REPCO HOME FINANCE LIMITED.
(Promoted by REPCO Bank - Govt of India Enterprise)
CIN : L65922TN2000PLC044655

RHFL/SE/18/2025-26

23rd May, 2025

National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051
NSE Symbol: REPCOHOME
Kind Attn: Listing Department

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
BSE Security Code: 535322

Dear Sir/Madam,

Sub: Transcript of Analyst/Investor Conference Call held on 19th May, 2025

Ref: Our letters dated 6th May, 2025 and 19th May, 2025 regarding Earnings Conference call

In continuation to our above referred letters, please find attached the Transcript of Analyst/ Investor conference call/earnings call held on 19th May, 2025.

The aforesaid Transcript will also be made available on the Company's website www.repcohome.com.

This intimation is submitted pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is submitted for your information and records.

Thanking You,
Yours Faithfully,
For Repco Home Finance Limited

ANKUSH TIWARI
Digitally signed by ANKUSH TIWARI
Date: 2025.05.23 11:13:55 +05'30'

Ankush Tiwari
Company Secretary & Compliance Officer

Repco Home Finance Ltd. Corporate Office Chennai

"Repco Home Finance Limited Q4 FY '25 Earnings Conference Call"

May 19, 2025

MANAGEMENT:	**MR. T. KARUNAKARAN – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, REPCO HOME FINANCE LIMITED** **MR. A. PALPANDI – CHIEF OPERATING OFFICER, REPCO HOME FINANCE LIMITED** **MR. P.K. VAIDYANATHAN – CHIEF DEVELOPMENT OFFICER, REPCO HOME FINANCE LIMITED** **MR. M. RAJA – CHIEF BUSINESS OFFICER – REPCO HOME FINANCE LIMITED** **MS. SHANTHI SRIKANTH – CHIEF FINANCIAL OFFICER, REPCO HOME FINANCE LIMITED** **MR. ANKUSH TIWARI – COMPANY SECRETARY AND COMPLIANCE OFFICER, REPCO HOME FINANCE LIMITED**
MODERATOR:	**MR. RAJIV MEHTA – YES SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Repco Home Finance Q4 FY '25 Earnings Conference Call hosted by Yes Securities.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajiv Mehta from YES Securities. Thank you, and over to you, sir.

Rajiv Mehta: Good evening, everyone. Welcome to the Q4 FY '25 Earnings Call of Repco Home Finance. We thank the management for giving us the opportunity to host them.

From the Company, we are joined by Mr. T. Karunakaran – Managing Director and CEO. He began the MD and CEO from this April. So, sir, congratulations for that. He is joined by Mr. A. Palpandi – Chief Operating Officer; Mr. P.K. Vaidyanathan – Chief Development Officer; Mr. M. Raja – Chief Business Officer; Ms. Shanthi Srikanth – Chief Financial Officer; and Mr. Ankush Tiwari – Company Secretary and Compliance Officer.

I would request Mr. Karunakaran to give us an overview on the Company's performance, post which we will open for Q&A. Over to you, sir.

T. Karunakaran: Thank you, Mr. Rajiv. Good evening, everyone. I am T. Karunakaran – MD, CEO of this Company. Just a small introduction about me, I started my career with this Company during 2004. Prior to that, I worked in Ind Bank Housing in various capacities and various places. This is my introduction.

We would like to welcome you all to the Earning Call of Repco Home Finance Limited for the quarter and year-ended 31st March 2025. We would like to thank you all for joining us in this call today. Entire Senior Management Team along with me in this call. This is my first time interacting with you all in my new role as MD, CEO of this Company.

We are pleased to announce that this year our Company is celebrating Silver Jubilee in the industry, marking 25 years of excellence. As we celebrate this achievement, we anticipate continued growth, greater achievement and sustained market relevance as we move forward into the future.

Coming to the Company's performance:

We have been able to maintain the growth trends seen in the last few quarters in Q4 2025 as well. The Company is steadily progressing on its business parameters, the structural changes that have been made or getting strengthened across the organization and are yielding results. This will be an ongoing process and we shall adapt to changes as and when the business demands.

We have also been able to initiate the introduction of new systems and business process and wish to take advantage of the same in the current year. Some of the major steps taken by us in FY '24-'25 were:

1. Target-oriented approach in sanctions, disbursements, NPAs while strengthening vertical sections.
2. Localized file processing by creating regional level operations, technical, legal resources for improving turnaround time of our loan sanctioning.
3. Various recovery efforts, including conducting 4 auction Mela during the year and implementing special OTS schemes.
4. Improving employee morale.

Now I give updates on business in the current financial year:

We were able to achieve disbursements of Rs. 975 crores in Q4 FY ’25 as against Rs. 895 crores in Q4 FY '24 and Rs. 761 crores in Q3 FY '24. Our Q4 disbursements are up by 28% compared with Q3 of the Financial Year '24-'25. Our sanctions stood at Rs. 1,059 crores in Q4 FY '25 as compared to Rs. 975 crores in Q4 of FY ‘24 and Rs. 806 crores in Q3 of FY '25.

