pnb Housing Finance Limited
Ghar Ki Baat

Ref: PNBHFL/SE/EQ/FY25/98
Date: October 28, 2024

The BSE Limited
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip Code: 540173

The National Stock Exchange of India Limited
Listing Department
"Exchange Plaza"
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051
Symbol: PNBHOUSING

Dear Sir(s),

Sub: Transcript of Earnings Conference Call held on October 24, 2024 – Q2FY25
Ref: Our letter PNBHFL/SE/EQ/FY25/93 dated October 24, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, please find attached the transcript pertaining to the earnings call held on October 24, 2024 on Un-Audited Financial Results (Standalone and Consolidated) of the Company for the 2nd quarter and half year ended September 30, 2024.

A copy of the same is also placed on the website of the Company www.pnbhousing.com

Kindly take the above document on record.

Thanking You,

Yours faithfully,
For **PNB Housing Finance Limited**

Veena G Kamath

Digitally signed by Veena G Kamath
DN: cn=Veena G Kamath c=IN o=Personal
Reason: I am the author of this document
Location:
Date: 2024-10-28 17:20+05:30

Veena G Kamath
Company Secretary

Encl: As above.

“PNB Housing Finance Limited Q2 & H1 FY’25 Earnings Conference Call”

October 24, 2024

MANAGEMENT: **MR. GIRISH KOUSGI - MD & CEO**
MR. VINAY GUPTA – CFO
MR. DILIP VAITHEESWARAN - CHIEF SALES OFFICER (PRIME & EMERGING BUSINESS)
MR. ANUJAI SAXENA -BUSINESS HEAD FOR AFFORDABLE BUSINESS
MR. JATUL ANAND - CHIEF CREDIT & COLLECTIONS HEAD (PRIME & EMERGING BUSINESS)
MR. ANUBHAV RAJPUT - CHIEF TECHNOLOGY OFFICER
MS. DEEPIKA GUPTA PADHI – NATIONAL HEAD (IR AND TREASURY)

Moderator: Ladies and gentlemen, good day, and welcome to the PNB Housing Finance Limited Q2 & H1 FY'24-25 Earnings Conference Call.

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

I now hand the conference over to Ms. Deepika from PNB Housing Finance Limited. Thank you, and over to you, ma'am.

Deepika Gupta Padhi: Thank you. Good evening and welcome everyone. We are here to discuss the PNB Housing Finance Q2 & H1 FY'24-25 Results. You must have seen our Business and Financial numbers in the Presentation and Press Release shared with the Indian Stock Exchanges and is also available on our website.

We would like to apologize because we could upload the Presentation and the Press Release just few minutes back due to some technical error, we will try to cover maximum in the update to be given by the Management Team.

We have our entire Management sitting over here led by Mr. Girish Kousgi – our Managing Director and CEO.

We will begin this call with the "Performance Update" by the team.

Please note this call may contain forward-looking statements, which exemplify our judgment and future expectations concerning the development of our business. These forward-looking statements involve risks and uncertainties that may cause actual development and result to defer materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. A detailed disclaimer is on Slide #51 of the Investor Presentation.

With that, I will now hand over to Mr. Girish Kousgi. Over to you, sir.

Girish Kousgi: Good evening to all my investors. Welcome to the Earnings Call.

Before I get into Quarter 2 & H1 FY'25 performance, I would like to highlight that the Affordable segment "Roshni" loan book has crossed Rs. 3000 crores mark this month, making us the fastest growing HFC in an Affordable segment. It is a significant milestone towards the stated target of Rs. 15,000 crores Affordable loan book by FY'27.

On the loan book, last year the Retail Loan book grew by 14.1%. Quarter 1 FY'25, the book grew by 14.4% and this quarter the Retail Loan book grew by 16.2% to Rs. 67,970 crore as on 30th September 2024. This is against the stated guidance of 17% for the Financial Year.

The Corporate book is at Rs. 1,531 crore as on 30th September 2024.

