“Repco Home Finance Limited
Q2 FY2027 Earnings Call”

November 06, 2026

Management: Mr. T. Karunakaran – Managing Director & Chief Executive Officer
Mr. B. Kannan - Whole-Time Director & Chief Development Officer
Mr. M. Raja - Chief Business Officer
Mr. A. Palpandi - Chief Operating Officer
Mr. Ankush Tiwari - Company Secretary & Compliance Officer
Ms. Shanthi Srikanth - Chief Financial Officer

Moderator: Ladies and gentlemen, good day, and welcome to Repco Home Finance Limited's Q2 FY2027 Earnings Call hosted by Yes Securities Limited. Please note all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions following the conclusion of the management's opening remarks. 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.

Rajiv Mehta: Good afternoon. Thank you everyone for joining us and thank you to the management for giving us this opportunity to host the second quarter earnings call. We have with us Mr. T. Karunakaran, MD and CEO; Mr. B. Kannan, Whole-Time Director and Chief Development Officer; Mr. M. Raja, Chief Business Officer; Mr. A. Palpandi, Chief Operating Officer; Mr. Ankush Tiwari, Company Secretary and Compliance Officer, and Ms. Shanthi Srikanth, Chief Financial Officer. Mr. Karunakaran, Sir, will start with his opening remarks, and post which we will open the floor for questions. So, open to you, Mr. Karunakaran!

T. Karunakaran: Thank you, Mr. Rajiv. Good afternoon to everyone and I am extending warm welcome to this call to discuss our September 2026 performance and way forward. Thank you for joining. The detailed results are in the investor presentation on our website, so I am not going to read every number. Before discussing the current quarter September 2026 performance, I would like to go back, I would like to recollect the efforts taken by the Company to improve the business in terms of increasing the disbursement, to increase the AUM, to reduce the NPA and other stage assets. Technology side, we have revamped our technology side. Digitalization's we have carried out. We have also implemented an entire digitalization program. We have carried out the digitalization program in two phases. Phase one consists of implementation of core application and phase two consists of supporting applications. We have implemented Core applications and mobile applications. We have also integrated our software with other software like CERSAI and CIBIL, etc., to improve the turnaround time.

Second, we have done a verticalization in our Company. Earlier branch head was responsible for all the activities which have its own limitations. We want to take this Company to next level. Verticalization or specialization is required. We have done verticalization in our Company. We have introduced a separate vertical for sales, recovery, collections, operations, credit and SARFAESI management. Third, in the last two to three years we have opened approximately 50 branches across the country to reach people. This year we want to open another 12 to 13 branches across the country, majority of our branches will be in non-TN. These are the initiatives, few initiatives we have taken in last two to three years. The results are now almost building a strong base of Repco is completed. Now our focus is growth and aggressive growth which is evident from the disbursement number. If you look at our

disbursement number since September 2025, we crossed Rs.1000 Crores disbursement per quarter barring June 2026 last quarter. Last quarter we had a lot of transfers and promotion exercise we carried out, which likely affected our June 2026 disbursements. Now all the transfers, what are the transfers we have put in first quarter all the people are settled down in their places, they started to be leading the business, disbursements are increasing, we have seen substantial improvement in asset quality in terms of reduction in NPA and stage two assets.

As end of September 2026, our AUM stood at Rs.16,425 Crores, which is almost up by 9 to 9.2% year-on-year basis. Our sanctions as end of September for the quarter ended stood at Rs.1359 Crores as against Rs.1205 Crores the corresponding period of previous year. Again, our disbursements have crossed a 1000 Crores mark. We have done a disbursement of Rs.1205 Crores in September 2027 as against disbursement of Rs.1069 Crores in last financial year. Now this is on business side, we have seen substantial improvement in the asset quality. Our gross NPA as end of September 2026 stood at Rs.396 Crores as against Rs.475 Crores in last September. Our gross NPA stood at 2.4%. We have seen substantial improvement in stage 2 assets also. As end of September our stage 2 assets stood at Rs.1154 Crores as against Rs.1324 Crores in the corresponding period of the previous year. Our provision coverage ratio stood at 66%. These are our performance in NPA side, on core asset quality side in September 2026. Our book remains well diversified; we have not seen any significant change in the salary and HL versus non-HL. Our book is well diversified. As end of September out of total book non-salaried account for 53.6% and salaried accounted for 46.4%. The mix of home loan versus home equity remains constant. So out of total AUM 71% of our AUM is housing loans, remaining is a non-HL, of course 29% is a non-HL. The entire AUM is retained. Right now, we do not have any exposure to builder loans. The average ticket size is incrementally it is about 23 to 25 lakhs and overall book it is about 14 lakhs. Almost 57% of the books come from TN, remaining is from non-TN. We have taken initiative to improve the non-TN book. Going forward I am expecting books from other states will increase.

