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**To,
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Mumbai-400051
Scrip Symbol- SRGHFL**

**BSE Limited
1st Floor, P.J. Towers,
Dalal Street,
Mumbai-400001
Scrip Code - 534680**

Subject:- Transcript of the Earnings Conference Call for the Quarter and half Year ended Sep 30, 2024

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed the transcript of the Earnings Conference Call of the Company for the Quarter and half Year ended Sep 30, 2024 held on Wednesday Oct 30, 2024.

This is for your information and record.

Thanking You,
Yours Faithfully,

For SRG Housing Finance Limited

**Divya Kothari
Company Secretary
M.No:- A57307**

Enclosed:- a/a



SRG Housing Finance Limited

Q2 & H1'FY25

POST EARNINGS CONFERENCE CALL

October 30, 2024 10:40 AM IST

Management Team

Mr. Vinod Kumar Jain, Managing Director

Mr. Ashok Modi, Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q2 and H1 FY25 Post-Earnings Conference Call of SRG Housing Finance Limited. Today on the call from the management, we have with us Mr. Vinod Kumar Jain, Managing Director.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to detail us about the business performance highlights for the quarter, the growth plans, visions for the coming year, post which we will open the floor for Q&A. Also, please note that the management will be speaking in Hindi language.

Over to the management team. Over to you, sir.

Vinod Jain:

Jay Jinendra. I welcome you all to the earnings conference call of quarter two financial year '25. Our loan book is at 26% growth in quarter 2 FY24 is INR 651 crore, which in the last quarter 2 was INR 515 crore.

Disbursement in quarter two financial year '25 is INR 63 crore. The total number of branches is now 85, which was 62 in the last quarter 2 FY24. We have opened 23 new branches. Profit before tax is INR 8.33 crores, which was INR 6.58 crores in the last quarter 2 FY24. Total income is INR 36.84 crores, which was INR 31.20 crores in the last quarter 2 FY24. Net interest income is INR 17.74 crore, which was INR 13.52 crore in the previous quarter 2 FY24.

Net worth is INR 202 crore, which was INR 143 crore in the previous quarter 2 FY24. EPS is INR 4.87, which was INR 4.05 in the previous quarter 2 FY24. Housing loan has increased to 71% and loan against property is at 29% and salaried loan has been 26% and self-employed loan is 74%. 100% of our loan book is secured with property.

The average ticket size of housing loan book is INR 8 lakh and the average LTV is 40%. Gross NPA is 1.96% which was 2.40% in Q2FY24. Net NPA is 0.59% as against 0.56% in the previous quarter 2 FY24. Our average borrowing cost is 11.03% as against 11.17% in the previous quarter 2 FY24. The company has maintained a healthy spread of 10.83%. Along with this net interest margin is 2.77% of gross loan book. In quarter 2 FY25, we have done a total fundraise of INR 50 crores, in which 40% was taken from bank and the rest from FI.

The outstanding borrowing of the company is INR 542 crores, which was INR 445 crores in the previous quarter 2 FY24, in which 47% is from bank, 45% from FI and 8% is from National Housing Bank. The liquidity of the company remains strong. The company has liquidity funds of INR 91 crore, out of which INR 35 crore are undrawn funds.

Thanks to our Employees, Investors and all of you.

Now whatever questions you want to ask, you can ask.

Question-and-Answer Session

Vinay Pandit: Sure, sir. We have the first question from Agastya Dave. Agastya, go ahead, please.

Agastya Dave: Good morning, Vinay Bhai. Thank you very much. Namaste, Vinod ji. First of all, Diwali greetings in advance. Secondly, congratulations you have achieved very good results, especially because the microfinance sector is struggling a lot in rural India. FMCG is also struggling a lot. But your numbers and growth is also very good. And most importantly, gross NPA is also under control. So, exceptional performance, sir. So, congratulations, sir.

Sir, I had two questions this time. The first question was that if I look at your total loan book and second look at your total borrowing, suppose RBI rates cut in the next coming quarter, then how soon will the adjustments be made in both, sir? How will your borrowing cost move, because RBI linked all financial institutions' lending rates with external benchmarks? So, if RBI cuts your lending rate by 25 basis point tomorrow, how soon will you get that benefit? And how soon will you have to pass on your loan book? This is the first question, sir.

