February 13, 2025

To, **BSE Limited,** **Phiroze Jeejeebhoy Towers, Dalal Street,** **Mumbai- 400001** **Scrip Code: 544044**	To, **National Stock Exchange of India Limited,** **Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E),** **Mumbai – 400 051** **NSE Symbol: INDIASHLTR**

Sub: Transcripts of the Earnings Conference Call for the quarter ended December 31, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the transcripts of the earnings conference call for the quarter ended December 31, 2024, held on February 06, 2025, is available on the website of the Company.

The transcripts can be accessed from the link given below:

https://www.indiashelter.in/investor-relations

Further, we confirm that no unpublished price sensitive information was shared/discussed in the meeting.

You are requested to take the same on record.

Thanking you.
Yours faithfully,

For India Shelter Finance Corporation Limited

MUKTI CHAPLOT Digitally signed by MUKTI CHAPLOT Date: 2025.02.13 11:19:18 +05'30'

Mukti Chaplot
Company Secretary and Compliance Officer
Mem. No. 38326

"India Shelter Finance Corporation Limited Q3FY25 Earnings Conference Call"

February 07, 2025

MANAGEMENT: **MR. RUPINDER SINGH – MD & CEO**
MR. ASHISH GUPTA - CFO
MR. RAHUL RAJAGOPALAN - HEAD, INVESTOR RELATIONS

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

This is a transcription of the earnings call conducted on 7th February 2025. The audio recording can be accessed using the following link, https://www.indiashelter.in/investor-relations

Moderator: Ladies and gentlemen, good day and welcome to the India Shelter Finance Corporation Limited Q3FY25 Earnings Conference Call hosted by ICICI Securities Limited.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Chintan Shah: Thank you, Tejal. Good morning, everyone, and welcome to the Q3FY25 Earnings Conference Call for India Shelter Finance Corporation. I would like to congratulate the Management for good set of numbers and giving us the opportunity to host the quarterly earnings call.

We have with us from the Management, Mr. Rupinder Singh – M.D. & CEO, Mr. Ashish Gupta – CFO and Mr. Rahul Rajagopalan – Head, IR.

So, now without further delay, I would now like to hand over the floor to the Management. Thank you. And over to you, Rupinder, sir.

Rupinder Singh: Thank you, Chintan. A very good morning, everyone and wishing you all a very happy new year. On behalf of the Company, I extend a warm welcome to all of you. Thank you for joining us on the call today.

We hosted our first earnings call around same time last year post listing and we stayed committed to our words. We remain steadfast on our focused approach of providing home loans and mortgages in Tier 2 and Tier 3 geographies.

Let me reiterate what we communicated during our IPO, in our First Earning Call and our current state.

- We shared how we have done our horizontal expansion and focus on deepening our presence in existing geographies. I am happy to hear that we are progressing as per the plan.
- We guided for 40 to 45 branches each year for the next few years, on that note, we opened 42 new branches in the first nine months of this financial year.
- We guided for an AUM growth of 30% to 35% for the next few years and continue to grow as per the plan.
- There is a reduction in Opex to AUM and it currently stands at 4.3% for Q3FY25.
- On the asset quality front, we guided for a credit cost in a range of 40 to 50 bps and is maintained at this level.
- Our spread continues to remain in the range of 6% as per the guidance.

- I am happy to share that in the last one year, we got a rating upgrade and in the rising interest rate environment, where banks hiked MCLR and there was no rate cuts we were able to contain our cost-of-funds at a similar level. Further, we were able to reduce the gap in our cost of fund versus peers from 0.7% in Q3FY24 to 0.4% in Q3FY25.

On that note, let me move towards some broader updates.

- We continue to see strong growth potential in Tier-2 and Tier-3 cities particularly for home loans and mortgages because of various government initiatives like PMAY II.
- We continue to monitor the situation on ground and are keeping close tab on our customer behavior.
- We witnessed a marginal uptick in 30+ to 3.7% in Q3FY25, forward flow stabilized in December and traction looks positive going forward.