Overall, we have achieved Rs. 3,519 crores of sanctions and Rs. 3,284 crores of disbursement in the Financial Year '24-'25 as against Rs. 3,340 crores of sanctions and Rs. 3,135 crores of disbursement in the Financial Year '23-'24. This is the highest disbursement we have made in the recent past.

Our AUM stands at Rs. 14,492 crores at the end of the Financial Year '25 as against Rs. 14,155 crores in Q3 FY ‘25 and Rs. 13,513 crores at the end of the previous financial year.

The ratio exposure between self-employed and salaried segment stood at 52% and 48% respectively. The share of non-housing loan, that is home equity stood about 27% of the loan book and housing loan contributed to about 73% of the loan book.

The new loan book has shown strong performance with the total disbursement of about Rs. 9,338 crores from Financial Year '23 to Financial Year '25. The NPA from the new book remains low and accounts for about 0.7% of the total AUM during the period loan disbursed from FY '23 to '25.

Due to our continuous recovery efforts like conducting auction mela and also implementing special OTS has given a good result. The GNPA has been reduced from Rs. 552 crores in FY '24 to Rs. 475 crores in FY '25. Our GNPA stood at 3.26% of the AUM as of March 2025.

The net NPA stands at Rs. 191 crore, representing 1.32% as end of March 2025. The total provisions for NPA amounts to Rs. 282 crores, and the provision coverage ratios stood at 59.60% as end of March 2025.

Additionally, the Stage-2 outstanding has decreased significantly by Rs. 151 crores. That means our March 2025 Stage-2 assets stood at Rs. 1,410 crores as against Rs. 1,561 crores as end of March 2024, thereby we have seen reduction of Rs. 151 crores in Stage-2 assets.

Look at borrowings:

Borrowing stood at Rs. 11,148 crores as end of March 2025. If you look at borrowing mix, NHB contribution is about 7.85%. In absolute terms it comes to close to about Rs. 876 crores. Bank borrowing outstanding stood at Rs. 9,247 crores, almost out of total borrowings, 83% of the borrowings are coming from the bank. And our promoter bank, Repco Bank outstanding is term loan as well as credit outstanding is Rs. 1,026 crore, which account at 9.2% of total borrowings as of March 31, 2025.

I am happy to inform you that we got a sanction from National Housing Bank in Financial Year 2025 after a gap of three years. The sanction amount is some Rs. 150 crores. We would like to avail this Rs. 150 crores in the coming days.

Profitability:

Our NIM for the Financial Year '25 was at 5.15%. The Company has been able to maintain a spread of 3.3% for the Financial Year 2025. Our yield on loans stood at 12.07%.

The net profit grew by 8% quarter-on-quarter and 6% on Y-on-Y and amount to Rs. 115 crores for the Q4 FY '25 as against Rs. 107 crore in Q3 FY '25 and Rs. 108 crores for Q4 of FY '24 respectively. For the whole year, we have earned net profit of Rs. 439 crores as against Rs. 395 crores in last year which is a 11% increase.

Our ROA and ROE stood at 3.15% and 15.23% respectively for the Financial Year 2025 as against 3.04% and 15.79% in Financial Year 2024.

The cost-to-income ratio as end of March stood at 27.5%. Of course, it is for the whole year. The credit cost is negative for the Financial Year '24-'25.

Software:

The new IT revamping is in advanced stage and is expected to completed by September 2025. Core systems including the loan origination system, loan management system and loan collection systems are fully operational with initial issues successfully resolved. Additionally, mobile applications for sales, collections and field investigations have been rolled out.

Coming to branch network:

As of March 31, 2025, we have added, in other words, during the Financial Year 2025, we have added 21 new branches bringing the total branch count to 233 across 12 states and 1 union territory. This includes 189 branches and 44 satellite centers with additional 2 asset recovery branches. We are expanding our branch presence in regions outside Tamil Nadu.

During the current financial year, we would like to open new 14 branches, various locations across the country, and majority of the branches will be in AP, Telangana and West part of our country.

I will summarize the key financial highlights for the Financial Year '24-'25 before opening the floor for the Q&A session.

The loan book stood at Rs. 14,492 crores, registering 7% Y-on-Y growth.

PAT for the year was Rs. 439 crores with 11% increase Y-on-Y basis. ROA and ROE for the year stood at 3.15% and 15.23% respectively.

The core profitability has remained strong with solid spread and margin of 3.33% and 5.15% respectively.

The gross NPA reduced to 3.26% with the Stage-3 provision coverage ratio of 59.60% and the net NPA stood at 1.32% as end of 31st March 2025. Our Stage-2 assets stood at Rs. 1,410 crores in March 2025 as against Rs. 1,561 crores in March. 2024.

I am happy to announce that our Board has declared dividend of Rs. 4 per share, subject to the approval of our shareholders.