The second question is about your cost-to-income ratio, sir. I think it's somewhere around 64%, 65%, sir. The exact number is 64.8%, sir. How do you see this moving forward, sir? Because now we have growth capital and growth is good, sir, and your geographical spread has also increased. So how do you see its evolution, its trajectory, sir? At what level will it settle in the future, this cost-to-income number, sir?

Vinod Jain: Greetings of Diwali to you Agastya ji, & everyone. Look sir, the first question was, if our repo rate is cut, all our loans, all of them are fixed rate loans. If the rate is cut, then our profit will increase immediately. We won't have to serve it anywhere else.

Next question is sir, regarding costing which has increased is because of our new branches, 15 branches of ours have been opened in Maharashtra and South, the costing of the branch, hiring is going on right now, of the team, that costing is increased, as per that our cost is around 65%. So as soon as this branch starts working our costing will reduce by around 4% to 5%, when the branch comes into our system. I can give an estimate but our cost-to-income ratio will become 60%.

Agastya Dave: Great, sir. Sir, you have told the benefit of repo rate, the loans that you have given are on a fixed basis. But sir, your borrowings will be less, will you be able to pass on the rate in that?

Vinod Jain: No sir, as it will have an impact on our profits. Yes but as we are expanding into new territories, we will do accounting for it, so there also you will try to take advantage of it.

Agastya Dave: Okay, great, sir.

Vinod Jain: Yes, now the pressure is, earlier if we used to give housing loan at 50% or even 55%, then we were allowed to do so, but now NHB has made it clear that you have to give housing loan at around 70%. We used to get 2%, 3% extra money in the LAP, so now we will have to cut the rates a bit in housing loan, so if borrowing rate will cut down, we will benefit there and we will be able to do better business.

Agastya Dave: Great sir. Sir, again, sir, many, many congrats to you. Thank you very much for giving the time. Thank you to Vinay bhai also. Thank you.

Vinod Jain: Thank you.

Moderator: Thanks Agastya. Sir, we will take the next question from Shivan. Shivan you can go ahead, please.

Shivan Sarvaiya: Am I audible?

Moderator: Yes.

Shivan Sarvaiya: Okay. Greetings Vinod ji. I had two to three questions. One question is regarding disbursement, as per your internal assessment, the disbursement we have made in the first half, are you satisfied with that disbursement?

Vinod Jain: Please state all three questions. I will answer them one by one.

Shivan Sarvaiya :

Okay, after disbursement, the second question was that when we look at the LAP disbursement, from the first half last year, from second half last year, and first half this year, we see a decreasing trend in LAP disbursement. So, what is the reason for that? I wanted to know that. And the third one was, there is a difference in the loan approval that we do and the disbursement that we do. So, what is the reason for that difference between the two. When we give in MIS, that supposing in this quarter INR 62 crores was disbursed, versus approval was of INR 65 crores, then what is the reason for this gap of INR 3 crores or so? Also, in the previous quarter as well, a trend is seen that there is a gap between the two. So, I wanted to know that. So, sir, these are the three questions.

Vinod Jain:

You mentioned that your disbursement is lower, and the primary reason for this change is that NHB has introduced new guidelines for housing loans. To continue offering housing loans, we are focusing on our existing business, particularly near LAP (Loan Against Property), which we can handle. However, we must adhere to NHB's guidelines. Last year, in Q2, we observed that housing loans made up 58% of our portfolio. To bridge that gap, we are now aiming for 70% in housing loans this year. Although housing loans are challenging to execute, LAP is comparatively easier to manage. However, to meet NHB's requirements, we can no longer focus on LAP to the same extent. We need to maintain the same average, which is why you are seeing a decline in LAP business.

Your second question was about the gap, which you've mentioned as 65 or 68. To clarify, when we sanction a loan, especially in construction loans, the disbursement is spread over several months. For example, if we sanction a loan of INR 10 lakhs today, the initial disbursement might be INR 4 lakhs or INR 5 lakhs. After that, subsequent disbursements will be smaller, such as INR 2 lakhs, then INR 1 lakh, and so on, until the full amount is disbursed. This is why the sanction amount appears higher, but the actual disbursement happens gradually over time.