The total loan looks to that Rs. 69,501 crore and asset under management is at Rs. 74,724 crore.

The total live account serviced by the Company crossed 3,00,000.

The Affordable and Emerging Market Segment share in the Retail Loan book is witnessing an increasing trend and is at 23% as on 30th September.

The Affordable segment has shown a remarkable growth of 300% on a YoY in loan book at Rs. 2959 crore. We have crossed Rs. 3000 crore loan book as of now.

The Emerging Market Segment has shown the loan book growth of 22% YoY at Rs. 12,545 crores.

As per the strategy, the growth in the Prime book is a balancing number and the Prime book grew by 11% as on 30th September 2024.

In terms of reach, we currently have a strong network of 303 branches across 20 states and we plan to open 50 branches in this financial year with the majority to be opened for Affordable business. With this large presence, we are ready to capitalize the opportunity available in the Affordable and Emerging Market Segment in Tier-2 and Tier-3 cities.

We had a phenomenal quarter with disbursement of Rs. 5,341 crore in Quarter 2 FY'25, representing a growth of 28.2% on a YoY basis and 21.5% on quarter-on-quarter basis.

As laid out in our strategy, we continue to focus on the Affordable and Emerging Market Segment. Both these segments contribute 31% of the total Retail disbursement of Quarter 2 FY'25.

The disbursement in the Affordable segment grew at a rapid pace of 68.5% YoY to Rs. 630 crore in Quarter 2 FY'25.

The disbursement for the Emerging Market Segment registered healthy growth of 31% YoY at Rs. 1,035 crores.

The Prime segment business grew by 23% YoY at Rs. 3,676 crore in Quarter 2 FY'25.

The Company is expected to start Corporate business in next few months. The Corporate segment will further help us in yield and Retail business.

The incremental yield in the Affordable segment increased to almost 12% in Quarter 2 FY'25 as compared to 11.4% in Quarter 2 of the previous year. We are consciously increasing the yield in Affordable segment.

The incremental yield in the Emerging Market Segment is 9.8% in Quarter 2, which is 45 bps more than Prime segment.

On PMAY Interest Subsidy Scheme, with the Government focus on the Affordable segment, that is EWS (Economically Weaker Sections) and mid-income group and the PMAY inter-Subsidy Scheme, close to 1 crores customers are expected to benefit over the next five years. This leads to a huge opportunity for players like us with Pan India presence and special focus on Affordable and Emerging Market Segment. The Company is geared up to source business from all its 303 branches under the Interest Subsidy Scheme.

On asset quality, GNPA improved by 11 bps to 1.24% this quarter. Last quarter, the GNPA was 1.35%.

During the quarter, we recovered Rs. 48 crores from Retail written-off pool in comparison to Rs. 28 crores in Q1'FY25. We expect to continue recoveries from written-off pool from both Retail and Corporate books. The Company has a written-off pool of around Rs. 1,250 crores in Corporate and Rs. 500 crores in Retail.

Our cost of borrowing has reduced by 8 bps sequentially to 7.82% in Quarter 2'FY25.

In Quarter 2'FY25 PAT stood at Rs. 470 crores registering a growth of 23% on a YoY basis.

Net interest margin increased marginally at 3.68% during the quarter as compared to the previous quarter.

We reiterate our guidance is 3.5% on NIM. We will be able to manage NIM at the current level for the next couple of quarters.

Our efforts across parameters aided in improving profitability, our return on assets improved to 2.54% in Quarter 2 and H1'FY25 at 2.45%. Return on equity was at 12.42% annualized for Quarter 2'FY25

Now I hand over to Vinay to cover on financial.

Vinay Gupta: Hello, good evening to all and welcome to Q2 & H1 FY'24-25 Earning's Call. I am happy to report strong Financial Performance across all parameters during this quarter.

Driven by strong business performance with disbursement growth of 28%, loan book growth of 14.2% and Retail Loan book growth of 16.2%, our overall PAT has grown 23% year-on-year and 9% quarter-on-quarter to Rs. 470 crores in Q2 FY'25.