Coming to the borrowing side, last year we started diversification in liability side. We have done NCDs, CPs and PTCs. As end of the September overall borrowing cost stood at 8.35, out of total borrowings almost 86% of the funding is coming from banking system, it of course not depends on one or two banks it is spread across almost 19 to 20 banks. 7.2% of the funding is coming from National Housing Bank by way of refinance. For current financial year National Housing Bank has sanctioned Rs.600 Crores refinance facility to ours out of Rs.600 Crores Q1 we have taken Rs.106 Crores and Q2 we have taken Rs.125 Crores. Remaining amount will be utilized based on our needs. NCDs and PTCs accounted for almost 0.7% of total borrowings and Repco Bank funding is about 1%. During Q2 we raised Rs.75

Crores funds through way of issuing commercial papers at the rate of 7.6%. We done a pass-through certificate in September. It is a pass-through certificate worth about Rs.74 Crores. The cost of funding of pass-through certificate is about 7.9%. These are from borrowing side.

Coming to profitability. Our cost of funds stood at 8.35, and return on assets is about 11.83%, so, we are maintaining a spread of 3.4%. Our benchmark rate or otherwise we used to call the minimum lending rate. Our minimum lending rate is about 9.9% depending upon the borrower's risk profile and the interest rate vary. The average yield what we are getting from salary class customer is about 11.25% and from non-salary class customer is about 12.07%. The return what we are getting from housing loan portfolio average is about 11.07%. We are getting a yield of about 13.32% from non-housing loans. These are our performances in spreads and NIM. Our NIM stood at about 5.44% at the end of September.

Coming to the profit. Our net profit for the quarter is about Rs.116 Crores as against Rs.114 Crores in the previous quarter. Last September our profit stood at about close to Rs.106 Crores. ROA as end of September was about 2.9% it is almost stable even in the June quarter, also it is about 2.9%. ROE is about 12.5%. We are having a strong capital adequacy ratio. Our capital adequacy ratio is close to about 37%. We have adequate capital to grow. We have accelerated disbursement, we have taken a lot of initiative steps to improve the disbursement, we have increased our sourcing channel, we have recruited substantial amount of DST, and we have introduced a connector model. DSA channel also we have increased. So going forward our disbursement will go up. We also controlled our BT Out. Last concall I said we are going to sacrifice some portion on spread to retain the good customer. We controlled the BT Out. These are from profitability on the other side. Our credit cost stood at 0.1% as compared to negative in the previous year.

Coming to the branch network right now we are having 242 branches across the country including satellite centers. This year we want to open another 13 to 14 branches. Majority of the branches will be in non-TN. These are about our performance in short. I am very happy to say that our Board has approved an interim dividend of Rs.5 per share the face value of Rs.10. Going forward in my last concall I have given guidance of disbursement of Rs.1200 Crores for September and I said we want to bring down our NPA to below March level. Yes, we have done, September we have crossed a disbursement of Rs.1200 Crores mark and we also brought it down our NPA to Rs.398 Crores from Rs.426 Crores as end of June 2026. Going forward our priorities will be acceleration in disbursement, at the same time we want to maintain quality in the asset for the growth, we will not dilute the quality, and we want to diversify our liability side more. We want to avail more refinance from National Housing Bank to reduce the cost of funds and another top priority will be improving the operating

efficiency. These are our priorities. Now I thank each one of you for joining this call. Now I am opening session for Q&A. I am happy to answer the questions. Over to Moderator!

