



“Repco Home Finance Limited Q2 FY2026 Earnings Call”

November 13, 2025



Management: Mr. T. Karunakaran - Managing Director & Chief Executive Officer
Mr. A. Palpandi - Chief Operating Officer
Mr. P. K. Vaidyanathan - Chief Development Officer
Mr. M. Raja - Chief Business Officer
Ms. Shanti Srikanth - Chief Financial Officer
Mr. Ankush Tiwari - Company Secretary & Compliance Officer

Analyst: Mr. Rajiv Mehta – Yes Securities

Moderator: Ladies and gentlemen, good day and welcome to the Repco Home Finance Q2 FY2026 earnings call hosted by Yes Securities Limited. All participants are currently in listen-only mode. There will be an opportunity 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, sir.

Rajiv Mehta: Thank you, Swapnil. Good evening, everyone. Thank you for joining Repco Home Finance second quarter FY2026 earnings call.

From the management side, we have Mr. T. Karunakaran, MD and CEO, Mr. A. Palpandi, Chief Operating Officer, Mr. P. K. Vaidyanathan, Chief Development Officer, Mr. M. Raja, Chief Business Officer, Ms. Shanti Srikanth, Chief Financial Officer, and Mr. Ankush Tiwari, Company Secretary and Compliance Officer.

Now I request Mr. Karunakaran sir to start the call with his opening remarks, post which we can open the floor for Q&A. Over to you, Karunakaran sir.

T. Karunakaran: Thank you, Mr. Rajiv. Good evening to everyone and warm welcome to the earnings call of Repco Home Finance Limited for the quarter ended September 30, 2025. We appreciate your participation and thank you for joining us today. Before we move into the session, I would like to provide you a summary of the company's performance for Q2 FY2026. The detailed financial results and operational highlights have already been shared in the investor presentation published earlier. For the benefit of all participants who have not had an opportunity to review the financials, I will present a brief update on performance of our company during the quarter before taking Q&A. We are happy to announce that growth momentum seen in the last few quarters has continued in this quarter as well. The company is progressing on its business parameters and is positive of meeting its guideline numbers. The structural changes that have been processed across the organizations are yielding results. Coming to the business, we have disbursed Rs.1069 Crores in the Q2 of current financial year as against Rs.867 Crores in Q2 of FY2025 and Rs.829 Crores in the previous quarter. I am happy to say that this is the highest ever disbursement in a quarter we have achieved in the history of our company. In fact, in the first quarter in this current financial year, we achieved highest disbursement compared to the first quarter of any other year. And on an average, we are able to maintain a stable growth of 22% in disbursements in month on month. Our sanctions stood at Rs.1,206 Crores in Q2 FY2026 as compared to Rs.926 Crores in Q2 of FY2025 and Rs.907 Crores in the previous quarter of the current financial

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year. During the current quarter, we have witnessed a marginal reduction in cost of funds in line with our policies, practices, strategy.

We have reduced our benchmark lending rate, it is called marginal lending rate to 10% from 10.10% with effective from July 1, 2025. Since our assets are re-priced on a quarterly basis, the benefit of the MLR cut passed on to all the customers at the end of June 2025. This reflects our commitment to ensuring that our borrowers benefits from rate cuts. The overall loan book stood at Rs.15,033 Crores at the end of the September 2025 as against Rs.13,964 Crores a year back registering a growth of 8%. Loan disbursement in the second quarter reflects a strong regional engagement with Tamil Nadu contributing to 62% in overall disbursements. Karnataka accounted for 11% followed by Maharashtra at 7%, Telangana at 6%, and Andhra Pradesh at 5%, and while the remaining 9% was dispersed across the state with notable improvement in Rajasthan, Gujarat and Madhya Pradesh. Our September 2025 disbursements across all the states where we are present are all time high disbursements. The ratio of exposure between the non-salaried and salaried segment stood at 53% and 47% respectively. The share of non-housing loan that is home equity, stood at about 29% of the loan book and housing loan contributed to about 71% of the loan book. GNPA amounted to Rs.475 Crores as end of September 2025 at 3.16% as against Rs.552 Crores as of September 2024 and Rs.485 Crores as of June 2025.

The net NPA stood at Rs.225 Crores at 1.50%. We have a total provision of Rs.375 Crores with the provision coverage ratio of 52.54% for stage three assets. Our systematic and continuous action on delinquents accounts yielding results, which is savings from reduction in stage two assets. As end of the September 2025, our stage two assets stood at Rs.1,323 Crores, as against Rs.1,422 Crores in previous quarter end. During the COVID period, we restructured loans about close to Rs.790 Crores, of which Rs.121 Crores already slipped in the NPA, remaining Rs.408 Crores are various stages of asset.