Overall, interest income has grown 4.5% year-on-year in Q2. However, this is colored by declining Corporate book over the years. Kindly refer to Page 35 of the deck wherein we have shared separate P&L by segment for Retail and Corporate.

The Retail segment gross income has actually grown by 17% year-on-year and operating profit that is pre-provision operating profits grew by 16.4% year-on-year in Q2.

Cost of borrowings reduced by 8 bps sequentially to 7.84% in Q2. The decline in cost of borrowings is driven by the benefits of rating upgrades leading to competitive borrowing from debt capital market.

The Company also received ECB sanction of USD 125 million which is at a very competitive rate. This has ensured that the spreads have improved from 2.11% to 2.21% during Q2'FY25. NIMs have also improved to 3.68% during Q2'FY25 versus 3.65% in the previous quarter, largely driven by the lower cost of borrowings. However, we reiterate we maintain our guidance of 3.5% NIM for the current year.

With higher contribution of business now coming from Affordable and Emerging verticals, the NIM should start improving from the next year onwards.

Gross margin is maintained at 4.1% in Q2'FY25 versus around 4.03% in the previous quarter.

In Q2 FY'25, operating expenses have grown by 19% year-on-year to Rs. 199 crores. This is largely due to branch expansion done in "Roshni" and Emerging vertical during Q4 of the last financial year wherein we have added 100 branches. Excluding fresh investments done in these 100 branches, operating expenses would have grown by around 9%. This fresh investment will definitely help in profitable growth going forward.

On credit cost, as mentioned earlier, it remains benign even during Q2 due to recovery of INR 48 crores from the written-off pool in this quarter.

Overall credit cost is at 24 bps for Q2 FY'25. Our ROA improved by 30 bps year-on-year to 2.54%, which was 2.38% in the previous quarter. ROE has also reached 12% for Q2 FY'25.

The Company has maintained an average daily LCR of 193% against the regulatory requirement of 85%. We have also maintained SLR of 15% on public deposits as of 30th September against the regulatory requirement of 13%.

The capital adequacy stands strong at 29.13% with Tier-1 at 28.1%.

With this strong all-round performance during Q2, we are on track now to deliver on our business growth guidance for the current financial year.

Deepika Gupta Padhi: Thank you Vinay. And I will now request the Dilip – our Chief Sales Officer for Prime and Emerging business and deposits to give segmental performance update.

Dilip Vaitheeswaran: Thank you, Deepika and good evening, friends. Welcome to the call. I appreciate your taking the time out late in the evening.

I am delighted to share with you that we had a really good quarter in the Prime and Emerging Markets businesses for the Company. You have heard some of the numbers from Vinay and Mr. Kousgi. You will see them in the Investor Presentation as well.

Over the next few minutes, let me try and give you some color of these businesses as to what they are and how they have fared in this quarter for us.

I will start with Emerging Markets first:

We took this decision to reorganize our branches and teams into Prime and Emerging Markets because we believe that these set of geographies, or branches have room to:

#1. Grow at faster pace.

#2, Also give us higher yields on incremental disbursals.

So, we carved out 50 branches. We started off this business as a separate one, about two quarters back.

Firstly, let me speak of which are these markets:

About 60% of these branches are in the South as on date. So, we are talking of most of Tamil Nadu except Chennai, branches in AP but not Telangana or Hyderabad, and all of Kerala. Even in the North, we consciously chose the Tier-2 markets so that some parts of UP, but not Lucknow, large share of Rajasthan but not Jaipur. So, in these markets, our ticket size is around Rs. 25 lakhs whereas our ticket size on the Prime side of the business is about Rs. 35 lakhs.