Moving on to the quarterly updates.

We are pleased to announce that the Company delivered strong performance in Q3FY25 driven by strong demand environment in an affordable housing sector.

- Our AUM crossed Rs. 7,600 crores.
- Our Networth crossed Rs. 2,500 crores.
- We continue to source internally with in-house sourcing of 97% to 98%.
- 100% of the book is secured.
- Basis our conservative approach LTV on the book stands at 52%.
- 90% of AUM comes from Tier-2, Tier-3 cities.
- Average ticket size continues to be in a range of Rs. 10 lakhs.

Moving to the results for the quarter, we are pleased to report an AUM growth of 36% YoY to Rs. 7,619 crores supported by disbursement growth of 29%, this quarter, we clocked Rs. 879 crores of disbursement.

In this quarter, our branch network expanded to 265 branches by adding five new branches in this quarter itself.

On profitability metrics, PAT came in at Rs. 96 crores, registering a growth of 54% YoY, RoA stands at 5.5% and RoE further improved to 15.1% in this quarter.

We continue to maintain our guidance what we indicated during our previous calls.

- Branch addition of around 40-45 for the year.
- Maintain margins at around 6%.
- Credit cost in a range of 40 to 50 bps.

- Loan growth in a range of 30% to 35%.

Now I would like to hand over call to Ashish Gupta – our CFO, to take you through the Financial Metrics. Over to you, Ashish ji.

Ashish Gupta: Thanks, Rupinder ji. Good morning, friends.

Let me take you through the "Key Financial Numbers."

AUM as on December '24 is at Rs. 7,619 crores, a YoY growth of 36%, while QoQ growth in AUM is 8%. Total income for the quarter is up by 39% YoY, largely driven by growth in AUM. Total income is up by 7% QoQ. The portfolio yield is at 14.9%, YoY up by 10 basis points, our disbursement yield is running at 15%. Our cost of fund is stable at 8.8% in spite of increase of about 30 basis points in the MCLR by banks in the last 12 months. Our marginal cost of funds for the quarter is 8.8%. We have an undrawn sanction of Rs. 450 crores from National Housing Bank as well. Our margins are consistently above 6% in line with our guidance for the medium term.

Opex to AUM is down by 10 basis points QoQ, while for nine months it is down by 20 basis points. Credit cost for the quarter is stable at 50 basis points, which is broadly in line with our guidance. DPD 30 is at 3.7%. Stage-III is stable at 1.2%. PCR for Stage-III assets is stable at 25%. Our total ECL provision is Rs. 61 crores against the regulatory threshold of Rs. 37 crores. We have adequate provisioning buffer is in place.

PAT for the quarter is Rs. 96 crores YoY up by 54%, QoQ up by 7%. The ROA for the quarter is stable at 5.5%. ROE for the quarter is 15.1% at a leverage of 2.8 times. It is up by 40 basis points QoQ.

With this, I conclude and now we can open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touch tone telephone. If you wish to remove yourself from the queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.

V Ramakrishnan: Sir, congratulations on steady performance. My questions are on asset quality. You said you are watchful of your customer segment and the 30 DPD has gone up and of course in the market now overleveraging is the theme of the day. So, I want to know how is your customer behavior there, do you see any trouble spots and is the LAP as well as home loan portfolio behaving in line with the path of where the extra 30 DPD is coming from?

Rupinder Singh: Good morning, Vivek. Yes, I think you mentioned very clearly this is a flavor of the time when we talk about asset quality largely. So, when we see in a market the propensity of calls has increased towards the customer side to follow up more than what used to be say a year back in terms of collection and all. So, there's a 10 bps higher when compared to the last quarter. But what we see, things are not beyond control. That is the first thing. This is a tough time for the entire industry largely, but seeing the process that we put on, the collection mechanism that we put on, I think that's working decently well. So, this blip I think not for long days anymore. I think we'll be able to control in the coming quarters. So, normally you have seen that Q4 is better than Q3 and we can see the traction coming around. So, yes, this is a time where everyone has to be on toes, we are also there and closely watching each and every activity at the branch level. Wherever we need to take a certain action, we are taking it so that everything is steadfast.