Our NIM for quarter Q2 FY2026 was at 5.5%. The company has been able to maintain a spread of 3.4% by rising yield to 12.1% despite its stiff competition at our pricing levels. The net profit amounted to Rs.107 Crores for Q2 FY2026. Our ROA stood at 2.9% and ROE at 13.5% for Q2 FY2026. Cost to income ratio for the quarter stood at 28.4%. We have initiated diversification as our borrowing profile. In June, we successfully issued Rs.150 Crores of commercial paper. Following our entry into the capital market after a long time, we received a positive response from banks, mutual funds and other institutional investors for both commercial papers and NCDs. In parallel, we continue to engage with our banking partners and are actively negotiating for reduction in rate of interest. Approximately Rs.6,000 Crores of bank borrowings are scheduled for re-pricing over the next three months. And as a result, we anticipate further reduction in overall cost of funds.

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With respect to refinance facility from National Housing Bank, we have secured a sanction of Rs.150 Crores and we utilized the entire Rs.150 Crores. Additionally, we are in the process of submitting a fresh proposal to NHB in the range of Rs.500 Crores to 750 Crores. We will provide an update on the progress of this proposal in the next con call.

Coming to the branch network, as end of September 2025, we have 234 touch points across the 12 states and 1 union territory, comprising of 203 branches and 31 satellite centers with additional 2 asset recovery branches. We are planning to open few more branches before end of this current financial year. Looking ahead of Q3 FY2026, we are targeting disbursement of approximately Rs.1100 Crores from Rs.1069 Crores of Q2 of FY2026. And we are having a plan to reduce our GNPA from Rs.475 Crores to Rs.450 Crores in current quarter. And we are expecting reduction in stage two assets, Rs.1,275 Crores from Rs.1,325 Crores as end of September 2025. We intend to maintain provision coverage ratios, spreads and NIMs at level what we reported in the current quarter. Our current provision coverage ratio for stage three asset is 52.50%. We remain comfortable with existing provision coverage ratio and confident in the adequacy of the provision frameworks. We have recruited people with experience in sales, recovery and collections verticals. With this additional strength, our focus will be on taking the growth numbers to the next level and reducing our overdue accounts and we are quite positive on this. The company is geared up to achieve the targets set for FY2026 in terms of profitability, GNPA reduction, disbursement and AUM growth. We thank each every one of you for showing interest in our company growth story. Now I open the session for Q&A. Thank you.

Moderator:

Thank you. 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 participant tab on your screen. We will wait for the question queue to assemble. We have our first question coming in from Akash Jain of Moneycurves Analytics. Akash, please go ahead and unmute your microphone.

Akash Jain:

Thank you so much. Thank you for giving me the opportunity. First of all, I think, huge congratulations on finally doing more than Rs.1000 Crores disbursement, because I think for the last 8 to 10 quarters, which is what we have been expecting as investors. And finally, we have been able to cross that number. So huge congratulations to the team on that. I have two questions. One is, regarding AUM growth and disbursement. So, sir, clearly we are facing huge rundown on our legacy book, it seems, because of the fact that it is obviously an old book as well as probably we are facing significant BT out pressure that even after good disbursement growth, we are still not as strong on AUM growth which is very important from an income perspective. So just want to understand what we need to do to really get to this 10% to 12% or 12% to 15% AUM growth number because how much do

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we really need to crank up on disbursement and control BT out to really get 10% to 12% AUM growth that is the first part. The second part is on the cost like it is quite evident that like you said in your opening remarks as well, that we have increased the cost base by recruiting people across sales and collections. So can you give us a bit of a breakup? Because there has been a big increase in both employee cost as well as other expenses. So can you just take us a little bit into detail in terms of what has led to this increase both in employee cost as well as in other expenses for this quarter? Thank you.

T. Karunakaran:

I will answer second question on first. Yes, if you look at employee cost, we have seen increase in current quarter compared with June quarter. Yes, we have realigned what you call incentive policy in line with industry practices to motivate employee to do more business, more sales, more recovery, more disbursements, which has resulted in the numbers. This quarter we disbursed about Rs.1060 Crores, which is our all-time high disbursements. On account of payment of incentive, our salary cost has gone up. Of course, which is in line with the industry. We have made a thorough study, how other housing, other NBFCs, what are their incentive structures, we collected the information based on that to realign the incentive structure which is effective from April 1, 2025 which caused some spike hike in the salary cost, number one.

Number two, this is a silver jubilee year for our company. We started this company during 2000. This is a silver jubilee year for us. To honor our sincere long, our employees, we have given honorarium and gifts and all, which cost some expenditure to the salary thing. Of course, last two years, we have opened around 32, 35 branches. All the branches we have provided adequate manpower. Of course, the business is also coming from these branches. Because of increase in manpower count also our salary cost has gone up. And finally, last two to two-and-a-half years, we have not exercised any promotion exercise. We have not given promotion to our employees. During this current financial year, we have conducted a promotion exercise to motivate our employee and we elevated a suitable candidate to next higher cadre. Of course, I have been elevated to well that I have been, earlier I was Chief Operating Officer, I have been elevated to MD like that. All the cadre, we have done an assessment, we have elevated to the suitable candidate to next cadre, which is cost some additional cost. All those things, cost hike in the salary cost. Coming to your first question, AUM growth. Yes, the disbursements are going up. The branches what I opened in last 24 months started to giving substantial amount of disbursements. I am expecting around another 30% of increase in quarter-on-quarter disbursements. So I am going forward, my disbursement number will go up simultaneously. We can see increase in AUM also. Our BT outs are under control. If you ask me, last three months, this quarter, September quarter and BT outs are almost in line with previous quarters. We have not seen any increase in BT outs.