So, at the end of two quarters, we are very pleased to see how the business has started off here. Disbursal in these markets like you heard has grown at 31% YoY. The book has grown at 22%, it's crossed Rs. 12,500 crores. We had set out a guidance saying over the period of two to three years, we will have a difference in yield of 75 to 100 basis points between the Prime and the Emerging Markets side. In two quarters, we have already achieved 45 bps. So, the difference in incremental yields between Prime and Emerging Markets is now 45 bps. In fact, in these

Emerging Markets, we took the yields up by 40 bps in six months as compared to what it was at the end of Q4.

In terms of product mix, NHL gives us about 35% of incremental disbursements in these markets. Again, this is a yield accretive business. It fetches us a good (+100) bps of premium over home loans. In these markets, 63% to 64% of our business is sourced by our internal team, which is our in-house origination team. About 37% is originated by our third-party distribution DSA. When we are doing all this and we are wanting to grow this business more, the asset quality in these set of branches, the NPA levels is on par with those in the Prime branches, if not better. So, we are very pleased to have made this decision. It seems to be paying off well. It has taken off very well. We only see this business becoming bigger for the Company, along with "Roshni", in the quarters to come.

Mr. Kousgi mentioned that Emerging Markets and "Roshni" are now at about 31% of the Company's Retail loan disbursements as of Q2. Now this number or this metric by design will only go up in the quarters to come.

Now coming to the Prime Markets:

So, most larger cities of the countries, the metropolitan cities like MMR or NCR, Bangalore, Chennai, Hyderabad, Pune, even the bigger cities like Lucknow, Chandigarh, etc., they fall into what we classify as Prime markets. Since these markets have a higher share of contribution to the economy itself, they are larger markets for housing loan demand as well. So, obviously we witnessed more competition in terms of pricing in these markets. That's why the yield on incremental disbursements in these markets will be a little lower. But owing to the sheer size of these markets, they will continue to contribute more to the growth for most lenders as is the case with us. So, on the Prime market side, we had a very good quarter on disbursal, on runoffs as well as margin improvement. We managed to grow our disbursements by (+22%) in these markets. The book grew by about 11% to Rs. (+52,000) crores. And on this side of the business, while we are working on growth, we are also working hard on restricting our runoffs. So, our runoffs here came down to below 17% on an annualized basis. Now this is a good (+2%) reduction YoY. This improved (+40) bps QoQ sequentially as well.

And while we are wanting to grow in these markets for bottom line reasons, we are also making the shift down the income pyramid from HNIs or Super Prime to the Prime or the Mass Affluent segments. So, the incremental disbursals are more granular in nature. Just to give you a metric, 97% of the disbursements in these markets stood at loans below Rs. 3 crores, which is much lower than what the Company used to do historically. In these markets also, we managed to take the yields up. Incremental disbursements yield moved up by 15 basis points in six months.

I would also like to share an update on investments and new branches:

We opened about 35 new branches in Quarter 4 of FY'24. I am happy to share that all these branches are now fully operational. They are active on incremental disbursements for us. They contributed 10% of the disbursements across Prime and Emerging Markets for Q2 for us. This number was 6% in the previous quarter. So, this should only go up in the coming quarters.

So, to summarize:

Growth in business is auguring well on the back of investments in geographies and technology. We want it to grow more in the margin accretive businesses, be it Emerging Markets, be it NHL, we are seeing that happen. The shift in the customer segment and Prime markets is happening as planned. The shift in the geography mix is also trending in the direction we want.

Just to give you an update across Prime and Emerging Markets, (+50%) of the incremental disbursements are now coming from non-metros, this is the first time across these businesses. And the asset quality for these businesses continues to hold up and improve quarter-on-quarter.

So, we believe that good performance in Q2 is the testimony to the fact that we are on the right path and we will only move forward on these businesses on all our imperatives – "Growth, Margins and Asset Quality".

Thank you. And back to Deepika.

Deepika Gupta Padhi: Thank you. I will now request Anujai – our business head for Affordable business to update on the Affordable business performance.

Anujai Saxena: Thank you, Deepika. Good evening everyone. It is my pleasure to take you through the excellent outcomes that we have achieved in the last quarter in our "Roshni" business.