V Ramakrishnan: Sure, sir. Are LAP and home loans exhibiting the same behavior?

Rupinder Singh: They are largely exhibiting same behavior, the same trend what used to be a one year back we see, no difference around that piece basically.

V Ramakrishnan: Excellent, sir. And I wish you all the best.

Rupinder Singh: Thank you, Vivek.

Moderator: Thank you. The next question is from the line of Sonal from Asian Market Securities. Please go ahead.

Sonal: Yes. Congrats on the steady performance, sir. I had a couple of questions. So, the first one was in fee income and other income. So, your disbursements have grown broadly 6% QoQ, but the increase in fee income and other income is higher. So, just wanted to understand how do we see this line item going ahead and how should we build it as percentage of disbursals or as percentage of AUM?

Ashish Gupta: So, if you look at the overall fee and commission income, so broadly it remains at around 1.7% to 1.8% of the total average AUM, and it broadly consists of three, four parameters which include cross-sell, foreclosure income or loan servicing income and loan application fees, and it is well distributed across all these four heads. So, as you are aware that we have got our corporate agency license in Q1, and as the process and products are getting stabilized, our income for Q3 is slightly higher than Q2. Secondly, our co-lending arrangement with banks are gradually picking up. So, our co-lending disbursement is about 8% of the total disbursement. So, as that particular business is picking up, that has higher proportion of fees to the India Shelter. So, that is also contributing to the growth in fees income. I believe that in Q3 and Q4, this income percentage should get stabilized at around 1.7% of the AUM and should continue there for some time.

Sonal: Sure. Also, if you could just let me know what is the write-off for the quarter, and any change in the write-off policy? And again, a related question would be, what would be the overlap like what proportion of our customers would also have MFI loans, if you could just give out those numbers?

Ashish Gupta: We have a very consistent write-off policy that whenever an NPA account crosses the age of two years, we do a technical write-off, while our recovery actions continue. So, during the nine month period, we have done a technical write-off of about Rs. 6-odd crores and parallelly we have also recovered about Rs. 4 crores from the NPAs that we have written off in earlier years. So, largely, the credit cost is driven by the incremental provisions that we have made.

Sonal: Okay. And sir, the repayment rates, I think across the industry the repayment rates have come down. So, if you could quantify what is the BT out rate for the quarter and how should we look at it going ahead?

Rupinder Singh: So, BT rate remains the range of 5.5%. That is consistent from quite a few quarters and that looks trends as of now basically. So, most of these BTs are going to the large Financial Institutions and some time to banks also. So, that is a trend what we observed.

Sonal: And any divergence on your on-book yield and incremental yield, because some players alluded that the on-book yield is higher than incremental yield, so anything that you're seeing and how do you see your spreads would kind of remain over the next two, three years?

Rupinder Singh: We are in a range of 14.9% to 15%. At least for a year or so, we feel that we are going to maintain it. But as time keeps changing, there may be rate cuts or things around that piece. So, we can tweak out. But we consistently try to maintain spreads of 6%.

Sonal: Sir, data keeping questions. Fixed and floating rate books on asset and on borrowing side?

Ashish Gupta: So, on asset side, we have around 40% of the book at variable rate and if you look at our borrowing profile, about 90% of our borrowings are variable rate. So, there is some gap of overall variable rate book in terms of borrowing and asset, but largely that gap is filled by the equity at this point of time. But still there is a gap of around 15%, 20% that is unfulfilled at this point of time. So, we are gradually doing incremental disbursement in variable rate product. If you look at our current disbursement run rate, around 85% to 90% of the monthly disbursement are happening in variable rate book. Given the high growth rate, that book is increasing at a steeper pace, and we should be able to fulfill this 15%, 20% gap.