Moderator: Thank you, Sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participants tab on your screen. We request participants to restrict to two questions each and then return to the queue for more questions. To rejoin the queue, you may click on the raise hand icon again. We will wait for a few minutes until the question queue assembles. Requesting participants if you wish to ask a question you can click on the raise hand icon from the participants tab on your screen. We will wait until the question queue assembles. Yes, we will take our first question now. We have Darshan Deora. Darshan, please go ahead with your question.

Darshan Deora: Thank you for the opportunity. So just wanted to know what is the guidance for disbursement for Q3 and Q4?

T. Karunakaran: Our guidance for Q3 disbursement is about Rs.1300 to Rs.1350 Crores, for Q4 it is about Rs.1650 to Rs.1700 Crores. For this current quarter we want to achieve a disbursement number of approximately Rs.3000 to Rs.3050 Crores this is on disbursement side. Coming to the NPA side, our guidance is, I will stick to my guidance of what I have given post March 2025-2026 results. Guidance for NPA is to bring it down below 2% by year end.

Darshan Deora: Got it and how is the October quarter, what was the disbursement that we did in October?

T. Karunakaran: Yes, the disbursements are in line with our expectations. I said for this current quarter we want to do a disbursement of Rs.1300 to Rs.1350 Crores. It is October disbursement as well as disbursement till date we are confident that we are in a position to achieve the number what right now I just now committed.

Darshan Deora: Got it. Great, I appreciate that. One last question on the credit costs, so last year I think we had negative credit costs right for the last part of the year and this year what are we expecting in terms of credit cost and what you think like in terms of PAT growth, what sort of PAT growth can we end up with this year?

T. Karunakaran: Coming to this credit cost, our June NPA was about Rs.427 Crores, which we brought down to Rs.397 Crores we got of course reversal in the provision, as a matter of prudence we have not done any reversal. We have appropriated to other NPA accounts. Going forward current quarter as well as next quarter, I am expecting charging to the provision to the extent of 5 to

6 Crores in P&L and this is on our provision side. Profitability side for the current half year our profits were almost Rs.230 Crores. I am expecting a profit for current financial year in and around close to 480 to 490 Crores.

Darshan Deora: Okay, got it. Thanks, that is very helpful and good luck for the remaining quarters and very heartening to see that you have achieved your guidance, which you had given out for Rs.1200 Crores of disbursement, so, congratulations to the entire Repco team and wish you a Happy Diwali, Happy Dhanteras and good luck for the balance quarters of the year. Thank you.

T. Karunakaran: Thank you.

Moderator: Thank you so much. We will take our next question. We have Mr. Abhijit Tibrewal of Motilal Oswal. Abhijit, you can go ahead with your question.

Abhijit Tibrewal: Thanks. Good afternoon, Sir. So, just two things. One is you just gave out; you just spelt out the guidance on disbursements for 3Q and 4Q. I think that it is very heartening to hear the numbers that we are targeting in terms of newer business in the coming quarters, but I just want to pick your brains on one thing. I remember asking this to you same time last year as well that in the past we typically used to have 3Q disbursements, which were lower than 2Q then last year I remember we marginally inched up from where we were in 2Q, 3Q disbursements were marginally higher than 2Q last financial year. This year I think we are talking about a very good increase from 2Q levels, so, that is the first point that what used to be there in the past, which did not allow us to do a lot of business in 3Q and what has changed now, which is giving us that confidence and then again, on the fourth quarter disbursement guidance that you have given out, I think, again, very heartening to hear very strong business aspirations and targets that you put out. So, in addition to what you spelled out in your opening remarks, which is this additional DST hiring connector channel. So, what exactly is giving you confidence that we will be able to deliver the numbers that you just spelled out and lastly if I look at the opex this quarter it was I think slightly elevated, so, unless you have covered something in your opening remarks, which I missed because I joined a little late for the benefit of all of us, if you could let us know what led to opex being slightly higher than what was expected?