For example, if in the previous month the disbursement was higher, then the sanction for that period would be lower. So, if your disbursement is INR 68 crores and there's still an outstanding INR 65 lakhs from the previous month, this creates a fluctuation. Essentially, it's a back-and-forth process where only the disbursements are counted in the books, regardless of the pending sanctions.

Shivan Sarvaiya :

Ok, I wanted to talk a little about disbursement. If I look at the disbursement of housing loan, the growth that is seen year on year is 18% growth, first half of this year and first half of last year. So are we

facing any problems in increasing the disbursement, what is happening according to you, we would like to know that.

Vinod Jain: There's no issue with this process. If I sanction a housing loan of INR 25 lakhs today, the initial disbursement will be INR 5 lakhs. Over the next 6 months, the remaining disbursements will be made in stages. While the business is booked at the time of sanctioning, the actual disbursement occurs gradually as construction progresses.

Shivan Sarvaiya : Okay, and there has been no disbursement from the branch we opened in Maharashtra, which we have opened in first half. So, have you started disbursement or are all these branches still in the setting up stage?

Vinod Jain: What happens is that in the first quarter, the entire kick-starting process isn't fully completed. It takes two to three months just to set up a branch, followed by another couple of months to find the right location and then another two to three months to build the team. So, about six months are spent on these activities before the business actually begins. The team isn't formed overnight; as you know, when you make an offer, there's usually a 90-day notice period. Therefore, it takes about six months to get the team in place, after which the business operations start.

It was implemented this month, in November, and we will see the impact in the next quarter.

Shivan Sarvaiya : So, what will be your disbursement target for the full year?

Vinod Jain: We have a disbursement target of INR 350 crore for the full year, ending in March.

Shivan Sarvaiya : Okay, so you are confident that you will be able to cover it in the second half?

Vinod Jain: Why not

Shivan Sarvaiya: You are confident, okay. Okay, sir I will come back in the queue, if I have more questions. Thank you for your answer.

Vinod Jain: Okay, thank you.

Moderator: Sir, I have a question in chat from Arvind Kumar. Branches have increased from 65 to 85 branches in the past one year, but still the disbursement is same as last year in H1, what is the reason for that?

- Vinod Jain:** The branches you're seeing as having the maximum activity are from this quarter, when we opened new branches in Maharashtra and the South. Last year, we had around 73 branches. The business from the branches opened this quarter will reflect in the next quarter. We are comparing Q2 of the previous year with Q2 of this year, which is why the impact isn't visible yet—it will show up in the next quarter
- Moderator:** Okay. Sir, we take the next question from Karan. Karan, you can go ahead.
- Karan:** Thank you, sir. Jai Jinendra sir, and happy Diwali, first of all. Congrats on the results. Sir, I was seeing that you have maintained your GNPA and NNPA steady for a long time. How have you achieved this, tell us something about this, how you have maintained this level?
- Vinod Jain:** If your collection team and strategy are strong, the performance will be sustained. Currently, we've also recovered some of our old, previously written-off cash, which has helped reduce our gross NPA slightly.
- Karan:** Okay, thank you sir. And the second one is our current states, like Maharashtra, Karnataka, so the first question in that your team preparation, targeting its market and reaching out to its people. So, what strategy have you made for it, can you share it?
- Vinod Jain:** Before opening a branch in any state, we conduct thorough research to understand the local market—identifying which companies are present, assessing the market conditions, and distinguishing between good and bad areas. We then determine the optimal location for the branch based on factors such as the operational radius, key locations, and the most favorable and least favorable areas. After carefully evaluating these factors, we proceed with opening the branch. This is the first step in the process once we have completed this groundwork.
- Karan:** They say that every region has its own nature and character, how can you breach it there, whatever are your current states, like you are reaching Karnataka, its language is different, their way of approaching is different, breaking down the barriers is also different, how do you reach there?
- Vinod Jain:** Karan ji, in the states where we operate, we work with a local team, not just a single person. We have a team of about 800 people. In the South, for example, the team will be made up of locals, including branch managers and other staff from the region. This ensures that we integrate smoothly into the local culture, and you won't face any challenges

working there. No matter the state or culture, we're fully equipped to work seamlessly in any region.

Karan: So, sir, then how did you select the hiring team there after going there? And secondly, you have a different process for this hiring process, that is, how do you drive the hiring process there?