- Akash Jain:** So you covered the employee cost bit, what has also led to the increase in the other expenses for this quarter?
- T. Karunakaran:** Other expenditures, it is not a substantial, if you compare with June, the other expenditure increase is about Rs.60 lakhs or something, which is in line with the increase in the business as well as we opened all, 42 branches across the country in last 24 months. All the administrative costs all booked in other expenditure. And another one is a silver jubilee year celebration. This is a silver jubilee year for our company. On account of celebrations, we have incurred certain expenditure that all resulted in an increase in administrative. But this is a one-time expenditure. On account of this, our administrative cost has slightly gone up compared with our previous quarter end.
- Akash Jain:** Sir, just as an addition, I think I am as a shareholder, I personally can say I am extremely supportive of all the steps you are doing in terms of salary acts and promotions, because to be honest, I think even earlier we have been pushing the earlier MD on incentivizing the employees enough because you cannot grow in a highly competitive environment. You cannot grow without incentivizing your employees. We have been pushing for the earlier MD to also go to the board for allotment of ESOP to the employees. I think finally, I do not know whether anything is happening on the ESOP front, but I think unless you pay, your employees you incentivize them well, there is no way we can grow in a hyper competitive environment like this. So as a shareholder, I am extremely supportive of whatever you are doing in terms of employee motivation. So that is the feedback I want to share with you.
- T. Karunakaran:** Thank you so much. Thank you. Akash for supporting us this ESOP matter also premium discussion started at board level. Let us see how it goes. We will keep you posted on the update.
- Ankush Tiwari:** Thank you Akash for supporting us this ESOP matter also preliminary discussion started at board level. Let us see how it goes. We will keep you posted on the update.
- Akash Jain:** Thank you, sir.
- Moderator:** Thank you so much. We have our next question coming in from Vikas Kasturi of Focus Capital. Mr. Kasturi, please unmute your microphone.
- Vikas Kasturi:** Good evening, sir. Am I audible?
- Moderator:** Yes, sir. Please go ahead.

- Vikas Kasturi:** Okay, great. So first of all, once again, from my side, sir, hearty congratulations to you. I was personally very thrilled to see the Rs.1000 Crores disbursement number. And so I had a little bit of an extension to what the previous participant asked. Sir, we saw that you disbursed Rs.1000 Crores, but the stage one number went up by only about Rs.400 Crores. So my question is, you have guided for Rs.16,000 Crores AUM by March 2026 end of this financial year. So how much more do we need to disperse to get to that number of Rs.16,000 Crores AUM, sir? So that is my first question. And the second is more an observation, sir, more like a request that in the presentation, could you switch from millions to crores? Because even in the language that we speak, we are only talking about crores and not millions. It is kind of makes it more easy to read the numbers. These are my two questions.
- T. Karunakaran:** Thank you for suggestions. So we have taken a note, we note to present our investor presentations in Crores. Answer to your questions. BT out is under control. I will answer to first participant question also, BTs are under control. This September quarter, we have done a disbursement of Rs.1,069 Crores. For December quarter, we are targeting a disbursement of close to about Rs.1,100 Crores to Rs.1,150 Crores. And March, we are targeting a disbursement of close to Rs.1,350 to Rs.1,400 Crores. With that I am confident of achieving Rs.16,200 Crores AUM price by this financial year end.
- Vikas Kasturi:** Okay, got it sir. Sir, a followup question. You had also guided for FY2028 that we will reach Rs.25,000 Crores, if I am not mistaken, sir. So, that will be a big jump for you, in two years you will have quite a bit of disbursements to do. So, could you just share some what are your initial plans, like how are you planning to achieve that big number, sir?
- M. Raja:** Vikas, I will take this question Raja here. Yes, we have aggressive growth plans on both disbursement and AUM. That is on the organic side. We are also looking at going ahead with some book purchases, which is in the early stages. So, by and large, we should be reaching the guidance of 2028. But for this year, maybe it is safe for me to stick on with my current guidance of Rs.16,000 Crores. Of course, we are working on that and we will work towards that very, very aggressively. And we should be able to delight the investors, yes.
- Vikas Kasturi:** Fantastic to hear, sir. And one last question, sir. Our GNPA number for the first half is almost at the same level as where we were at the end of March. So, and you are also again guided for 2.5% GNPA by end of March, which will actually we need to bring it down to Rs.400 Crores, sir. It just looks like a very big target to me, but I think you have it under control. Could you just mention a few things that you are working on that?