We have ended the last quarter at a loan book of Rs. 2,959 crore and I am happy to share that we have become the fastest growing company in the Affordable housing space to cross the loan book of Rs. 3,000 crore this month. We have achieved this milestone in the 22nd month of our operation.

Our journey in the Affordable Housing Finance Space started in January '23 with "Roshni" business disbursing Rs. 5 crores of loans in that month. Executing well on our strategic plan, we reached the monthly disbursement rate of around Rs. 100 crore per month in about 6 months' time by July '23. We were the fastest in the Affordable Housing Finance space to reach a loan book of Rs. 1000 crore in just eleven months' time by November '23. We opened our 100th branch in December '23. Incidentally, this branch was also our first women only branch that were set up in Chennai. With increased branch footprint, our loan book growth was even faster from thereon and we ended the FY'24 at the loan book of Rs. 1,790 crore in March '24.

As I mentioned, we crossed Rs. 1,000 crore of loan book in November ’23, the next Rs. 1,000 crore came even faster, and we crossed loan book of Rs. 2,000 crore in the next six months by May ‘24.

We also opened 60 more branches in Q4 of last financial year. I am happy to share that all these new branches have been fully operationalized in the last few months. With these 160 branches across the country, we are catering to 130+ high potential targeted districts across 13 states in the country.

We are operating in the three zones and contribution is evenly distributed amongst all these three zones. North zone accounts for 34% of our business. Contribution from the West zone is about 36% and South accounts for 30% of our business. We have a national presence, and this helps us in scaling up faster across all regions in the country.

In the last few quarters, we have worked hard to expand and strengthen our distribution. We have empanelled close to 2,000 connectors through our “Roshni” Sarathi program. We have also empanelled close to 500 channel partners for DSA partnerships.

We have also strengthened our vendor support network for legal, technical, FI and FQ related checks with more than 1,000 empanelled vendors across the country. We have also used technology solutions extensively to strengthen our operational framework.

The last quarter has been our best-ever quarter in terms of logins and sanctions, and we have been able to build a robust pipeline which will support the business growth going forward.

Roshni loan book has witnessed a 3x year-on-year growth as we have ended the last quarter at a loan book size of Rs. 2,959 crore as compared to Rs. 745 crores that we had at the end of Quarter 2 of last financial year. Quarter-on-quarter growth in the loan book stands at 25% plus.

Roshni disbursements have also seen a robust growth, year-on-year growth of 68.5% as we disbursed 630 crores of loans in the last quarter as compared to 374 crores of loans same time last year.

While we have grown our disbursements significantly, it is important to note that we have also improved our incremental yields simultaneously. Yields for incremental business have gone up to close to 12% this quarter as compared to 11.4% same time last year and 11.58% in the previous quarter. We have been able to improve our yields through an increased focus on higher yielding segments and products.

Self-employed sourcing has gone up to 43% in the last quarter as compared to 35% last year. Sourcing from informal income segment has gone up to 29% in the last quarter as compared to 23% previous quarter.

Our non-home loan sourcing has also gone up to 35% in the last quarter as compared to 25% same time last year. With most of the new branches getting opened in tier 3 and tier 4 locations, this will become an additional factor, and we are confident our yields will continue to improve.

On the portfolio quality side, we don't see any early warning signs. As I mentioned earlier, we have been able to execute really well on the strategic plan that we have for "Roshni" business, and we are confident that we will be closing this financial year with a loan book of close to Rs. 5,000 crores. Thank you.

Deepika Gupta Padhi: Thank you, Anujai. I will now request Jatul – our Chief Credit and Collections Officer for Retail, to talk about Credit and Collections performance.

Jatul Anand: Good evening, everyone.

Moving on to cover the portfolio quality and credit:

Well, I can say that our PNB Housing is risk first and business next. Credit underwriting plays a crucial role in driving business and building a strong portfolio ensuring sustainable portfolio quality. This function here operates independently assessing both the financial capability and collateral through dedicated legal and technical units.