Vinod Jain: Sir, our recruitment department handles the hiring process, and the method we use is similar to yours. We conduct interviews through two or three rounds—first, second, and then a final discussion—before making a decision. Once candidates are finalized, our team visits the location, meets the recruits in person, and sets up the branch. The zone head for the entire state oversees the process, ensuring everything is in order by visiting the site and meeting the team

Karan: That too is done in a centralized manner?

Vinod Jain: Come again.

Karan: That too is done in a centralized manner, which is your internal process.

Vinod Jain: Our recruitment teams are based in different locations: one in Indore, one in Jaipur, one in Ahmedabad, and for South and Maharashtra, our recruiter is based in Mumbai. Each recruiter is positioned in areas where they have experience and knowledge of the local market. They are all seasoned professionals with expertise in recruitment and team building.

Karan: So, sir, in this particular region, there will be some of your regional competitors as well, so how do you compete with them?

Vinod Jain: Competition operates in two different ways, sir. First, it depends on the business volume in that region. For example, if one branch generates INR 50 lakhs in business and the total business potential in that area is INR 5 crore, then I can only achieve INR 50 lakhs, and the rest will be taken by other companies. If my target is INR 1 crore and the total business in the area is INR 10 crore, there will be 10 other competitors. So, it's not that you don't find finance companies everywhere; they are present in every area. However, if you have a diversified business model, you set a minimum target for each branch. We focus on securing the business we want at our preferred rates.

Karan: Okay. Sir, this time I have seen in the presentation that you have added a lot of senior management team. So, the performance or the delivery evaluation process of the senior management, how will you see that

over a period of time, the performance evaluation and the quality of credit, how will you have the linkage in order to grow your loan book.

Vinod Jain: There is a credit policy in place, sir, and it varies by area. The credit process is aligned with the specific policy for each region. It's not that the work is done first and the policy is created later. The credit policy is established first, which outlines key factors like the size of the loans to be offered, the book size, and the minimum and maximum loan ticket sizes. Once the policy is set, all operations are carried out in accordance with it

The evaluation process involves setting monthly targets for everyone, and there are regular discussions around those targets. In the first week of each month, all the Heads of Departments (HODs) present their plans—what they intend to accomplish in the upcoming month, what they won't be focusing on, what they achieved in the previous month, any gaps, and what needs to be adjusted. All of this is reviewed and assessed.

Karan: Okay. All right, sir. Thank you.

Moderator: Sir, there is one question in the chat from Mr. Rohit Lidwani. What is your disbursement and loan book target for FY25 and FY26?

Vinod Jain: Sir, for FY25 our disbursement target is around INR 350 crores. In this our AUM is around INR 750 crore roundabout. Next year our disbursement target is around INR 400 crore, INR450 crore. Hence our AUM will cross INR 1,000 crore.

Moderator: Sir, we will take the next question from Himank. I would request you to introduce yourself

Himank: Hi, Vinod Ji. My name is Himank Bayya. My question -- I am already your shareholder. So, I am not judging your capability, I just want to know that, for example, there was a company like Crew Finance which had a pristine book and its leverage ratio was also very high. Then how easy is it for SRG to reach that kind of capability and will we ever be able to reach that? This is my question on capability level.

Vinod Jain: I've been in this business for 25 years and have reached this level through experience and hard work. If we need to go back to the basics, the knowledge we've gained in the field—how to handle housing finance in rural areas, the ins and outs of collections, and recovery—has been consistently maintained throughout these years. Given this

experience, you should have no hesitation in moving forward with me, and no doubt that we'll continue to learn and evolve in this space.

We have bankers on the board, providing us guidelines and support for all policy-related matters. Today, we have built a strong expert team. In our Mumbai corporate office, we've established a pan-India HOD team, bringing in experts from across the country. You will soon see significant improvements in the areas you've mentioned, and looking ahead, you'll be able to track our progress over the next five years.

Himank: So, you are confident that you can go in future with high leverage ratio.

Vinod Jain: 100%.

Himank: Okay.

Moderator: Is that it?

Himank: Yes, thank you.

Moderator: Okay, we will call Shivan to ask the next question. Shivan you can go ahead.