Way forward, we would like to present the road map of the Company. The Company targets Rs. 16,200 crores of AUM by FY '26. That means 12% growth. Right now our book size is close to about Rs. 14,491 crores. We want to take this Rs. 14,491 crores to Rs. 16,200 crores by this year end with a spread of around 3.2% and maintaining ROA of 3.1%.

In recovery front, we want right now our gross NPA is about Rs. 473 crore. We want to reduce this NPA by at least by another 75 to 80 crores and we want to bring it down to our gross NPA from present level of 3.26% to below 2.5%. Our net NPA right now stood at 1.32%. We want to bring this NNPA to below 1% by March 2026.

We will be adding 14 new branches in FY '26 and 12 sat centers will be upgraded to the branches, increasing the total number of branches to 247.

The focus for the current year includes growth, acceleration and overdue reductions. With the momentum gained in the just concluded year and the learnings, the Company is confident of reaching a disbursement of Rs. 4,000 crore. I am repeating Rs. 4,000 crore and AUM of Rs. 16,200 crores. And we set a target of reducing Stage-2 numbers between 7% to 8%.

Looking ahead, the Company aspires to reach Rs. 25,000 crores AUM by FY '28 with accelerated disbursements and growth with quality and profitability.

I take this opportunity to thank all our investor, analysts, credit rating agencies, our bankers, borrowers, vendors, regulators and all the stakeholders for evincing the interest in Company's growth story and for continued support.

Now we open the session for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Vikas Kasturi: First of all, congratulations, sir, on becoming the MD of the Company, and we wish you all the best in your new role. Sir, I had about 3 questions. So, the first one is, sir, in last year May of 2024, we had said that we will be adding 40 branches, and we have actually added somewhere around 20-22 branches, right. And in the coming year also we are going to add only 14 branches. So, if our branch addition is not increasing, sir, would it not affect our future growth? So, that is number one.

Number two is, sir, so congratulations to you and the entire team of Repco for improving the asset quality drastically in the last three years. And you have also given me further guidance on bringing it down. So, what are the interventions that you are planning to bring this GNPA down? Will you continue the auctions and OTS? Or are you going to introduce some more interventions to bring this down?

And the third one is, sir, this is more like an observation. I am also a shareholder of the Company. Sir, as a concerned shareholder, sir, I have been seeing the frequent changes at the Board level as well as at the CXO level. Sir, this is not inspiring much confidence among investors. So, could you please convey to the Board that we would like to see stability at the top level so that there is stability in the strategy as well as in the execution of the Company, sir? That is all I have.

T. Karunakaran: Thank you for your greetings and wishes. I would like to answer your first question. I mean, third question first. Yes, I have taken note of your thing on frequent changes on the Board. Definitely I will escalate this thing to our Board.

In second question recovery point, yes, we set a target of achieving below 3 GNPA percent, bring it down to GNPA percent to below 3%, 2.5% by year end. Yes, we have taken lot of initiatives. Of course, last two years we have started verticalization in our Company. Almost we employed close to 170 people in the Recovery Department for collections as well as to take care of NPA things.

Of course, we conducted 4 SARFAESI Auction Mela in last financial. We want to extend the same in coming year also. Special OTS schemes we have introduced. Of course, the Board has permitted to extend this special OTS schemes by up to June 2026, I mean 2025. With these initiatives, we are confident that we will be in a position to reduce our NPA from present level to 2.5% by year end.

P. K. Vaidyanathan: In addition to this, for this year we have, we are going to introduce the recovery vertical exclusively for the NPA reductions. They will be supported by the legal manager from the region for taking action under SARFAESI Act. And also we are planning to conduct mega auctions on a monthly basis.

T. Karunakaran: In addition to that, earlier one GM is responsible for entire recovery operations in our Company. Now we posted one more additional GM for looking after recoveries of non-TN and one specific General Manager for Tamil Nadu. These initiatives definitely will bring results in the coming year.

M. Raja: On the first question, I would like to take that question. Raja here. On me adding only 24 branches, yes, we have consciously not gone into increasing our footprint across remote regions. We are more now looking at channel wise teams getting built up. Now we are looking at an urban oriented builder channel, DSA channel. So, we are going now a bit branch agnostic. It is only a starting stage. It will start delivering results in the near future. Yes, branches, branches means, as you all know, physical branches has its own pros and cons. We are also now getting into channel wise sourcing.

T. Karunakaran: In addition to recoveries, we have also expanded the few recovery agencies, which will also help us to improve our GNPA percentage in the coming year.

Moderator: Our next question comes from the line of Ankit Gupta from Bamboo Capital. Please go ahead. Mr. Ankit, may I request you to unmute your mike and go ahead with your question, please.

Ankit Gupta: Hello. Sir, congratulations for significantly on being appointed as MD and our efforts to bring down the NPAs over the past two to three years. Now we have seen a significant decline in those. Sir, one of the challenges that we as an NBFC have been facing is the significant amount of BT-out which has happened, which has been happening in the Company for the past many years now. A lot of our good customers after a year or two switch to other banks or NBFCs which offer them a lower rate of interest.