Sonal: Okay. And so say two years down the line, should we expect that 30% would be fixed rate and 70% would be on floating rate, is that a fair assumption?

Ashish Gupta: At this point of time, 50% fixed rate, down the line 12 months, you can expect that we should be able to bring down the fixed rate book to around 40%.

Sonal: Okay. Okay. And sir just in case if a repo rate comes in, how do you expect the benefit on your cost of funds say over the next three months and six months?

Ashish Gupta: I believe as the repo rate down comes in, so we will have to wait for the reaction of the banks how they react to it, how much benefit they like ultimately pass on to us. So, if you look at our borrowing profile, around one-third of the total borrowings are linked to repo rate, which may come down in a quarter period of time. But the larger part of the borrowing is linked to MCLR wherein we will have to remain dependent on when the bank will pass it on and what kind of frequency we have in terms of reset. So, if you see a larger part of the MCLR linked borrowing is at a one year reset. So, that will have some lag in terms of the rate cut benefit that we'll have. So, down the line six to eight months kind of period of time, we can expect there will be some benefit that we can see in terms of whatever the repo benefit will come, will start getting reflected in the cost of fund.

Sonal: Will you be able to quantify like how much is linked to six months MCLR, how much is linked to one year MCLR?

Ashish Gupta: Quantification will depend on how the banks will pass on the repo cut in the form of MCLR cut. So, if the RBI cut repo rate say like by 25 basis points, banks will cut the MCLR by only 10, 15 basis points gradually over the period of time, then obviously the benefit that will come will be delayed and it is tough to quantify at this point in time.

Sonal: Okay, okay, sir, that answers. Thank you so much.

Moderator: Thank you. The next question is from the line of Raghav Garg from Ambit Capital. Please go ahead.

Raghav Garg: Sir, I wanted to ask about this fixed rate book which is 60% of the total. This would be entirely the home loan pieces, is that understanding correct?

Ashish Gupta: So, you are right, like the larger portion of this is coming from the housing loan book, but if you look at about two years back, we were doing entirely home loan and LAP book at fixed rate. So, we have started gradually doing variable rates starting from LAP book and then moved on to the housing loan book as well. So, obviously, the proportion of fixed rate book is there larger in housing loan and slightly lesser in non-housing loan.

Raghav Garg: Assuming that there is a rate cut, do you think that your customers could come in or from a balance transfer point of view at least from the larger ticket size loan say threshold is 15 lakhs where you have 15 lakhs or above where your exposure is about 25% of the total book, do you think that in case of a rate cut scenario, your customers could come and ask for a BT unless you lower your rates?

Rupinder Singh: Well, Raghav, our major chunk of customer that lies in the range of between 5 to 25 lacs ticket size, which is more than 95% customers. Secondly, when we talk about the book which we created in loan against property in the last two years, that is largely variable basically. That's almost all these cases are in variable category if we talk about loan against property. There if you also have a scope of cutting the rate back, that is a one piece. Plus, we have an internal mechanism which takes care of engagement with the customer. You might have seen that on quarter-on-quarter basis our BT rates are consistently in the same range-bound and this is not a story of a quarter or two quarters, this is what we are executing from last almost 10-12 quarters. So, anything which is happening in the market, we always have a caution around that piece, and we accordingly raise our bars to evade that thing. So, if anything happens, we are very well prepared.

Raghav Garg: Understood. No, sir, my only reason to ask that question was that systemically the number has slowed down, you can see that in the numbers for the industry, and if the rates are cut, the competition for volumes is only going to go up. So, just from that perspective, I was thinking that if you either have to let go of growth or you will have to cut down on your pricing, either of the two, but your point is well noted that you're well prepared. So, that point is taken. The other question is in a scenario where growth has slowed down quite significantly for the economy, but your LAP book has grown by 13% quarter-on-quarter. I know low base is one reason, but is there anything else to read into that, any kind of seasonality at play here?