Shivan Sarvaiya: Yes, thanks. Sir, I had one question on our branches. Today if we see there are 85 branches. Now as per your internal assessment, how many branches do you think are doing peak disbursement, peak AUM, their capacity has already been reached, and how many branches are still at mid level, and how many branches are just ramping up, can you give a break up of that?

Vinod Jain: No, you'll need to calculate the average. There are about 15-20 branches that are fully operational, and each has its own target. Branches fall into three categories: large, medium, and small. Some branches have targets of INR 20 lakhs or INR 25 lakhs, others have targets of INR 50 lakhs, and some have targets of INR 1 crore. Most of our branches are performing well in terms of productivity, with a variation of about 2 to 5 branches. The rest are also productive.

The second challenge comes from housing loans (HL), which you've seen reflected in the disbursements. This won't be an issue in the next quarter. So, it's not about the productivity or performance of the branches. When you calculate the average across branches, it's based on their size, so you'll see a difference in the average for larger branches versus smaller ones..

Shivan Sarvaiya:

Okay. This question is, this TAT you have said of 15 days, So your processes like there is assessment, later there is credit assessment, later the branch manager will okay it, later it will go to a central credit team, in all your processes you can break up and tell us the TAT, what is that TAT and how can it be reduced according to you, there is a possibility of reducing it in this?

Vinod Jain:

Shivan ji, our targeted turnaround time (TAT) is 10 days. However, the TAT can vary depending on the involvement of physical property documents. If property isn't involved, we can complete the settlement in 3 days. But if physical property documents are required, the process is longer. In some states, such as Madhya Pradesh (MP) and Gujarat, there are registered mortgages, and it can take up to 45 days to get those documents. If the registered mortgage isn't finalized, we can't proceed with disbursement, which extends the TAT.

In Rajasthan, our TAT is typically between 10 to 12 days. But in MP and Gujarat, due to the registered mortgage process, we may not be able to meet the same TAT, although we do try to maintain an average TAT. The registered mortgage process is outside our control.

To clarify our TAT process:

Document Verification: This usually takes about 2 days. Once the documents are checked, the PD (pre-disbursement) process is completed within 24 hours.

Provisional Sanction: After PD is done, we provide a provisional sanction to the customer, confirming the loan amount.

Legal & Technical Checks: If the customer is comfortable with the provisional sanction, we proceed with the legal and technical checks. The reports for these typically come in within 3 days.

Final Sanction: Once everything is in order, we issue the final sanction letter.

Document Signing: The customer signs the documents, usually within the next day. We require a guarantor in almost every case, and both digital and physical signatures are used based on the customer's preference.

Thus, while we aim to maintain a 10-day TAT, external factors like registered mortgages can impact the overall timeline.

Shivan Sarvaiya:

Okay, sir. Okay.

Vinod Jain:

Sometimes, customers are unable to provide all the required documents on time—either they submit some documents on schedule and others

are delayed, or they provide everything late. As a result, the turnaround time (TAT) gets extended. Otherwise, our standard process is completed within 9 days.

Shivan Sarvaiya : Okay. Sir, going forward, how will the disbursement LAP, which you said due to NHB guidelines there is some slowness seen. Going forward, will the mix of disbursement remain the same which is 70-30, housing loan versus LAP or will LAP be decreasing still.

Vinod Jain: It's very It's quite straightforward. In LAP (Loan Against Property), you typically get 1-2% more, but you still need to adhere to NHB guidelines. Whether the loan amount is higher or lower doesn't matter; what matters is that 70% of the loan must be for housing purposes, as per the NHB rule. We cannot allow the ratio to shift too much in favor of LAPs, as that would impact our compliance. Our focus is on following NHB guidelines, and our systems and processes must be aligned with these requirements.

Shivan Sarvaiya : Okay. Okay, sir. Thank you very much.

Moderator: Thanks. I'll -- we will take the next question from Kevin. Kevin, you can go ahead, please.

Kevin: Hi, sir. Good morning. Sir, I have three to four questions. Sir, the first question is that your loan book, geographically, which I am seeing in Maharashtra, is around 50%, how can it change in the next 3 to 5 years, like including the existing branches and new branches. Will these levels be seen as it is, or there can be any changes in it?