So, anything you would like to specify where we can improve this issue or we can work on this thing so that our BT-out ratio becomes lower? And this also helps us in increasing our AUM. So, sometimes what happens is our disbursements are pretty good, but our AUM doesn't increase much because of this BT-out issue. So, if you can talk about this a bit.

T. Karunakaran: Yes, sir. Thank you. We have taken a lot of initiative to retain good customers. We articulated customer retention policy. As per the policy, we are permitted to reduce the rate of interest up to 2% and also give additional top-up loans to retain good customer. Yes, the initiatives taken by us given the good results. We have seen improvement in BT-out compared with the last two 2, 3, 4 years.

See, the '25-'24, I mean the Financial Year 2025, I am having the statistics on BT-in and BT-out which will indicate there is a improvement in BT-out. See, in the Financial Year '24-'25, total BT-in is about Rs. 450 crores and because of that our various initiatives taken by the Company, our BT-out is reduced to Rs. 300 crores.

Ankit Gupta: So, in FY '25 it is reduced to Rs. 300 crore from Rs. 400 crore in FY '24 is what you are saying, right?

T. Karunakaran: No, FY '25, my BT-in is Rs. 450 crores. In general our BT-out will be more than BT-in. Because of various initiatives taken by us, our BT-in for the FY '24- '25 is Rs. 455 crores, and BT-out is Rs. 300 crores. In general it will be the same or our BT-in will be lesser than BT-out. You got the point?

Ankit Gupta: Yes, that has been the trend in FY '23 and FY '24 also and which has actually reversed in FY '25.

T. Karunakaran: Yes, exactly.

Ankit Gupta: And sir, on the credit cost for FY ‘26, last year we saw you know because of the recoveries we had a positive credit cost in FY '25, and since you are also targeting recoveries in FY '26 as well, where do you see a credit cost in FY ‘26 and even for FY ‘27 onwards, like what should be the normalized credit cost for us going forward, first for FY ‘26 and then for FY ‘27 onwards?

T. Karunakaran: For the current financial year, we set a target of reducing our NPA in absolute terms around Rs. 75 crores to Rs. 80 crores. Yes, there will be a reversal of existing provisions. One thing we want to also to improve is our provisional coverage ratio. Right now my idea is to make some additional provision to the extent of Rs. 10 crores to Rs. 15 crores, bring the credit cost below 25 basis points or 30 basis points in the current Financial Year. 26 really we need to work out.

Ankit Gupta: On a steady-state basis, can we assume a less than 0.5% rate cut or it will be higher?

T. Karunakaran: It will be, I am talking about absolute terms. It may be around Rs. 10 crores to Rs. 15 crores charge to the P&L for the current financial year. Financial Year '27, right now I am not having the data. I may be in the position to tell in my next con call. This year I would like to charge around Rs. 10 crores to Rs. 15 crores to my P&L. Of course, my Stage-1 assets also will go up to the extent I have to make provisions. There will be a movement from Stage-1 to Stage-3. Keeping all those things, I am expecting around Rs. 10 crores to Rs. 12 crores provision charge to current year profit and loss account.

Moderator: Mr. Gupta, may we request that you return to the question queue for follow-up questions as there are several participants waiting. Thank you. Our next question comes from the line of Kiran B from Davil Tree Capital. Please go ahead.

Kiran B: Hi, thank you so much for the opportunity. Sir, many congratulations on the results and turn around in the Company. Sir, a broader strategic question first. What has changed at Repco or in the states that you are expanding in, especially AP, Telangana, Maharashtra, Karnataka, that you are now confident of disbursing almost Rs. 1,000 crore a quarter, like we are talking about Rs. 4,000 crore disbursement.

So, I am just averaging it out. Rs. 1,000 crores a quarter when we have, I mean, our track record over the past two years has been around 600 to 700, and this quarter we delivered over 875. So, what are the broader things that are happening in these 3-4 states? Is it the economy that's doing well? Is it our channels clicking? Are we gaining market share or is it the opportunity expanding?

M. Raja: Kiran, I would like to take that question. Raja here. See basically, as you are aware, last year we have been building up our sales vertical. That is now we were engaging BSMs in all the branches. Now I have almost 163 branches, and we have also got into tie ups with a few of our corporate DSA. And there has been a clear focus shift to the Western region wherein now we have brought in cluster heads and state heads, like I have a state head now for Gujarat specific and Rajasthan specific. And for Mumbai, again we have a cluster specific guy for Mumbai.

So, we are confident that our sourcing is improving. And we are seeing the numbers. So, it is time that we increase our numbers on a quarterly basis. As you rightly said, Rs. 1,000 crores is what we are looking at disbursement per month. We should be able to achieve it that that's how confident we are.

Kiran B: So, second question then, sir, is from a funding perspective right now we have about Rs. 875 crore from National Housing Bank and we have got a sanction for about Rs. 150 crore additional. A, is there a possibility to double NHB's allocation? Are there certain criteria that we need to fulfill for this book, for this funding source to go to Rs. 2,000 crore? That is one part of the funding question.