- P. K. Vaidyanathan:** This is Vaidyanathan CDO. Sir, what you said is correct. We are maintaining the same figure as of March, even in September. But we have taken a lot of strategies, we have a lot of steps to reduce the GNPA. As we already told in the last quarter, we have posted once general manager exclusively for say, overseeing the Tamil Nadu branches and another GM posted for other than Tamil Nadu branches. And we have also created a separate layer with these recovery vertical managers during this quarter. So they are exclusively monitoring the NPA accounts in all regions. They have been allotted at least 100 accounts. So far we have posted 25 RVMs. In the last quarter, we have also introduced a special OTS scheme for the FY2025-2026. Because of these strategies, we are able to reduce GNPA of Rs.450 Crores by the end of this quarter and also we are able to reach the 2.5% as promised by us before March 2026. In addition to that, we have also strengthened our recovery, I mean recovery review mechanism on weekly basis, we are conducting a review meetings specifically on NPA reduction. So we are confident of achieving the numbers what we have given in the guidance.
- T. Karunakaran:** In addition to that, we have also strengthened our recovery, I mean recovery review mechanism on weekly basis, we are conducting a review meetings specifically on NPA reduction. So we are confident of achieving the numbers what we have given in the guidance.
- Vikas Kasturi:** Fantastic, sir. And wish you all the best to you, Raja sir, and Vaidyanathan sir, and the entire team of Repco, sir. Thank you.
- Moderator:** Thank you so much. We have our next question coming in from the line of Anand Mundra of Soar Wealth. Mr. Anand, please go ahead.
- Anand Mundra:** Thank you. Sir, congratulations on crossing Rs.1000 Crores numbers and congratulations on completing the Silver Jubilee also. Sir, just a small request. We have Rs.3500 Crores of net worth and we are generating Rs.400 Crores of PAT, our dividend payout should be much higher than Rs.20 Crores what we are distributing every year, sir. We do not need so much capital. So why we are hiding holding? Why keeping such a high capital and our ROE suffering sir. Return on equity ratio, if it crosses 17%-18%, it will be very attractive from an investor perspective. So that is a small request, your thoughts on this, sir.
- Ankush Tiwari:** Hi Anand, Ankush, for dividend sequentially every year we are increasing our dividend payout. On this expectation on higher dividend will certainly convey to the board and will consider in next board whatever in future.

- Anand Mundra:** Ankush, our payout is only how much, out of Rs.400 Crores PAT we are distributing only Rs.20 Crores. At least we should distribute 25%-30% of our PAT generation every year.
- Ankush Tiwari:** Certainly, we take note of your suggestion.
- Anand Mundra:** We have so much capital.
- T. Karunakaran:** We have taken note of your suggestions. We will escalate to the board. Coming to the business, yes, you have seen our disbursement in last couple of quarters. Quarter-on-quarter our disbursements are going up. BT outs, prepayments are under control, NPAs are coming down, our stage 2 numbers are coming down drastically. So that going forward, our profitability will improve. You can see improvement in return on equity also.
- Anand Mundra:** Sir, another question is, what is the strategy of buying a portfolio, sir? Because organic growth is much better than buying a portfolio. From that perspective, I wanted to hear from you.
- M. Raja:** Yes sir, we are not basing our growth on inorganic purchase but yes, that is also under consideration but we will be going basis, the guidance on our organic growth that is going to go strong, but this will be an add-on to whatever we are trying to do. Let us see how the future takes us through sir.
- T. Karunakaran:** A couple of years before we have done three tranches of this kind of assignments. All these books are doing well. So, we are having expertise on selecting loan books from other HFCs and NBFCs.
- Anand Mundra:** One question which has I did not follow, what is our AUM target for this financial year?
- T. Karunakaran:** 16,200.
- Anand Mundra:** We will add Rs.1200 Crores of book in the next six months, sir?
- T. Karunakaran:** Yes, we are confident, sir.
- Anand Mundra:** So, that is a very high number. That will translate to disbursement of more than Rs.1300 Crores to Rs.1400 Crores per quarter, sir.
- T. Karunakaran:** If you see the disbursements month-on-month, quarter-on-quarter, this is increasing, this will give a confidence that Rs.16,200 Crores is easily doable.

- Anand Mundra:** Okay. Thank you, sir, wish you all the best.
- T. Karunakaran:** Thanks a lot sir.
- Moderator:** Thank you so much. We will take our next question from Prithviraj Patil of Investec. Mr. Patil, please go ahead and unmute your microphone.
- Prithviraj Patil:** Thank you for the opportunity. So my first question was, what are the incremental yields that we have in LAP and HL? So that was the question.
- T. Karunakaran:** Sir, your voice is not audible.
- Prithviraj Patil:** So my first question was, what was the incremental yield in LAP and home loan, HL segment? The second question was on the write-off pool and negative credit cost. So I just wanted to know, what is the pool that we have from which we can expect recoveries, the quantum of pool that we have? So these are the two questions.
- T. Karunakaran:** Yield is, housing loan, we are getting a yield of about 11.17%. And non-housing loan, we are getting a return of 13.55%. What is your second question?
- Prithviraj Patil:** So my second question was the credit costs are negative since the past few quarters. So I just wanted to know if we have a written-off pool from which we can expect recoveries and if so, what is the quantum of that pool?
- T. Karunakaran:** This year we have got a close to about Rs.6 Crores from written-off accounts and we are more aggressive on recoveries. We are formed a special cell in corporate office to monitor this written-off accounts. So I am expecting another say Rs.8 Crores or Rs.9 Crores from current year, from written-off accounts.
- Prithviraj Patil:** Sure, sir. And one last question, if you can just repeat the amount of borrowings, floating rate borrowings that are coming due, which would be replaced.
- M. Raja:** For us, all the borrowings are floating rate Prithviraj.
- Prithviraj Patil:** Yes, sir.
- T. Karunakaran:** Question is not clear.
- Prithviraj Patil:** In the opening comment, you had mentioned that certain amounts of borrowings were coming due, which would be...So if you could just repeat that number.