Rupinder Singh: So, I think there's nothing much to read out here. Yes, there can be seasonality on account of Diwali. Generally, you always find there's a traction coming on the LAP side because most of these small segments of customers look for raising some amount to reinforce their requirements. So, that is some temporary blips you can find here.

Raghav Garg: Right, but that would have been there last year also, right, in Q3, but that is not the case. So, that just makes me wonder if there's anything else here? But you think it's just a seasonality, right?

Rupinder Singh: Largely, yes, you can say so.

Raghav Garg: Understood. And sir, last question, quarter-on-quarter growth in home loan portfolio, that's only 5%. If I look at the last several quarters, the sequential accretion has been 8%, 9%. So, why is the slowdown in sequential growth rate for the home loan book, is this more consumption-led where we are seeing trends slowing down or you have tightened your underwriting criteria or is it both factors at play here? That's my last question. Thank you.

Rupinder Singh: So, there are small tweaks we keep doing here and there. And if you see overall, we have to maintain, that is 60:40 ratio, right, that we are always consistent about. So, on quarter-on-quarter there may be small changes here and there. So, there is nothing we have changed for one product or we have not done about certain products. That's a very small uptick in there. You may find some changes happening in next quarter also. That is possible because ultimately we have to maintain those parameters and we are quite committed towards that.

Raghav Garg: Understood. Thank you and that's all.

Moderator: Thank you. The next question is from the line of Kushagra Goel from CLSA. Please go ahead.

Kushagra Goel: Yes, hi, thanks for taking my question. Congrats on a good set of numbers. Just coming back to asset quality, can you tell us what is the movement in your one plus DPD on a sequential basis? And if you could give some more color as to what improvement can we expect in 4Q?

Rupinder Singh: One plus is around 7% to 7.5%, and Q4 is better normally than the rest of the quarters and we also expect so, as we enter to the new quarter and spend almost 30, 35 days into that piece. So, we are optimistic about it, but let result comes, it's more on a ground that we have to work more than speaking.

Kushagra Goel: Okay. And can you tell us the increase in One Plus on a sequential basis?

Rupinder Singh: So, it has been increased by almost 100 bps if we see that from last one year basically.

Kushagra Goel: Okay. On YoY basis, up 100 basis points?

Rupinder Singh: Yes, YoY basis.

Kushagra Goel: Okay, okay. Sure. Yes. That's all. Thank you.

Moderator: Thank you. The next question is from the line of Varun from Kotak Securities. Please go ahead.

Varun: Hi, sir. Congrats on a good set of numbers. I had a few questions. I would like to start with the yield. So, if we look at our peers, many of them have reported yield pressure during the last two, three quarters and disbursal yields have been lower than the book yields. For us, you said that the disbursal yield is almost at par with the book yield at 14.9%, which appears a bit surprisingly especially given that we are moving from a fixed rate of floating rate and floating rate typically tends to be a bit lower in order to incentivize the customers. Can you help me understand this a bit?

Rupinder Singh: So, our fixed rate book is majorly in the home loan as I mentioned. The floating rate is being offered to the LAP customer earlier and recently we started for the floating rate for the home loan customers. Secondly, when we are adding new branches, we are going deep in geographies. Whatever the branches we added in last one year or so, that is in Tier-3 markets. So, there you always have the advantage to get a better edge. The third important factor that is more on a sourcing pattern. We largely try to source through a direct channel which is around 97%, 98% of in-house piece, there at least we have control on a customer as well as our drive basically. That also somewhere plays a role around that side.

Varun: My next question is on the portfolio in MP. So, last quarter you had highlighted that there was a exit in the team and that had led to heightened stress. Now, we are seeing that the AUM is down sequentially. So, have things not stabilized in that state or do we expect some more deterioration on what you call collections or on growth in that portfolio?

Rupinder Singh: So, we have had a new set of people in state. We are talking about Madhya Pradesh particularly. So, our new resource, the lead is there both in sales and collection. And yes, it will take some time to come to correct, but things are large in control. So, it's no further deterioration which is coming from there. Coming back to the previous position, little time you have to give to them and we are confident we will bring that position back very soon.