The second part of the funding question is, you are asking for a NCD raise of Rs. 1,000-1,500 crore and commercial paper of Rs. 1,000 crores. I mean, our leverage is fairly at comfortable levels, and NCDs and commercial papers are usually a little more expensive than Repco Bank or a commercial bank interest rate. So, just wanted to understand your funding structure, one on the NHB perspective, two on the commercial paper and NCDs that you want to raise, if it is cheaper than what our current funding source is.

T. Karunakaran: Yes, I will answer. The current financial year, NHB has sanctioned Rs. 150 crores. Very shortly they communicated the sanction. We had also sent our accept acceptance to them. Very shortly we are going to execute the documents and going to avail before the end of this current quarter. Yes, once the results are now over after uploading the results in Stock Exchange by after AGM, we are going to seek additional facility of about Rs. 500 crores to Rs. 700 crores. We fulfill the eligibility criteria of availing refinance from National Housing Bank. So, I am confident of getting about Rs. 500 crores to Rs. 700 crores for refinance for the current financial year. This is with respect to NHB.

Now coming to NCD & CPs issuance, if you look at our borrowings, our bank borrowing, I mean, the entire borrowings are concentrated on NHB funding and funding from banking and Repco Bank loans, which is highly concentrated. Over the period of time, our regulators also saying we should diversify our liabilities. They have also added two or three rounds of discussions with potential investor and arrangers. The objective of going for NCDs and commercial papers is to diversify our liabilities and not depend on bank borrowings.

Yes, you rightly said initial issues may be a little bit expensive than the bank borrowing, but once we establish our credentials, our presence in the debt market, we will be in a position to mobilize at competitive, I mean, lesser and competitive interest rate from debt instrument like NCDs and CPs over the period of time.

Kiran B: Last question, sir, the GNPA we are targeting about 2.5%. Is it a safe thing to think where we will go below 2% by FY '27. Mid-FY '27 itself we will be below 2%. Is that a fair estimate given the quality of book that you are raising?

T. Karunakaran: Yes, if you look at our new books are really performing good. Old NPAs, we started to, recoveries are happening in the old NPAs. If you look at our new loan book, these last three years, we disbursed about Rs. 9,000 odd crores. The NPA in the Rs. 9,000 odd crores is 0.70%, which clearly indicates that there will not be any additions, there will not be major additions from new loan book. Old NPA book, we have taken lot of initiatives to recover. I am sure and confident of achieving this whatever the number target in FY '27.

Kiran B: Thank you so much. I will join back in the queue. Many congratulations.

Moderator: Our next question comes from the line of Shubhranshu Mishra from Phillip Capital. Please go ahead.

Shubhranshu Mishra: Sir, first question is, what proportion of the recoveries came from Tamil Nadu versus ex-Tamil Nadu? Second is that we are speaking about branch expansion and builder strategy. This is a fairly competitive segment. So, what kind of payouts are we giving to the DSAs and the builders on a per file basis? Are we paying more than our closest competitor? And if we can spell out the disbursement split from Tamil Nadu and non-Tamil Nadu in the future of this Rs. 4000 crores?

M. Raja: Yes, on the DSA payout, we are in line with the market. Of course, we do have corporate DSAs and individual DSAs. Corporate DSA, as such, the market is paying somewhere around 1% to 1.2% per file basis, and there is no retainer should pay. And we are tagging the market. So, there is nothing extra that we are paying. So, that is how we are with our DSAs.

On builder, we are just entering into the builder market. So, it is too early for me to talk about the cost. But yes, in the building market, traditionally, the costing will be cheaper or the sourcing cost will be cheaper. We are looking at that. Recovery side, right now I am not having the data. I will come back to you in the offline. Offline we will take.

On disbursement split, we are already at 53% to 56% is from Tamil Nadu. Balance is from rest of TN, and we are trying to improve that percentage by increasing our disbursement in non-TN states. This year you will see the numbers.

Moderator: Our next question comes from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas: Hi Sir, this is Sonal Minhas. Sir, wanted to understand the quality of sourcing from a corporate DSA or a third-party DSA. How has that improved over the last two to three years? What are our checks and balances to make sure that the input funnel what we are doing is as per what we want the book to grow? So, that is the first question.

M. Raja: When I am talking about quality of file, it is not dependent on the DSA because DSA only refers the files or gives the file to us. Then we from our team, the credit team gets engaged with the customer. We do our FI, we do RCU with our empanel vendors and yes, the credit decision is with the organization or with us, with Repco Home Finance. So, DSA's role in quality of book may not be there or it's very, very negligible. We do have our controls and checks. It is the same as any other sourcing channel. Any file that gets sourced through any channel, it goes through the same process of rigorous checking, testing and then only we do sanction the loans.