T. Karunakaran: Yes, I will answer second question. First question, my colleague Mr. Raja will answer. Yes, our opex is slightly elevated compared with June.In June, our disbursement number, we have not achieved our target. We set a target of close to about 1000 Crores disbursement for June quarter, but we have done about 843 Crores, so we have not paid incentive for the first quarter. I told my people that you increase the disbursement, you increase the business, you recover

more, so, we will pay for the incentive for the June quarter along with September. Yes, our people have done good job in terms of both, in terms of disbursement, new bookings as well as reduction in NPA, reduction in stage 2, so I paid incentive. That is one of the reasons for increasing the salary cost. Number two is, last quarter, we have done ad hoc provision for retirement benefits funds like gratuity, leave encashment, we have done ad hoc basis based on our experience. This quarter, we collected actual valuations for both gratuity as well as leave encashment. We have provided more, of course we have invested in staff, recruited branch sales managers, recovery people to improve performance, which resulted in increase in salary cost. Number three, we have given annual increment we have given to all the staff, which is purely based on performance, which will vary from 5% to 10%. These are the reasons for increase in salary cost. Coming to the administrative cost, marketing expenses like DSA payout, because disbursement number has gone from 800 Crores to 843 Crores to 1205 Crores disbursement, our disbursement number has increased. So, sourcing cost also slightly increased. This cost-to-income ratio will be stable at this level.

M. Raja: So, I will take the first part of the question on what is the difference that we have made between Q3 and Q3, why the trend is broken now or breached now. It was through organic development wherein we had invested quite amount of efforts on building the channels, so, now we have an independent sales channel, independent credit channel, so now there is no overlap of responsibilities and hence, the concentration and focus on business is good, so, that is the change that has happened and that is the confidence that we have in saying that, yes, I will be doing more than my Q2.

Abhijit Tibrewal: Got it, Sir. Yes, Sir, that answers my question. Just one more thing I wanted to understand is now that we are in a rising rate environment, already seen 25 bps repo rate hike and there are potentially more, which might come in the subsequent months what is the sensitivity of our cost of borrowings to let us say 25 or 50 basis points rise in the repo rates? So, basically, what I am trying to understand is the mix between fixed and floating in our liabilities and likewise on the asset side have you taken any PLR actions or are you contemplating anything, so, subsequently, what impact could we have on the margins in the coming quarters?

T. Karunakaran: Yes, coming to the mix, liability side, our entire liability is floating except for some few amount what we have taken from National Housing Bank, which is a special scheme, it is a special rate. Barring that, our entire liability is on floating side, floating rate. Coming to the asset side, our entire asset is floating. We do not have any fixed kind of loans on our asset side, and the entire asset is subject to repricing of once in 3 months, with the time lag of 3 months I can pass on to any decrease or increase to my borrower. As end of the September cost of fund, overall, I am talking about overall cost of fund it is distributed about 8.35%.

Yes, post-RBI rate hike we have seen increase in our borrowing cost. Going forward, I am expecting cost of funds to go up by at least 10 to 15 basis points. I will pass on this increase in cost of funds to my borrowers with a time lag of about one quarter. Another side that refinances they sanctioned is Rs.600 Crores refinanced to us I already taken about 106 in first quarter and 125 in second quarter, remaining amount based on our funding requirement I am going to avail. So, whatever increase I am going to experience in cost of funds will be passed on to our borrower with time lag of about one quarter. Second thing to control the BT Out to attract the good customer, return and quality will not come together. To retain the good customer, we have to pass some concessions to them, those who are with us for at least 2 years, having good track record, good CIBIL score, and having a threat of moving out of our Company we need to pass on some great benefit to them. So, keeping all those things in mind, in near term, right now, I am maintaining a split of close to about 3.4%, keeping this, borrowing costs to increase and giving the benefit to the existing customer to arrest the BT Out. My spread will be stable in and around 3.25% to 3.3%.

Abhijit Tibrewal: Got it, so that answers all my questions. Thank you so much, and I wish you and team Repco the very best.

T. Karunakaran: Thank you.

Moderator: Thank you. Moving to our next participant, we have Vinod Vyas of Share India. Vinod you can go ahead now.

Vinod Vyas: Good evening, Sir. Just one question from my side. Because a majority of our exposure is in South, so are we facing any stress in the housing loan in South, specifically in Karnataka or the other region in the demand side?

T. Karunakaran: No, we have not experienced any stress. Of course, we have seen improvement in disbursement in Karnataka. Q1, our disbursement in Karnataka is slightly below the normal disbursement. For Q2, we have seen improvement disbursement in Karnataka, but we are not seeing any stress in south.