Varun: Yes. Thanks for that. And I had one other question on the self-employed ratio. Self-employed ratio is coming down on book and again we don't see a reflection of that in the yields. So, why are you moving more to -?

Rupinder Singh: I think self-employed is increasing from year-on-year basis; last year it was around 70%, 72%, today it stands around 74% something in that piece. So, it is improving in that side.

Varun: And you are not finding any increased stress on the self-employed originations as opposed to salaried?

Rupinder Singh: So, when we see the ratio wise, there's no much difference between the two for us.

Varun: Okay. And with regard to other income, I am sorry, if you have clarified it earlier, but it appears to be low in the last two quarters, like 2Q and 3Q as opposed to the run rate you are doing in the last previous six quarters. Is there anything fundamental that has changed over there?

Ashish Gupta: No, there is no fundamental change, but so you need to club the other income and the fee income and then see it together. In Q1, we have got our corporate agency license. So, the income is flowing into the fees and commission now.

Varun: Okay. And one thing is on the employee expenses. Can you split your employee expenses between how much is spent at the corporate headquarter level, how much on the supervisory and in the field level?

Ashish Gupta: If you see breakdown the total, the manpower itself first, it is around 78% of the total manpower are in the form of executives which include our loan officers, our collection officers, our credit people and then we have about 15% to 18% in the supervisory layer who are there as a branch manager, area manager, regional manager, and then we have around 4% to 5% people sitting at head office who are adding various functions and doing the supervisory from there. And if you see the cost wise, it is slightly different, overall about 60% of the cost is coming from the field and remaining 40% is coming from the supervisory and the head office.

Varun: Okay. Thanks a lot.

Moderator: Thank you. Before we take the next question, a reminder to all the participants that you may press "*" and "1" to ask a question. The next question is from the line of Shreepal Doshi from Equirus Securities. Please go ahead.

Shreepal Doshi: Hi, sir, thank you for giving me the opportunity. Sir, I don't know if you answered this question earlier because I joined it a little late. So, the question is on tightening of underwriting norms given the kind of noise that you're hearing in the segment that we operate or a notch below. So, have we tightened underwriting norms or looked at them again in terms of revisiting the same or the kind of LTV level that we are comfortable with?

Rupinder Singh: So, every quarter we review the credit norms, in fact, our credit backgrounds are reviewed month-on-month basis and this is a continuous process. So, instead of tightening a norm at a general Company level, we go a little deeper and we even try to understand what's happening in typical geographies even up to the branch level and then we take certain calls, which includes empowerment of the resources down the line, some changes between approval keeping in mind the particular challenges which is faced on ground, somewhere we have to add the people also. So, this is all an entire quarterly mechanism that we do keep doing it. So, this is nothing just because of scenario alone, but that's a continuous process for us. That's the beauty of data that we capture day in, day out from the activities that we are doing for so many years. And these tightening and releasing, it's a matter of how the quality portfolio is behaving and in those particular geographies. So, this is not something new, but it's a continuous process for us and we are doing it.

Shreepal Doshi: Got it. Sir, which are these locations? And what really was the parameter that probably pushed us to tighten or… I understand that it's a normal course of action. But still like what parameter do we closely monitor and which geography for example this quarter that we are tight?

Rupinder Singh: So, in any zone there can be even the single branch there we have to change the certain mechanism basis of we find some loosening nods around that side, we have to tighten up, whether it's a best performing zone or whether it's an average performing zone. So, those typically we take care. So, there are actionable items we have taken care, not only by underwriting team, but rest of the folks which are sitting in head office. So, in most of the cases, if required, even the senior management also get involved into that side basically. So, if you talk about particularly, as I mentioned in previous call, we put some tightening measures in branches which came around was in MP and I think those things start giving the results now what we see in a very recent time, the things becoming little more stable there.