- T. Karunakaran:** It is about Rs.6000 Crores out of total bank borrowings. Around Rs.6000 Crores are due for reset in next three months. So it falls due for reset in next three months.
- Prithviraj Patil:** Okay, sir. Thank you.
- Moderator:** Thank you so much. We will take our next question from Abhijit Tibrewal of Motilal Oswal. Please go ahead with your question.
- Abhijit Tibrewal:** Thank you. So I just wanted to ask one question. I remember hearing earlier in the call, you said that disbursement momentum has been improving. And every month, right, we are doing higher disbursements than the previous month. And somewhere, I think you also guided on what we are expecting in terms of disbursements in Q3, Q4. The question here is that historically, right, if I look at the last four years, right? And then maybe except COVID period, even before that, Q3 always used to be a relatively lower disbursement quarter for us. Because as you will appreciate, right, we have days in end November, early December, right, which are considered inauspicious in Southern India and people do not buy or invest in a property. So, what is giving us confidence today that sequentially also from Q2 to Q3, disbursements can be higher.
- M. Raja:** Abhijit, you are right. Historically, Q3 has been lesser than Q2. That is exactly what we are working on breaking the trend. Like we have introduced a lot many channels from the market wherein we want to break from the shackles of first 12 years and go on with consistent growth. And yes that is a challenge for us but we are working on it and we are confident that we can do it.
- T. Karunakaran:** To supplement Mr. Raja, during the September quarter ended our sanctions was close to about Rs.1206 Crores whereas we have done only disbursement of about Rs.1070-odd crore. So there is a gap of about Rs.150 Crores gap is there. Sanctioned but not dispersed in September quarter alone. In June quarter also we are having sanctioned but construction cases loans, some disbursements are pending. So with these numbers we are confident that achieving of whatever the guidance we have given.
- Abhijit Tibrewal:** Got it and then just a follow up here, sir. Congratulations to you and your team for demonstrating a healthy momentum in disbursements what maybe a little bit worries me, right, is that in that zeal to get to a certain target in terms of disbursements in growth, hopefully we are not having to compromise on the underwriting, right, and asset quality. Now why I ask this is, so your yields have actually improved in a declining rate environment. Every other HFC that we speak to, right, acknowledges that there is a lot of competitive pressure from banks and despite that in an environment like this if our yields

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are going up and our disbursements are improving I am just kind of trying to say that even the underwriting and the asset quality are in place right on the incremental book that we are building?

T. Karunakaran: Suitable underwriting, of course we have improved a lot in the underwriting standard which is savings from our performance of new loan book. If you look at delinquencies NPA in the new loan book it is almost, it is a gross NPA in the loan book is a close to about 1.2 % when compared with the old book NPA is very, very minimum. So we have improved a lot in underwriting standard in last couple of four or six, seven quarters. In addition to that, we formed a separate cell in corporate office, it is called a credit review. Once sanction happened, the credit review team review the sanctions and after getting a clearance from the review team only the disbursement will happen, we are having a proper checks and balance. There will not be any dilution in the quality of the asset. Yes, no doubt, we want to grow, but at the same time, we will ensure that quality in the growth, also profitability in the growth. That is our primary objective. Growth with quality and profitability. We will not compromise quality for the sake of growth. That is damn sure.

Abhijit Tibrewal: Got it sir. This is useful and that is all from my side. I wish you and your team the very best.

T. Karunakaran: Thank you.

Moderator: Thank you so much. We have our next question coming in from the line of Kiran D from TableTree Capital.

Kiran D: Thank you, sir. Thank you for the opportunity. Many congratulations on a milestone quarter. I know the enthusiasm in crossing Rs.1000 Crores. So a couple of questions, one more strategic and the second more financial. The most question is around, we have had a lot of US tariff situation. Tamil Nadu is a massive export to the U.S. kind of state. We are 56% to 60% exports to Tamil Nadu and most of our customers might be working in one of these textile companies or the engineering companies who are exporting to the U.S. So in this context, if you could just tell me, in H1 we disbursed totally about Rs.1900 Crores, out of this disbursement of Rs1900 Crores, could you tell us how much was home loan and how much is home equity? Because LAP/ home equity is when the stress levels are a little higher. So that is the reason why I am asking that question. And if you could just explain the overall scenario, what you are seeing on the ground, obviously, we are reading newspapers, but you will know much more on the ground. So that would be very helpful.