Vinod Vyas: So, in current month going forward also you are seeing no stress, right?

T. Karunakaran: No, we have not seen any kind of stress in South.

Vinod Vyas: Thank you, Sir.

Moderator: Thank you, Vinod. We will take our next question. We have Harshit Toshniwal of Premji Investment. Harshit, yes, you can go ahead now.

Harshit Toshniwal: Sir, thanks for a decent quarter. I had a few questions, Sir. One, obviously, if I look at the last 4 or 5 years for Repco, the challenge has been more on the growth piece itself, probably how to exactly if you can help us articulate that what were the changes that the growth is now seeming a bit more, that you guys are sounding a bit more confident on that number 1300, 1600, kind of a number. So, if you can double-click that say, have we upgraded some of our technology, the incentivization of sales team, DST as a channel, if you can also help that how can that be a reasonably stronger growth leader, so, just to gain confidence on that piece itself? Second thing is, sir, more obviously, in September, we saw deputation change from Repco Bank Yes, Vaidyanathan Sir went back within a very short period and Kannan Sir have come up, now, just wanted to understand that does this also align with now Repco Bank being aware that probably in the last 4 or 5 years because of many reasons could be lower spending on tech, a bit of bureaucracy, so I think Repco Home Finance was not able to grow to its potential, and are they acknowledging those things and working towards the potential of where Repco Home Finance can grow, just want to understand the deputation and the thought process of the Repco Bank with respect to their housing finance subsidiary? Obviously, the first question is what gives us that confidence of the numbers which were same for 3Q and 4 Q like I think more not just as a guidance, but what are the processes that are giving us that confidence?

T. Karunakaran: Mr. Raja will answer first question on business side. Mr. Raja?

M. Raja: Yes, I am there. All the points that you mentioned whether you have done, I would like to say we have done all those points like we have developed our sourcing team, we have developed our DSA channel, we have developed our DST channel, now the branches are more confident in picking up the cases, our processing team has helped us through, so there has been a lot of changes in the process, also in the systems. The systems also we have got into the LLMS has now stabilized and we are in the process of giving a mobile app to my sourcing executives. So, we have got on track of getting things done through technology and concentrating on the sourcing channels and increasing our penetration. So, that is what gives us confidence in committing numbers and that growth is showing in the numbers whatever you have pursued from your side.

T. Karunakaran: In addition to that, we have also revamped our entire incentive structure. We have introduced a special incentive for improving sourcing channels. With all initiatives taken by the management, I am confident that we will be a position to achieve the disbursement numbers.

Just now, I have given as a guidance for current quarter as well as next quarter. Coming to deputations Mr. Vaidyanathan deputed from Repco Bank Company for initially three years almost he has completed about 2.2 close to two-and-a-half years. Yes, he had done really acknowledge his performance, has done a good job in recovery side. Since Repco Bank does need services, they withdrawn deputation from our Company, they posted Mr. Kannan, he is also expert in recovery handled important portfolios in Repco Bank and added a few big branches in Repco Bank. No specific reason for withdrawing deputation of Mr. Vaidyanathan. It is routine in nature. I hope I answered all questions.

Moderator: Sir, we do not see his connection in the queue yet. So, we will move to our next participant, Sir. We have Saikiran Pulavarthi, an Individual Investor. Saikiran, you can go ahead now.

Saikiran Pulavarthi: Thanks a lot for taking my question. Congratulations on good set of numbers, Sir. Just two questions here. What helped with a sharp improvement in the asset quality both on the gross and net NPA, probably on stage 2 assets as well, what has helped you to achieve this? Point number one and the second question is like thanks a lot again for increasing the dividend payout, how should one think about the dividend payouts going forward? Thank you.

T. Karunakaran: From recovery side, to improve the asset quality we have taken a lot of steps. Right now, in my initial call I said we have introduced a verticalization system in our Company. We have separate verticals for collection of overdue, even NPA also we are segregated into soft NPA, core NPA. We are assigned roles and responsibility. We fixed the target for our team. We just really impressed by improving our performance in recovery side and we brought down f NPA to below March level from almost 125 Crores in June NPA level.