Shreepal Doshi: Got it, sir. This is helpful. Thank you so much for answering my questions.

Moderator: Thank you. The next question is from the line of Vishwa Teja from Falcon Capital Partners. Please go ahead.

Vishwa Teja: Hi, sir, great set of numbers. Sir, I just wanted to ask about the demand side situation like our guidance of AUM growth of more than 30%, 35% for the next five years, I just want to know where the extra set of growth is coming from?

Rupinder Singh: So, Vishwa, actually we have not given any guidance for the next five years particularly. So, this guidance was given last year that for next three years we have this range-bound and there's an advantage to us keeping in mind we have currently a low AUM size compared to the peers which you're talking about, which are currently at very large set of level. And secondly, our distribution network. So, we are operating in 15 states and not being a regional player we have advantage to pull the levers from wherever things are important and we feel that the scope is there basically. So, I feel that this distribution is playing very well across states irrespective of certain geographies and all. So, all levers since functioning in a right direction, I expect that things can very well be stabilized between 30%, 35% for the next couple of years also.

Vishwa Teja: Okay, sir. Sir, the second question is regarding the BT rate. So, a few of our peers having less than 2% and few players having less than 5% of the BT rate. So, what are the measures that we are taking to reduce the BT rate, sir?

Rupinder Singh: Our BT rates runs between 5% to 6% and this is a trend from not a year or so, but from pretty long time since we start getting recognition to an extent. And most of these customers, they move to the bigger institution and these BT generally happen in bigger markets like a Tier-2 market for us in that case, because there's a more intensive competition in those places and customer generally look outside and being posed by third-party DSA for the other institutions and all. That is a trend. So, that we have very well put in our business plan accordingly that this is something which we have to keep in mind. Secondly, we have an in-house mechanism where there's a separate team which engage the customer from the head office itself along with the support of branches. There we take a lot of data scrub and things around and try to engage this customer, and it is helpful in many ways basically. So, you can see the consistency in the BT rate also which is in a range of 5% to 6%, which happen in our case basically.

Vishwa Teja: Okay, sir. That's all from my side. All the best.

Moderator: Thank you. The next question is from the line of Darshan Deora from Invest Group. Please go ahead.

Darshan Deora: Hi, thanks for the opportunity for asking a question. So, regarding the experience that you had in MP, where I believe some of your staff was poached by competition, what changes have you all made in terms of your HR policies or any steps you're taking to ensure that similar incidents don't get repeated in other states, are you guys extending some ESOPs or something to the supervisory layer or taking any other steps to prevent this sort of poaching happening in the future?

Rupinder Singh: Yes, good question, Darshan. Actually, if we see we have an elaborate ESOP policy to the large extent. So, earlier apart from frontliners which includes loan officers or collection officers, we were having some 10% of people covered under ESOP policy. That has been extended to now 25%, which is branch manager and above. And again, there are certain policies which can be driven, one is the ESOP obviously, then there are other engagement tools which we can engage with plus strengthening the team with a backup that is a second thought that we built up and that's working fine. So, it's always learning as you are on ground. So, a learning what we find out, we have implemented strongly in that sense.

Darshan Deora: Got it. Thank you. That's all from my side.

Moderator: Thank you. Next question is from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: Hi, thank you for the opportunity and congratulations on a good set of numbers. Just following up on this staff ESOP policy, etc., I wanted to understand that what has been the attrition rate for us per se employees who join us in the first one year and post that how much difference is there in the attrition rate that you have generally seen… and this is not particularly about MP, but for the Company largely? And my second question is that in the budget, there were certain PMAY-2.0 versions that has been announced, etc., Can you help us understand how much did we participate in those or how much portion of our disbursals in the earlier version till 2021, was from the PMAY Scheme and how much can we scale it up this time as well? Thank you.