Sonal Minhas: So, in decision making, as a follow up, has anything changed in the last three years? Have you changed the decision making, have you changed the decision making to be centralized? We are using more technology, more software. Anything in terms of physical validation of, let's say, any loan documentation? If you could just share some details around that, that will be helpful.

M. Raja: See, as of now we are already running with a regional level delegation of powers for sanction for loans up to certain limit of loan quantum. Beyond that it comes to the corporate office. It happens the same. It has been so for the past two years, and we have not done any major change in the trading process, but on the technology side, yes, we are exploring different options, like we are looking at incorporating a BRE into our system so that the decisioning happens faster and the turnaround time is better for us. We are investing in technology, but on credit processing, nothing has changed, sir. It is the same at least for the past two years, which I can say.

T. Karunakaran: If you look at asset quality, which is savings from, we are following a robust credit appraisal system in our Company. See, last 3 years, we have disbursed Rs. 9,300 crores of which NPA is 0.7%. Even Stage-1, I mean, Stage-2 also very negligible, which indicate that we are having a strong credit appraisal system in our Company.

Sonal Minhas: Sir, this book typically matures between 3 to 5 years. So, do we expect Stage-3 for this book to inch higher because your mix is roughly 50-50 for salaried and self-employed? Do we expect this book to maybe inch a little higher to 1 point Stage-3 of being 1.2, 1.3% as we, let's say, look two years out, three years out?

T. Karunakaran: No, sir, I am not expecting any this kind of numbers in the new loan book. The new loan book, we are closely monitoring. All the new loan books are performing good. I am not expecting any changes in this number, I mean, NPA numbers in the new loan book. We will be in a position to maintain the existing level or we can even reduce also.

Sonal Minhas: Sir, my second question is in regard to the guidance for the loan book that you have given. We plan to grow by around 11%-12% in FY '26, whereas we have grown less than single digit, the lower end of the single digit numbers in the past, and you have given guidance of Rs. 25,000 crore of loan book growth. Is the system, given the software, given the technology, given the people, the training ready to grow, see a growth of this order without rattling too much on the asset quality? That's the question.

M. Raja: See, as you are aware, over the last year and the year before that, we have been implementing the system. Now the system is fully up and operational, and it is performing good. So, we don't have any issues from the technology side. And on employee training, there is continuous training happening for all our employees at different levels. Last year alone, we have almost had more than 14 to 15 training sessions for all our employees across regions. So, we are continuously improving training and matching with the market. So, I don't see any strains in that, sir.

T. Karunakaran: In addition to that, last two years, we have opened 41 branches. This year, again, we are going to open roughly another 14 branches. Whatever the branches open in last two years is started to giving the business. All the branches are stabilized, break even and so achieving this Rs. 4,000 crores will not be a big strain for us. Of course, the average ticket size also quarter-on-quarter improving. Two years before, the average ticket size of our Company is close to about Rs. 14 to 15 lakh. Now, we touched about Rs. 21 lakhs. I am expecting a further increase in the average ticket size. Those things will give the confidence of achieving a disbursement target of Rs. 4,000 crore by year.

Sonal Minhas: So, you seem fairly confident of growing your book by 20% year-on-year for the next three years? That's what.

T. Karunakaran: Yes, yes, yes, that's what. That is the message of us.

Sonal Minhas: Thanks a lot, sir. Thanks a lot for listening. I will fall back in the queue.

Moderator: Our next question comes from the line of Anand Mundra from Soar Wealth. Please go ahead.

Anand Mundra: Sir, wanted to check about e-khata problem of Karnataka. Is that problem behind us?

M. Raja: Sir, good evening, Raja here. E-khata problem is still there, but it's kind of muted now. We are able to do business but not to the full flow of it. But yes, business is not getting stopped. We are able to do business, sir.

T. Karunakaran: Yes, we have seen improvement in disbursements of Karnataka state in March compared with the December quarter.

Anand Mundra: Sir, with respect to Slide 30 on the presentation where you have given the businessman state wise, Gujarat and Kerala, the growth is not there, sir. Gujarat 0% and Kerala 2%. Any specific reason, sir, for both the location?

M. Raja: Sir, specifically on Kerala, yes, we are yet to bring about growth in Kerala. But for Gujarat now we have appointed a specific state level resource and Gujarat is picking up, sir. My March and April in Gujarat has been very good. So, Gujarat will pick up, but Kerala, we will have to wait for some more time, sir. We are waiting for the proper resource to be in place. Post that Kerala will pick up, but as of now, Gujarat and Rajasthan will start posting stupendous numbers, sir.

T. Karunakaran: Even Kerala, if you look at disbursement in the current Financial Year, '24-'25 Financial Year, it is better than the previous financial year. Numbers are coming up. Now the manpower issues and all dissolved. You can see improvement in disbursement in coming quarters in both states.

Anand Mundra: Sir, another question, our guidance for FY ‘26 with respect to disbursement is Rs. 4,000 crores.

T. Karunakaran: Yes, absolutely, sir.

Anand Mundra: And the loan book would be Rs. 16,200 crores. Correct, sir?