M. Raja: Kiran, on my housing loan to non-housing loan portfolio, we are maintaining the same ratios of 72 and 28.

- Kiran D:** I am asking the overall loan book sir, I am asking about the last H1, we disbursed Rs.1800 Crores, how much was home loan and how much was home equity?
- T. Karunakaran:** It is more or less on the same ratios. Anyway, I will give you the exact numbers, maybe post call I will ask my team to share it with you. But, I have gone through the numbers. It is more or less the same, a tad here or there, but it is on the same ratios. That is one. And second is we do not have any concentrated industry wise exposure. Because of our branch network in Tamil Nadu and our wide footprint here, we are very, very distributed. And so far, touchwood, we have not faced any issues, as mentioned by you, because of a concentration of industry and export markets.
- Kiran D:** Got it, sir. That is very helpful. Second, sir, I know we have kind of raised cost to income last couple of quarters, but our return on assets fell from 3.2% to 2.9%. Do you see this going back above 3 in this declining interest rate environment? Or do you continue to see this trending down to 2.5% over the next year to 18 months?
- Shanti Srikanth:** This return on asset thing, the major assets which we have procured in the last quarters, it started earning revenue only in the next quarter because the majority of the assets added in the final month of September. The return will be visible in the month of November and December. So the return on asset, we are giving the same guidance. It will be 2.9% to 3%.
- Kiran D:** For this year, madam, I mean, generally...
- T. Karunakaran:** For this year, this quarter, we had some one-off expenditure like celebration of Silver Jubilee and all. Going forward, right now is our return on assets is 2.92%. We can expect it may go up by another one or two basis points, not more than that immediately.
- Kiran D:** Got it, sir. So generally, if I may ask, the return on assets is a combination of many, many variables. And given the interest rate continues to decline, GST and all that bonanzas are coming through. If interest rates continue to decline and given the competitive scenarios like this, should we expect the ROI to climb down? How does it work?
- T. Karunakaran:** All my entire loan assets are floating whenever I got a cost benefits, it will be passed on to borrowers to retain a good customer, to keep our rates in the competitive, we have to force to reduce the rates and all. Expenditure side, yes, we are exercising more cautious and economic expenditure. So keeping all those things, another we can see slight improvement in ROI in coming December quarter end. This number may go up from 2.92% to 2.95% or something like that in December.

- Kiran D:** Got it. Thank you so much, sir. Congratulations and look forward to the Rs.16,000 Crores milestone this year.
- T. Karunakaran:** Thank you.
- Moderator:** Thank you so much. We have our next question coming in from Varun Dubey of Share India Securities. Please go ahead.
- Varun Dubey:** Thank you, sir. Thank you for giving me time to ask you question and congratulations on your silver jubilee. Sir, just wanted a clarification on the total AGM that you said Rs. 16,000 is the amount for FY2026 and Rs.25,000 is for FY2027. And your company is also going to do some book purchases. So just wanted to understand whether this figure includes the book purchases or this is excluding the book purchases?
- M. Raja:** Yes. For this financial year, the guidance is 16,000 Crores. And for the financial year of FY2028, we are looking at the said milestone of Rs.25,000 Crores. And whatever number we are talking about is inclusive of organic and inorganic.
- Varun Dubey:** For FY2026, Rs.16,000 Crores, that excludes the inorganic, right?
- Ankush Tiwari:** No. That also includes inorganic as well.
- T. Karunakaran:** We are not going for any book buying for current financial year. It may around Rs.30 Crores to Rs.40 Crores kind of book we are planning to buy, not in a big way. We want to start that, we want to explore that avenue also.
- Varun Dubey:** Okay, so that would be in the Rs.25,000 Crores for FY2028, right?
- T. Karunakaran:** Correct.
- Varun Dubey:** Other than this, just wanted to know the disbursement number for Q4. I think you said Rs.1350 to Rs.1400 Crores, right?
- T. Karunakaran:** Yes.
- Varun Dubey:** Okay. Sir, what would be the overall reduction in the cost of funds because you are going to be...
- M. Raja:** There is a lot of background noise Varun, we are not able to decipher very clearly. Sorry.

- Varun Dubey:** One second, sir. I just wanted to know, because the contract is around Rs.6000 Crores of book would be implied in this quarter. So how much would be the reduction in cost of funds for Q3?
- Shanti Srikanth:** 10 to 15 bps reduction, it is actually around 8.3. Going forward, we expect another 10 to 15 bps reduction.
- Varun Dubey:** Okay, 10 to 15 bps for Q3 you mean to say?
- Shanti Srikanth:** Q3, Q4 put together I am telling for this financial year, we are getting repriced from the banks.
- T. Karunakaran:** Actually Rs.6000 Crores is due for re-pricing, it is due for re-pricing next three months. Keeping these things, we are expecting around 10 to 15-basis points reduction in cost of fund in next two quarters.
- Varun Dubey:** Yes sir, I got it. You said about opening new branches in the current financial year. How much would that be, new branches?
- M. Raja:** Sir, we are looking at another 10 to 15 more branches, which is already in the offing. So this financial year, we may be adding another 10 more branches.
- T. Karunakaran:** Out of these 10 more branches, 4 or 5 branches will be in the west and 2 or 3 branches will be in the state of Karnataka. AP and Telangana remaining will be in Tamil Nadu.
- Varun Dubey:** Okay, fair enough. Sir, just last one question. You said about the BT out rate that is normal when compared to the last quarter. So what is the bounce rate for this quarter?
- T. Karunakaran:** Bounce rate, right now, I do not have exact numbers. I will discuss in offline.
- Varun Dubey:** Okay, we will do sir. Thank you very much once again.
- T. Karunakaran:** Thank you.
- Moderator:** Thank you so much. We have our next question coming in from Prashant Kumar of Sunidhi Securities. Please go ahead with your question.