Rupinder Singh: Shreya, resources which are under ESOP policies, we have seen the attrition level less than 10% in those particular categories. So, that's always an advantage with these kinds of policies, though it has been extended to a pretty large set of people, but yet that is there. Now, if we talk about attrition, we identify in various aspects One is the front liner. The new joinees who take some time to adjust, and these are the roles which is totally target-based. Typically, the loan officers will go into the field, get a new leads and get a new sourcing around. But if you see the attrition level overall of the Company, if it is 37%, 38%, if you break between less than six months and greater than six months, there's a drastic change. If you talk about greater than one year what you asked, I think that the attrition level is in the range of 15% to 17%.

Shreya Shivani: Perfect. Yes. And on the PMAY as well?

Rupinder Singh: Secondly, on a PMAY scheme, last time when this scheme came, our home loans particularly because this scheme is largely for home loan, so 18% to 20% of sourcing happened through the help of the scheme particularly when it came in 2021. On the recent scheme, we have to come out with the numbers in a couple of quarters where we can explain how this scheme is working for us.

Shreya Shivani: Got it. Got it. So, the PMAY disbursals will start. I believe the industry has signed an MoU with the government, right, because disbursals should start in two quarters as well for the PMAY?

Ashish Gupta: So, our disbursement in the PMAY started, about 15%, 20% of the total home loan borrowers are eligible for the PMAY Scheme. But the data entry on the PMAY portal has just started. So, we have to see how much of the borrowers input their data on the PMAY Scheme, what is the success rate vis-à-vis Aadhaar number, is coming out from the PMAY portal. So, once that data will be there, next one quarter we will be able to present a better picture of the success of PMAY Scheme at that time.

Shreya Shivani: Got it. Very helpful. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Chintan Shah from ICICI Securities. Please go ahead.

Chintan Shah: Yes. So, just one question is on the geographies. As you mentioned on the stress pool, we have seen some rise in the one plus DPD on a YoY basis. So, any specific geographies or specific states where we are seeing a higher stress than the usual ones?

Rupinder Singh: I think the trend in market is currently not as easy as it was one year back. So, yes, there is a certain amount of stress which you can find across. This is across geographies you'll find some things going little up because of the macro scenario what is we all understand that piece. Objective is to curtail that. So, action is thorough on that side. And what we look as we close the number the thing should improve particularly in Q4 which is always better than Q3, that's what history talks about.

Chintan Shah: Sure. Sir, just as we say Q4 be better, so what are the early signs in terms of January – how has been the collection in January as compared to December -- has it held up or hasn't been better than December, any thoughts there?

Rupinder Singh: So, exactly on that basis, I am giving this confidence because when January is better than December, then only we can give this kind of indication. But these are the early indications as we see that. Still there two months and I think we are positive about the progress around that time.

Chintan Shah: Sure, sure. And sir, lastly on the BT out, so what percentage of customers…we said 5.5% to 6% is the BT out run rate, but typically, how many customers ask for the BT run rate and then how much percentage of them are we able to contain and how much percentage are we able to let go, any percentage on that will be useful?

Rupinder Singh: When generally customer approach us, he doesn't reveal about the BT out particularly, he only look for a foreclosure in that case. So, we don't distinguish between the customer who is going for BT or a customer who is closing from own source. So, as far as possible, we try to curtail that. But, yes, when the customer is persistent, we as a compliant Company, we have to oblige that piece. During that engagement, if a customer is mentioning that he's going for BT out, then we give them an idea of the pros and cons and try to retain them on our books basically. So, this is a philosophy that we run around. See, we don't differentiate this is a BT out customer, this is closing from own funds, engagement is required across basically.

Chintan Shah: Sure, sure. This is very helpful. That's it from my side. Thank you and all the best.

Rupinder Singh: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Rupinder Singh from India Shelter Finance Corporation Limited for closing comments.

Rupinder Singh: Thank you, everyone for taking your valuable time for attending our earning call. And audio recording and the transcript of this call will be uploaded on our website in due course. Looking forward to hosting you all in the next quarter. Further, if you have any questions or require additional information, please feel free to reach us out. Thank you so much.

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