T. Karunakaran: Yes, from the present level of Rs. 14,492 crores.

Anand Mundra: Yes. So, sir, if I calculate the rundown, if I assume the rundown, then we need at least Rs. 4,500 crore of disbursement to reach Rs. 16,200 crore because I am assuming run down will be around Rs. 2,500-2,600 crores.

T. Karunakaran: Sir, we have taken a lot of initiatives to avoid prepayment and BT-out. We drafted the customer retention policies, and all these initiatives will help us to avoid pre-closures. That I am confident of achieving Rs. 4,000 crores disbursement target as well as taking the book level, book to Rs. 16,200 crores.

Anand Mundra: Last thing sir, whatever work since our GNPA has reduced, any initiative we are taking to improve the credit rating, sir?

T. Karunakaran: Yes, sir. We are going to have discussions next week. I am confident and hope of getting one notch above. Yes, in my point of view, we are the deserving candidate for upgradation.

Anand Mundra: Absolutely, sir. Sir, one last question, sir, if I just. Sir, earlier also I requested the ex-MD sir for a higher dividend payout ratio because our EPS is much higher, but our dividend payout is very less. We don't need so much capital also, sir. So, that is only Rs. 4.00 on Rs. 10, but we are running, but our EPS is much higher, sir. So, it can be much higher than Rs. 4, sir. So would request you to request the Board to consider a higher dividend payout ratio for the shareholders, sir. As there is no appreciation in the share price, at least we should get higher dividend.

Ankush Tiwari: Mr. Anand, Ankush this side. Your advice has been noted. We will pass on to our Board, and this year they have increased from 30% to 40%. And based on your advice and other investor sentiment, will take a suitable decision at board.

Anand Mundra: Thank you, Ankush..

Moderator: Our next question comes from the line of Saikiran Pulavarthi, who is an investor. Please go ahead.

Saikiran Pulavarthi: So, sir, just extending the earlier participant’s question on the credit rating and probably you are also in discussion with rising of NCDs, so, sir, is there a scope for, what I can say, upgrade of the credit rating? And if so, what are the apprehensions at this point of time or what are the things which a credit rating agency is looking for an upgrade?

And the second thing, sir, as a follow up on the NCDs, what should be the pricing you are getting an indication from your intermediaries with which discussions are happening? That's my question, sir.

Shanthi Srikanth: I am Shanthi this side. The credit rating side, we are taking all our efforts we are putting to improve the rating. But the rating agencies are of the view this mid-size HFCs, they are always keeping the level which like the Chennai based and Tamil Nadu geography, concentrated, etc. And of course, on our asset quality side, now we have improved in all parameters to the maximum extent. We expect a good improvement in the rating side also. In respect of the NCD issuance, we are taking up our initiative to contact various arrangers, for some insurance companies to getting interest in our Company and invest, and we are in the advanced stages of closing some deals. We will expect some good improvement, and we will definitely have some good diversification in the coming quarters.

T. Karunakaran: The objective of going for NCD and CP is to diversify. Our liability side pricing will not be. I mean, cheaper compared with bank borrowings immediately, but over the period of time we will get a benefit. Right now I am not in a position to comment on at what rate I can mobilize. I will be in a position direct in next month. Directly that is my next.

Saikiran Pulavarthi: Yes. So, directly, the commercial bank’s borrowing cost is the highest among your sources of financing. Do you believe that NCDs will be higher than that or will be lower than that?

T. Karunakaran: Initially, one or two issues, commercial paper will be slightly higher than a percent to bank borrowing rates. Once we establish our presence in the market, I will be in a position to mobilize NCDs and commercial paper at a better rate of bank borrowings. That is our whole idea.

Saikiran Pulavarthi: And in terms of the diversification objective which you are trying to achieve, at what level do you foresee the commercial paper stroke NCDs to be as a percentage of overall funding profile, sir?

T. Karunakaran: See, this Board has given approval for mobilizing Rs. 1,000 crores and Rs. 1,500 crores CPs and NCD respectively. Initially, I want to start with Rs. 100 crores commercial paper and around Rs. 100 crores to Rs. 150 crores NCD before end of this quarter. We want to test the water. Based on that thing, we will proceed further. For this quarter my target is Rs. 100 crores commercial paper and about Rs. 100 crores to Rs. 150 crores of NCDs.

Saikiran Pulavarthi: One last question from my side, sir. With the disbursements target you have given and the spreads also you have guided for FY '26 to be more or less flattish year-on-year, so is it safe to assume that the disbursements mix will be similar to what we have earlier, like between home loan and home equity and overall?

M. Raja: That is what we are trying to maintain so that we don't have impact on our margin. More or less, we will be maintaining the same ratio, sir. You are right.

T. Karunakaran: As per the Board, I can go up to 30% in non-housing loan portfolio, but we would like to maintain the existing loan book mix as well as salaried and non-salaried component. There may be 1 or 2 basis points in one or two quarters. But overall, we want to maintain your 74 and 26 and 58 and the remaining thing is non-salary. I am not expecting a significant change in the loan book mix and borrower mix in the near future.