The Company today manages a robust and seasoned portfolio of around INR 68,000 crores consistently achieving steady year-on-year growth. With a deep understanding of the various phases of the mortgage industry and the relevant experience of our team, we make informed onboarding decisions.

This expertise allows us to build a diversified portfolio, maintaining a balanced distribution across various industry segments, low and mid-ticket size cases being focused, and a healthy mix of salaried and self-employed customer segments.

As the business grows organically, our well-established centralized monitoring mechanism conducts periodic dip testing of the portfolio on us and off us providing an eagle eye view of our business health. So, as we speak, our portfolio shows no sign of stress.

Covering the credit process flow evolving around login, credit appraiser, collateral assessment and finally the disbursement, each of these stages ensures that the lending process is thorough, minimizing the risk and maximizing the profitability of repayment.

Right from the loan application submission, which is done through our digital platform till disbursement, at each stage of the appraisal, one or another digital tool deployed by the Company is used. Be it the e-verification of documents to automated CAMs and bank statement verifications etc. This ensures faster and timely delivery to the customer.

Now moving to the portfolio highlights for Quarter 2 of the current year:

The Company witnessed business growth as already mentioned. As envisaged with respect to focus areas of control, 94% of the fresh sanction volumes have ticket size of up to 1 crore. 87% of our incremental business had a bureau score of more than 700.

Having all the checks and balances in place with respect to prudent appraisals and managing early mortality, the delinquency in the business book till the last few quarters is well within the tolerable limits.

To give you an idea as on 30th September, (+30) from last 12 months origination is 0.1% and with the major NPA that is (+90) is 0.02%. If I go back and see the last 24 months also, (+30) is 0.43% and NPA is 0.09%. So, that gives us the confidence to enable business growth with sustainable portfolio quality.

Now moving further to collections and recoveries. The Company has been witnessing a successful trend over the past few quarters with a complete grip on delinquent accounts, various approaches of curing meters put to use ensuring sequential reduction in NPA quarter-on-quarter.

The strategy which we designed in the recent past and implemented at ground is yielding desired results as per our plan. Resolutions across buckets have been improving driven by strategic interventions both from a process excellence and technology leverage point of view.

The focus continues to remain on early delinquency management through leveraging deeper analytics and focus to increase self-curing of early delinquency, deployment of predictive AI models to improve accuracy on pre-delinquency management and ongoing monitoring and prompt resolution of any early mortality cases arising from the recent acquisitions.

And the next focus area which is to arrest the vintage delinquency is control over the NPAs and recovery from the written-off pool. This is being enabled with the use of effective legal tools or measures to restrain delinquency, leverage of end-to-end technology through a collection application which is being used to track the collection field team performance, digital capturing of payments and enables us to review through dashboards and various analytics.

Optimizing the process for one-time settlements and reserve price fixations etc. strengthened our auctioning process. I will just cover the numbers in a minute to go and month-on-month consistency of sale of re-possessed assets by taking one-of-its-kind industry-wide initiatives, which has really helped us to get to the desired results.

Over to quarterly update, the Company closed the second quarter building on the momentum we established in Q1. Performance was robust in Q2, whereby we beat our Q1 numbers on almost all the measurable success metrics.

Our ongoing rigor on SARFAESI saw us take over 300 possessions in Quarter 2, which is far more than what we did in Q1, close to 170 odd possessions. Further to dispose of these assets, we successfully sold out 134 properties in Q2, as against 98 in Q1, through the auctioning channel. So, this has been a success in disposing of the assets as well as the reduction in NPAs by taking one-of-its-kind initiatives as I talked about, be it marketing, be it creating awareness to dispose of these assets.

In terms of recovery from the technically written-off pool, we collected almost around 50 crores in Quarter 2, as against 28 crores in Quarter 1. So, the strong control over recovery and resolution mechanism has set the growth trajectory in terms of robust portfolio with even lower delinquency.