Vinod Jain: Kevin, the business growth isn't necessarily higher in some states and lower in others. What we're seeing is that with the new states we've started, like Maharashtra, we expect the numbers there to naturally rise. As a result, states like Rajasthan and Gujarat may see a slight decrease. This means the overall percentage will be lower in some places, but we can still manage the distribution. For example, Rajasthan might contribute around 40%, Gujarat around 30%, MP around 15%, and Maharashtra will start at 5-7%. While we can't take a simple average, we do expect growth in all four states over time.

Kevin: Okay. Sir, second question is what is the role of Mr. Archis Jain in driving the growth, meaning what is his role in growing the company?

Vinod Jain: Archis Jain is the CEO and is responsible for overseeing the entire business. He spends about 15 days a month in the field, primarily focusing on housing finance in rural areas. He believes that to

effectively manage this business, it's crucial to visit the branches and connect with the team on the ground. He directly oversees this aspect of the business.

Kevin: Sir, and Mr. Harshil Mehta, who I see has come as your business strategy advisor, which was a positive surprise, can you say what has been his contribution in terms of growth and strategy?

Vinod Jain: to build a big housing finance company, you need someone with a strong strategic vision—someone who has experience operating at that scale. When such a person creates a strategy, it's well thought out, robust, and doesn't require frequent revisions or lead to uncertainties. The benefit of having someone with this expertise extends to areas like new recruitment, team development, and understanding how to communicate and engage with them effectively. Their experience adds significant value in these aspects.

Kevin: Sir, my last question is what is the average ticket size? Sir, your average ticket, maximum ticket size is INR 15 crore, okay. So, considering that we are working with the lower income group, what is their profile, do they come to us -- since they can get good credit from the bank, even then they are coming to us so what would their profile be, if you can say something about that?

Vinod Jain: When someone applies for a loan at a bank, they are typically asked to provide three years' worth of income tax returns to even be considered. In India, only about 4% of the population consistently files income tax returns, which means 96% of people are excluded from the formal banking system. These individuals, especially those applying for a loan for the first time and lacking a tax return history, often turn to us for assistance.

Vinay Pandit: Sir, can I add to this question, if I want to ask, like if say INR 15 crore income or if we are making a disbursement of INR 15 crore, then of course his income on 40-50% LTV will be INR 30 crore, or the asset must to INR 30 crore.

Vinod Jain: It differ based on ticket size. For customers applying for a loan for the first time without an income tax return, we offer loans up to INR 10 lakhs. For loans above INR 10 lakhs, we require the income tax return. Additionally, for loans in the 40%-25% LTA range, we assess the customer's income, CIBIL score, and other factors before approval. The INR 15 crore ticket size primarily relates to housing loans, typically for residential complexes. These loans are few in number and not part of a

large portfolio. In total, they make up around 3% of the overall portfolio.

For example, if your book size is around INR 600 crore to INR 650 crore, the 3% portion would represent a portfolio of approximately INR 18 crore to INR 20 crore, typically located in prime areas, often in the main city.

Moderator: Anybody who wishes to ask a question may kindly ask. Parag, you can go ahead, please.

Parag: Namaste, Vinod Jain ji.

Vinod Jain: Namaste.

Parag: Happy Diwali, sir.

Vinod Jain: Deepavali wishes to you too.

Parag: Thank you, sir. Sir, I have two or three questions, like you have a larger focus on rural housing, and average income of a family is INR 30,000. So what is the proportion of EMI in this, EMI to income ratio if I want to know, sir?

Vinod Jain: Sir, 50%, - 60%. 50% minimum, INR 15,000.

Parag: INR 15,000 okay. And sir, my second question was many times in rural, I understand people have moral values, so normally they do not default as much. But sometimes a situation arises when a person cannot do anything. So, in that sense, the recovery that happens by taking the asset, is it saleable easily or -- their asset which is mortgaged, is it saleable easily or it becomes a little difficult because it is easier in urban areas.

Vinod Jain: Parag ji, you made an excellent point earlier. We are able to recover money primarily due to the strong moral sense in rural areas. People there are less likely to default because, in villages, the borrower's family and extended relatives live close by, often within the same community. This works to our advantage. By involving the family and bringing everyone together, we are able to settle the account quickly, often before we need to take possession of the property. If possession becomes necessary, rural properties are typically sold through auction. Interestingly, property prices in villages have now risen to levels higher than in some cities. In some areas, the cost per square foot has reached

INR 2,000-5,000, with construction costs also rising. We do face a margin gap, but even if the property value declines by 10-20%, we are still able to recover our money with relative ease.