Saikiran Pulavarthi: Do you see further improvement in terms of the asset quality as we move forward?

T. Karunakaran: Yes, our target is to bring it down to below 2% by year-end. If you look at NPA you see, the present gross NPA level is as close to about 2.4%, which is almost a 16-year low. Post RBI circular during 2021 November our NPA level gone up to 8%, we have taken various initiatives like strengthening a recovery team and SARFAESI side, we have taken a lot of initiatives to sell the properties, so these are the initiatives really helping us to bring it down our NPA. I am confident that going forward you can see the improvement in recoveries of NPA. Our guidance, our internal target, is to bring it down NPA level from 2.4% to below 2% by year-end. Even if you look at stage 2 numbers, even we have seen substantial improvement in stage 2 numbers quarter-on-quarter as well as year-on-year, all those things indicate that effective steps taken by the management to recover NPA as well as other delinquent accounts. Dividend payout Yes, our Board has declared interim dividend of Rs.5

per share, final based on our profitability and other things final dividend will be decided during finalization of our year-end results.

Saikiran Pulavarthi: Sir, do you consider at least any percentage dividend payout you have in mind, 10%, 15%, or 20%, something like that?

T. Karunakaran: Right now, we do not have any numbers in our mind. Going forward, I will be able to come back to you with what is the number for dividend payout ratio. Right now, really, I am very frank, I do not have any numbers, specific numbers.

Saikiran Pulavarthi: Got it. One last question from my side, Sir. As the financials of the Repco Home Finance is improving do you foresee any benefit on the cost of funds apart from the diversification mix, which you have already talked about like NHB and other things?

T. Karunakaran: Yes, NHB we got Rs.600 Crores. Now the NHB also liberalized some of their schemes. I am expecting more sanctions from them. Coming to the rating side, my NPA is, right now is 2.4% I am expecting it to come down to below 2% by year end. I am positive about the rating upgradation once my NPA level came down to below 2%, which will really help me to reduce our funds going. If I get a better rate I can go for market borrowings at better pricing. I answered your question.

Saikiran Pulavarthi: Thank you, this is helpful.

Moderator: Thank you so much. Team, we have Harshit Toshniwal back in the queue. We will allow him to ask his question again. Harshit, you can go ahead.

Harshit Toshniwal: Sir, really pardon, but somehow the connection got lost at the second part of the question. So, I think on growth, you answered that DST channel, a lot of incentivization has happened. So, if you can just tell that, probably is 2Q the start of that timelines, changes, etc., I think, which gives us more confidence going forward, or was it from the mid of 2Q that it happened, so, which is why that 3Q, 4Q can continue at a much larger scale and the second question I completely missed, what you would have commented, Sir, on the Repco Bank deputation changes and the alignment in terms of them realizing the need for growth for realizing the potential of home finance business?

T. Karunakaran: Initially, Mr. Vaidyanathan reputed to us for the period of three years, due to administrative reasons, since Repco Bank need of Mr. Vaidyanathan's services they called back. It is only an administrative decision. In his place Mr. Kannan is posted, he is having vast experience in

the banking industry, he handled crucial portfolios in Repco Bank, he handled large branches in Repco Bank, there is no specific reason for withdrawing Mr. Vaidyanathan.

Harshit Toshniwal: Got it. I think with the alignment have we seen some directional change from what Repco Bank expects that has helped in the last quarter, last few I would probably take the last 6-7 months, but our disbursements have been scaling up gradually, but is there any stance or is there any expectation change from Repco Bank from what the way they used to operate earlier versus today?

Ankush Tiwari: No, Harshit, there is no change in the operation. We are a professionally managed Company except at Board level decision making there is no interference from the promoter, so these are purely internal strategic changes, which are yielding result.

T. Karunakaran: We used to keep arm's length distance with our promoter and associates Company they will not interfere in day-to-day operations of the Company except a small credit facility with Repco Bank and deputation of Mr. Kannan. We do not have any connections with our promoters. We used to keep arm's length distance with our promoters.

Harshit Toshniwal: Got it. Sure, sir. These changes which you mentioned on the DST channel incentivization, if you can also help some timelines to it that probably from where the effectiveness of these changes have started and just to understand that probably can the delta of disbursements be much higher than even what we are guiding, is it a substantial change in your opinion because you have been there in the organization for the last many years and you have seen how Repco has operated in probably the best of its days to probably some of the earlier years, but if you can help us to give some qualitative feedback on the extent of change that is happening around?