Saikiran Pulavarthi: If you are comfortable, sir, last question from my side. There has been some significant asset quality challenges in the past and then I understand that you have changed your underwriting standards and that incremental book which is now behaving very well. I am just trying to understand if you have to look back and see what has caused the asset quality challenges and what are the changes you have made post that experience because of which you are confident that going forward the asset quality is better?

A. Palpandi: Sir, in the earlier stage, we have assessed based on profit and loss account. The last three years we have introduced many models like gross-profit method, gross-sales method, bank analysis method, introduced processes through analyzing bank statement for income calculation. So, we improved our cash flow method. So, this is the improvement we have done in our credit assessment.

T. Karunakaran: So, in other words, we have introduced a lot of income assessment model. Four years before, five years before we used to rely on the profit and loss account given by the borrowers. If you look at the loan book mix, majority of our borrowers are non-salaried, non-document income. We relied upon their papers; IT returns and whatever the papers given by them. Now we have changed our approach. We have introduced a lot of income assessment models. Now we are assessing the income based on our inspections of their business unit. And we have introduced a lot of checks and balances in our credit policy, which has really helped us to maintain the good quality asset.

Saikiran Pulavarthi: And because of which also your cost to income would have increased. Is it a fair assumption to me?

T. Karunakaran: It is slightly. Because three or four years before, six years before, there is no verification by external agency or something like that. We have introduced RCU and the bank statement verification we are having separate software. This is not there before 4 years, 5 years before. And likewise, I mean, valuations report also we have introduced technology to verify the value of the property. We have made a lot of changes in credit appraisal and income appraisal in last 3-4 years which is really helping us to build a quality loan book.

Saikiran Pulavarthi: So then, sir, so in conclusion, what you are suggesting is that in the last five years, you have changed a lot of underwriting methods and at the same time, you have introduced a lot of technology and made significant investments and now with funding profile also being diversified and asset quality worst of the fears are behind, is it fair to assume that going forward you are far more better equipped to grow faster?

M. Raja: Yes, sir, but that is the entire idea. We are right now standing on the jump board. We are just waiting to take the leap. Yes, this year we should be doing it. That is what we are working towards, sir.

Moderator: Thank you, Mr. Pulavarthi, may we request you to rejoin the queue as there are several participants waiting for their turn. Our next question comes from the line of Catherine Gomes from Nirmal Bang Institutional Equities. Please go ahead.

Catherine Gomes: Hi, sir. Congratulations on a great set of numbers. So, I just wanted to understand with all the initiatives that you are planning to take ahead, what would be the cost-to-income ratio that we are looking going forward? Any particular guidance on that?

Secondly, I just wanted to understand that the customers that you are catering to in the regions like Gujarat and all other states, are these new to credit customers as well? So, that is my second question.

Third, I just wanted to understand what kind of NIMs are we targeting and how do you like pass on your, like if you get any benefit on your borrowing side, how are you looking to, do we have a differentiated strategy that you know, like we look at if we are getting any benefits on our borrowing, only then we will pass it on to the customers, or how does it work? So, like all these, you know, I would really appreciate it if you could elaborate on the same, sir.

T. Karunakaran: Right now, the yield on assets is 12.07% and cost of fund is 8.73%. We are maintaining a spread of 3.34%. Our aim is to maintain the spread is around 3.2%. And yes, we have seen rate cuts. Our bankers are yet to pass on rate cuts to us. If any rate cut is happened in our borrowings, we will pass on to our borrowers by resetting their interest rate in, as per our policy, interest rates are reset once in 3 months timing difference. What are the benefits we are getting on the funding side, we will pass on to our borrower with the gap of three months, number one.

M. Raja: On Gujarat, we are targeting our customers both on the salaried and self-employed segment. As you said on whether it's going to be a new to credit or an experienced customer, we don't differentiate between the two other than the CIBIL score, yes, we do have a credit scoring model wherein the CIBIL score plays a role. We have a holistic approach wherein any customer comes in will go through the same process, and that's how we handle it. We don't have any specific leverage or a green channel for an existing customer and a new to credit customer.

T. Karunakaran: Spread side, we want to maintain the spread of around, our guidance for this current financial year is, we would like to, we want to maintain spread around 3.2%.

Catherine Gomes: Given that all the initiatives are in place, so what kind of cost-to-income or OpEx to AUM are we looking at in FY '26?

T. Karunakaran: Yes, cost-to-income ratios, to improve the cost to income ratios, we have taken lot of initiatives. I am expecting, right now I am not in the position to commit and throw numbers. Most probably I will give guidance in my next con call. Right now our cost-to-income ratio is 27.52%. Yes, I am expecting a reduction in the current financial year. It may be around 60 to 70 basis points.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

T. Karunakaran: Thank you for joining with us. Thank you.

Moderator: Thank you. On behalf of Yes Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.