- Prashant Kumar:** Thanks for the opportunity. Yes so my question again on borrowing side actually commercial borrowing, which is the largest portion of total borrowing have been gradually declining, however, the cost of finance from Repco, in this quarter it is stable but increased significantly from Q4, so could you provide some color on this?
- T. Karunakaran:** Yes, the cost of Repco Bank depends on their cost of funds. We started to prepay Repco Bank facility during this current time. In last quarter, we repaid about Rs.200 Crores to them. We have requested them to reduce the cost of funds. We are having a plan to reduce exposures with Repco Bank by availing lower costs from other banking system.
- Prashant Kumar:** Okay, so you have already...
- T. Karunakaran:** Other banks as well as NHB. This quarter, September quarter, from July to September, we have prepaid about Rs.200 Crores. From this quarter, I am having a plan to repay another Rs.300 Crores to Rs.400 Crores kind of thing to Repco Bank. I want to reduce the exposures with Repco Bank.
- Prashant Kumar:** Okay and even the portion is not significant although, but yes and my second question is going forward what will be the cost to income on an annual basis? Can we expect income growth to outpace the expenses and remain restricted to around 27%-28 % annually?
- T. Karunakaran:** Yes, we can see some improvement. Right now the cost to income ratio is about 26.34%. Some one-off expenditure we had incurred in September quarter because of that we have seen reduction in cost of fund. Yes, our loan books are growing, disbursements are happening, loan books are growing. So, we can see improvement in cost to income ratio is going forward.
- Prashant Kumar:** Okay. Thanks, sir. That is it from my side.
- Moderator:** Thank you so much. We have our next question coming in from Anand Mundra of Soar Wealth.
- Anand Mundra:** Thank you, sir. Thanks for giving me opportunity. So, what is our DSA sourcing?
- M. Raja:** The DSA sourcing channel has paid very good for us and it has helped in our growth momentum. Yes, we are also taking care of the cost of that sourcing channel and we are building, now we are in line with building our own internal team to supplement the same. We are working on it and DSA has worked good for us also, sir.

- Anand Mundra:** Sir, any numbers if you can recollect, sir, in terms of...
- T. Karunakaran:** The sourcing break between DSA and non-DSA is almost 48 and 52.
- Anand Mundra:** Okay, understood, sir. From equity investor perspective, the higher the group the better the valuation is. So, if we purchase the portfolio, our AUM will grow. But next year, growth will drop as the base of the AUM will be higher and our disbursement size would be similar. So, from that perspective, if our disbursement does not move to 2000 to 3000 Crores per quarter, and if we purchase the AUM, our growth will further go down, sir. Just a thought for you to consider before buying a large portfolio, sir. And sir, one last suggestion, sir. Since it is a silver jubilee, though I have already mentioned my point regarding dividend from long-term perspective, since it is a silver jubilee, you can consider giving some special dividend to shareholders, sir.
- Ankush Tiwari:** Mr. Mundra, we have already declared interim dividend for this year for silver jubilee.
- Anand Mundra:** Hereafter, we are earning Rs. 80 per year. We are giving Rs. 2.5 interim dividend, sir. So, I am just saying, sir, you do not need too much capital from that perspective.
- Ankush Tiwari:** Thank you. Your views are noted. We will convey it to board, sir. Thank you.
- Anand Mundra:** Sir, my whole purpose is the ROE should move to 18% from that perspective I am saying. Otherwise, I can sell my share and create cash.
- Company Speaker:** Yes, sir. We are working on that only. Very soon you can see improvement, better ROE.
- Anand Mundra:** Okay. Thank you, sir. Thanks a lot, sir.
- Moderator:** Thank you so much. We have Mr. Rajiv Mehta asking his question now. Please go ahead. Mr. Mehta, please unmute your microphone.
- Rajiv Mehta:** Yes, sir. Just last two, three things from my side and then maybe we can end. So firstly, can you tell us the average tenure of LAP loans and home loans that you are disbursing?
- T. Karunakaran:** In respect of home loans as per credit policy, I can go up to 25 years. But if you look at the real, the average tenure at the time of sanctioning is about close to 14 to 15 years, actual life of my HL is close to about 8.5 years to nine years.
- Rajiv Mehta:** Okay. And what about non-home loan LAP?