Parag: Got it, sir. Got it. And sir, I have a third question. In-between you had raised a QIP. Do you have any more plans of raising capital, because your enabling resolution is of INR100 crores, if I am not mistaken sir.

Vinod Jain: Sir, we plan to raise an additional INR 50 crores by March, as we need funds to open new branches next year. This year is focused on expansion, and by March, we aim to have 100 branches in operation. After that, we won't open more branches for the next 2-3 years. Our goal is to build a strong loan book from these 100 branches over the next few years, and once that's achieved, we'll look to expand further. Since this is an expansion phase, expenses will be higher, and we will also need funding to support branch operations. Therefore, we will raise INR 50 crores in equity.

Parag: So, the equity that we will raise is basically the capital cost for branch set up, or we also need for disbursement portion of money.

Vinod Jain: Setting up a branch isn't very expensive; we can establish a branch with an investment of around INR 3-4 lakhs. The capital needed is not for branch setup itself but for equity, which allows us to leverage and grow our loan book without any business disruptions. Even without this additional preparation, we could easily sustain operations for a year. However, to expand and scale the business effectively, with a strong team and the right infrastructure in place, we want to complete this phase and move forward.

Parag: Got it. Thank you so much sir.

Moderator: Thank you. Arvind, would you like to ask question because you have been putting up the question on the chat, Arvind Kumar? I'd like to invite Nikunj Mehta to ask questions?

Nikunj Mehta: Sir, my question is that we are in FY25. How do you think SRG Housing Finance will look after five years from today, can you paint a picture, process, size, geography, lending rates, employee base, whatever you think is appropriate, how SRG will be after five years?

Vinod Jain: Nikunjji, you've asked a very insightful and tricky question, one that I'm not sure I want to fully address right now. But I'll share my thoughts. If I'm expanding to 100 branches this year, it indicates that

our future strategy for business growth is strong. We see significant potential in rural housing finance, especially with the ongoing developments in India. Villages today are very different from what they used to be. You no longer see the traditional "kacha" houses ((low income group housing without beams and columns); instead, villages now have proper roads, and most houses are built with cement and RCC (reinforced concrete), making the infrastructure much more stable.

Additionally, incomes in rural areas have improved significantly, and the earning potential in these regions is now better than in some urban areas. People in villages have a good standard of living, and they spend more. With the government's schemes largely benefiting rural areas, these communities are experiencing substantial development.

Second in the villages your earning capacity and income is much better than the city, the location it is very good. So, their income is also good and they also spend, so the villages have been completely developed. And the government's scheme mostly it comes in rural areas, so it also gets the benefit of that. And after working for so long, we thought that when we want to work at the rate at which we want, then ultimately the moto of the company should be the same, if it is the shareholder of the company, then even with less work, if you have more food and more income, then you are getting good business at the higher rate, then why should we not do it?

It is not that I am running after AUM, and I am increasing my book. My focus is that my company should have more profit with less expenses and less efforts. What I see in the next 5 years, if my business grows 5 times from here, then it will not be an exaggeration. It could be that I complete those things beforehand because we are preparing in the same way and our Pan India team is being formed, the Pan India team is also taking the same accordingly, all those HODs who are coming up are coming according to those who have taken inspiration from us. We are hiring the same team that has worked in 10 times the size.

They come on target basis and work in the same way. So Nikunji, I don't want to say much but yes, it will be decided in the next year itself. You will start seeing that what you are thinking of, what we will achieve in 5 years, you will see its results in the next year.

Nikunj Mehta:

Thank you sir, best wishes to you and your team for the season. Happy Diwali.

Vinod Jain: Thank you. Happy Diwali.

Moderator: Thank you Nikunj. Sir, there are some questions in chat from Mr. Anil Tulsiram. In rural areas it's difficult to check ownership documents and do valuation of property. How do we manage this risk, legal verification and valuation is in-house or outsourced?