M. Raja: On the changes timeline it is an organic thing. The day I want to increase my bandwidth or my channel growth is not going to happen on one day, so it was an investment of past two-and-a-half to three years, which we have been doing it gradually and now the results are visible and yes, we look at growing more on the same lines, so our delta should increase. The BSM channel has been built over a period of almost two years now and now we are dwelling on increasing by feet on street, so this kind of exercise is going to continue, and it will be organic it cannot be sudden, so it will be organic.

T. Karunakaran: Rightly said, changes are not one-time exercise and depending on need we will make changes.

Harshit Toshniwal: All the best. We deliver on our expectations and one constant feedback which we have always received at least as an investor wants to put is that the alignment of Repco Bank towards Repco Home Finance in a way that the subsidy can realize its full potential. Whether that means allowing more investments in technology, reducing some of the bureaucracy and everything should contribute towards these numbers, but all the best Sir.

T. Karunakaran: Thank you.

Moderator: Thanks, Harshit. We will take our next question. We have Sanjana Sivaram of DAM Capital. Sanjana, you can go ahead now.

Sanjana Sivaram: Firstly, congratulations to the team on a very good quarter on disbursements and even a healthy show on asset quality. I just wanted some clarification around spreads. This quarter we seem to have our spreads seem to have expanded around 30 basis points and our yields have seemingly gone to around 12, so we were originally expecting that we would growth by lowering some yields, spreads going forward and what would have happened this quarter with the yields?

T. Karunakaran: No, that yield as for the half year is about, see what the yield I am getting from my assets on half yearly basis is about 11.83 and cost of funds is about 8.35. We are maintaining a spread of 3.47. Yes, with post-repo rate increases a few of our bankers have already increased the interest rate which is so far, we have not passed on to our borrowers. Most probably this month end we are going to have ALCO meeting, in this ALCO meeting we will decide. So, whatever the cost increase is will be passed on to the borrower with slight time lag, number one. Number two, improve the business, improve the disbursement and to retain, to arrest BT Out we need to pass on some rate benefits to the borrowers it will impact on our overall spread. So, maintaining the 3.4 spread is really very difficult but immediately it will not come down drastically. My spread will be stable at the level of around 3.2 to 3.25 or one quarter or two quarters down the line.

Sanjana Shivaram: Right and just another question I wanted to understand we have been doing quite well on asset quality and I wanted to know if the team has done any sort of assessment as to how much of our portfolio would be in drought affected areas in Maharashtra, Karnataka or just wanted to assess what sort of risk would we be having in the improvement we are expecting going forward is there any sort of assessment done over there?

T. Karunakaran: Yes, we have done an assessment there are incidents, see our majority of the branches, majority of our loans are in urban or peripherals of metro, Tier-1 and Tier-2 cities so this

thing will not affect our quality of the asset. I have given guidance to bring down NPA to below 2% by March end. I stick to my guidance as of now we have not seen any kind of stress in our loans in any part of our country. Even our cheque return ratios are almost stable, we have not seen any spikes or majority of the cheque return cases can be able to recover by month end or first of next month. Yes, we have done an assessment, but we have not seen or we have not experienced any kind of dilutions or threat to the quality of the assets or increase in delinquencies levels.

Sanjana Shivaram: Right. That is quite encouraging and very helpful. That is all from me, Sir. Thank you so much.

T. Karunakaran: Thank you.

Moderator: Thank you so much. Ladies and gentlemen, we will take this as the last question. I will now hand it over to the management for their closing remarks. Over to you team.

T. Karunakaran: Thank you to all the participants for actively participating in this call. I wish you Happy Diwali and festival season. We will meet in next concall. Thank you all. Thank you, Mr. Rajiv, for hosting this.

Rajiv Mehta: Thank you, Sir. Thank you.

Moderator: Thank you so much. On behalf of Repco Home Finance Limited, this concludes today's conference call. Thank you all for joining us and you can now click on the leave icon to exit the meeting. Thank you all for your participation.