- T. Karunakaran:** Non-HL also I can go up to 15 years as against 25 years for HL. The average tenure of non-HL at the time of origination is a close to about 8 to 9 years.
- Rajiv Mehta:** And the actual experience is what?
- T. Karunakaran:** Experience is about six to six-and-a-half years in case of non-HL.
- Rajiv Mehta:** Correct. And average ticket sizes for both in disbursements?
- M. Raja:** At a book level, it is 13 lakhs and incremental now we are at 21 lakhs, 22 lakhs average ticket size. Both products, both put together, yes.
- Rajiv Mehta:** Now, can you give us separate ticket sizes?
- T. Karunakaran:** Almost similar kind of thing one. We have not seen much variations between HL and non-HL. Incrementally, 13 lakhs, simple logic, incrementally it is about 13 lakhs. Overall book it is about 13 lakhs, incrementally about 23 lakhs to 24 lakhs. It is the same for HL as well as non-HL.
- Rajiv Mehta:** Sorry, you said incremental average ticket size is 23 lakhs, 24 lakhs for both?
- T. Karunakaran:** Yes.
- Rajiv Mehta:** Okay. And are incentives different for LAP and home loan for the employees?
- T. Karunakaran:** No, it is the same Rajiv. We only look at the overall disbursement and the incentive structure is same for both the products and it is in line with the market. That is how we have structured it.
- Rajiv Mehta:** Okay, then what is the reason that LAP as a proportion of the book has been growing much faster. The LAP book in absolute terms has been growing at about 30%, 40%. When I look at the LAP growth, LAP portfolio growth in the last two years, it is roughly 40%. And when I look at home loan portfolio growth in the last two years, it is just 8%. So if the incentives are same, then why the growth rates are so different between home loan and LAP?
- M. Raja:** Rajiv, if I can take it. When I say non-housing loan, it is not pure LAP for me. Because within non-housing loan, LAP is only 7% to 8%. Balance all, we have CRE, we have mixed use, we have certain commercial buildings, we have multi-tenanted properties. So, that is what is now increasing with me. And it is also helping in my yield.

- T. Karunakaran:** So net fee also, couple of months before they came with the clarifications that loans given for the purpose of a reimbursement thing, we should classify as a non-HL. Earlier, we used to classify such loans as a housing loan. Now, as per the NHB clarifications and advices, such loans are classified as a non-HL. Though it is given for the purpose of housing, as per the directions, we are classifying as a non-HL number one. Three kitchen units, a loan given to construct a house with three kitchen units. Earlier, we used to classify as a HL. Now, NHB guidelines are very strict. Their directions are very strict. We are classifying such loans as non-HL. Because of that, our non-HL portion is going up. If you bifurcate non-HL portions, I can say almost around, out of 23%, 24%, 16% to 17% loans given for the purpose of housing. But because of regulator guidelines, we are classifying such loan as a non-housing loan. Remaining things only for the purpose of other non-HL.
- Rajiv Mehta:** Okay. I was just thinking that when I look at the portfolio rundown rate, portfolio runoff rate, that has been increasing in the last three quarters. And which is why despite the increasing disbursements, our growth rate in the loan book has been little bit kind of got constrained because of higher rundowns. You are saying that BT out has not gone up. So then the natural rundown of the book has changed. And that is because the non-HL proportion of the loans has actually gone up and which is having a life of six, six-and-a-half years versus NHL life of eight-and-a-half, nine years. So this will be a structural thing, right? So your rundown will naturally be higher now in the coming quarters as well. So even if you want to grow your disbursements to Rs.1100 Crores, Rs.1200 Crores, your book accretion will remain slightly limited by it, right?
- T. Karunakaran:** You are right Rajiv. That is a challenge we are facing on day in and day out. Going forward also, yes, my book attrition will happen, but we will have to run fast even to be in the same place. Yes.
- Rajiv Mehta:** Okay. Got that and just one last thing on this ECL and write-off thing, are we done with all the realignment as far as the coverage on stage three is concerned and on the fact that whatever had to be cleaned up is already cleaned up.
- T. Karunakaran:** Yes, right now our provision coverage ratio is 52.5%. You know well that for HFC and NBFC, there is no specific mandate from regulator to maintain PCR. We are very comfortable. Of course, our bankers are very comfortable with the existing 52% provision coverage ratios.

- Rajiv Mehta:** And just the write-off bit, the write-offs will continue at the current rate or the write-off was a one-time accelerated exercise which should end now?
- T. Karunakaran:** Yes, we can see some more write-off in next one or two, December quarter as well as March quarter.
- Rajiv Mehta:** Okay, I am done. Back to the operator and maybe we can end the call since the management has some other thing.
- Moderator:** Thank you so much. Ladies and gentlemen, that was the last question for today. I now hand it over to the management team for their closing remarks.
- T. Karunakaran:** Yes, sir. We are extending our sincere gratitude to all the investors, analysts and credit rating agencies for continuous support. We will meet in next con call. Thank you.
- Moderator:** Thank you so much. On behalf of YES Securities Limited, that concludes today's conference. Thank you for joining us. You may now click on the leave icon to exit the meeting. Thank you for your participation.