the risk that we see because even if a file is approved, there are certain parameters or certain other risk parameters that we will look at, right. Even when you disperse the file to them, so everything is a risk based yield.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Over to you, Sir.

**Rohan Juneja:** Thank you to everyone to join our Fiscal '24 earnings call and we look forward to talking to everyone in July or August on our next quarter earnings call. Thank you.

**Moderator:** Thank you. On behalf of TruCap Finance Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.