Vinod Jain: Sir, we have an in-house legal and technical team. However, our in-house teams can't cover every location, so we also rely on external sources to prepare reports, which are then verified internally. Our legal department is fully equipped with a team of 15 professionals who handle legal vetting and related tasks. Each cluster has a dedicated legal officer, ensuring that the entire legal process is managed effectively.

We also have a strong technical team that handles all technical matters. It's not a case where rates or processes are fixed arbitrarily; everything is done only after thorough verification.

Regarding property documents, we ensure they are in line with the local authorities' requirements, whether it's the Sarpanch, Pradhan, or other relevant officials. Nowadays, documents are being verified through an online system, thanks to the government's new initiatives. This has significantly reduced the time required for verification.

In my view, within a year, most documents will be fully accessible online, and the verification process will be even faster. Although it's not fully there yet, we've already started online verification in many places, and these processes are improving. So, the concerns or doubts around verification are being addressed effectively.

Moderator: Sure. He has another question, by FY30 where can we see the company future by AUM, disbursement, branches and employees. It is long distance but --.

Vinod Jain: I will have to look back from 2012

Moderator: No, FY30, 2030. Sir what is your vision in terms of AUM, disbursement, branches and employees.

Vinod Jain: It wouldn't be appropriate to provide an answer right now. We should first focus on reviewing the short-term commitments we've made for this year and aim to work on them. As for the 5-year plan, that can be discussed later. By the time my pan-India team is fully established, I'll be in a better position to give you a proper response. We can revisit this

discussion in the April quarter, after we've completed one full financial year.

- Moderator:** Sure sir. Anybody else who wishes to ask a question, may drop a message on chat or raise their hands.
- Anil Tulsiram:** Can I ask question; can I ask a question?
- Moderator:** Yeah, Anil, go ahead.
- Anil Tulsiram:** Sir, we have mentioned that the monthly income of our customers is INR 30,000, I think they are only a little higher than the microfinance customers, so there are a lot of problems in microfinance, so are we seeing its effect on our customers, we are seeing some problems in the books? What is your opinion on that?
- Vinod Jain:** Sir, there is a significant difference between microfinance customers and housing loan customers. Housing loan borrowers are generally more settled, whereas microfinance clients are usually involved in small-scale businesses or basic activities. Additionally, housing loans are secured loans, and people are far less likely to default on them. Unlike personal loans or microfinance loans, where defaults are more common, no one wants to default on a home where their family lives. That's why, sir, there is generally less pressure in housing loans.
- Anil Tulsiram:** Sir and you told FY25 you said you will create 100 more branches or that you will reach 100 branches, meaning?
- Vinod Jain:** No, our total will reach 100 branches.
- Anil Tulsiram:** Well, Sir, one last question is that no credit report of yours has come after December '23. So, whom do we have now through whom we are getting our credit rating done, meaning?
- Vinod Jain:** Sir, we have CARE credit rating
- Anil Tulsiram:** It must have been December 23. Okay, no one has come since then, so I was checking if something has changed.
- Vinod Jain:** The review happens yearly, sir
- Anil Tulsiram:** Yearly, okay, thank you sir, that's it. Those were all my questions sir. Thank you, sir. All the best

Moderator: Thank you Anilji. Sir, since that was the last question for the day, we will bring this conference call to an end. Before we end the call, would you like to give any closing comments?

Vinod Jain: Sir, before we conclude the call, I want to express my gratitude to the investors for the trust and support you've shown in SRG so far. The confidence you've placed in us is something we will never take for granted. The commitments we've made and the targets we've set are not just empty promises or figures; they are realistic and achievable. From the very beginning, it has been our practice to avoid making commitments we cannot fulfill.

Whether the market is performing well or poorly, we remain transparent and grounded in our approach. We don't see our investors as just stakeholders; we view them as part of our extended family, working together to drive the company forward.

I'd also like to mention the new generation leadership with Archis Jain now as CEO. His deep knowledge and experience in rural housing finance will be a great asset. When someone from the family spends 15 days in the field, it builds a strong foundation for the future. We believe this hands-on experience will benefit the company in the years to come.

With that, I conclude my remarks. We sincerely hope your trust in us continues to grow. Jai Jinendra. Thank you.

Vinay Pandit: Thank you sir, and wish you all a very happy Diwali. Thank you to all the participants for joining on the call and thank you to management team for their valuable time.