Given the proficiency in handling all aspects of collections, recoveries to sale of assets and overall resolution mechanism over the last few quarters, the Company has set a path for reducing NPAs further and build a robust portfolio with steady growth. Thank you.

Deepika Gupta Padhi: Thank you, Jatul. I will now request Anubhav, our Chief Technology Officer, to talk about the tech initiatives and its progress.

Anubhav Rajput: Thank you, Deepika, and a very good evening to all. PNB Housing Finance technology function continues to evolve on the part of transformation agenda that was initiated in Quarter 4 of FY '24.

I am pleased to share that as part of our transformation journey, we have upgraded and replaced our key core platforms like CRM, Dialer, LOS, website and deposit.

We have also introduced additional tech-led channels for sales, collections, operations and customer service functions. All the new platforms are high-performing in terms of functionality, features, capacity and performance. The new and upgraded platforms are set to deliver long-term robust tech capabilities for our business segments and customers.

Our long-term technology vision is to be recognized as a large tech-led digital player in the HF ecosystem, partnering with various fintech, banks and aggregators through scalable digital platforms and tech services which are integrated end-to-end.

All our technology investments are aligned to the business strategy and direction and focus on five strategic pillars. The first is delivering a frictionless customer experience. This aims to simplify and enhance experience for our customers across all channels and touchpoints.

We have launched a new website that provides far more information and the same is disseminated to our customers and prospects. We have introduced self-service channels like chatbots and WhatsApp bots where almost 17% to 18% of customer requests are being self-serviced 24 by 7.

Our second strategic pillar is end-to-end sales enablement. Initiatives like introducing a sales mobile app for our frontline, automated lead scoring and allocation have been implemented. We have also introduced a fully functional app for our collection agents to be better equipped with all data and details in a secure manner to improve collection efficiency.

The third pillar is creating underwriting at scale. This focuses on our credit function where we have built several calculators. Automation for underwriting includes digitization of complete underwriting rules using a robust rule engine and the same have been implemented and used widely.

Our fourth pillar and focus area is to evolve into a data-driven enterprise. We continue to invest in building data analytics capabilities across organizations. We are in the process of setting up a vast data lake to build our integrated analytics to view pan enterprise and business segments which will be used for developing the numerous analytical models for prediction of risk, delinquency, conversion propensity and for MIS reporting across hierarchy for better management and control of the business.

And our last pillar of focus is Tech Innovation & Performance. While delivering superior business capability, we are also focusing on building internal tech skills and capabilities specifically in areas around cloud, mobility, engineering, performance engineering, tech monitoring, and information security, which are very relevant in the technology landscape of today.

In recent quarters, we have automated a considerable part of our customer service touchpoints and we have used digital canvas for customers to connect with us. As on date, these service channels are working well for us and have led to improvement in CCAC as well as unlocked better productivity for our operations teams.

Sales enablement initiatives includes introducing modern and integrated LOS platform that has better control workflows and improved form-filling capabilities for automation and integrations.

During the onboarding journey, we are now more than 80% digitized for the Affordable segment and we are launching the pilot phase for Prime and Emerging business segments.

Entire field collection team is enabled with a robust mobile app that provides all details of delinquent cases, field tracking, complete payment automation workflow and associated capabilities for collection agents to leverage.

Lastly, we have set up 24 by 7 information security monitoring capabilities and continue to build resilience on our technology platforms in line with the new and emerging cyber threat landscape. Information access for users is also controlled using relevant tools, which work purely on a zero-trust architecture model. Thank you.

Deepika Gupta Padhi: Thank you Anubhav. Sagar, we can open the forum for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: First of all, congratulations on a good quarter and again, congratulations to Girish sir for recently completing two years at PNB Housing. First of all, thank you for, very enhanced disclosures that you are giving in the presentation. I think we also started to note incremental yields.

So, I think that's where my first question also was, that in terms of incremental yields that we have given out in Prime, Emerging and Affordable, what proportion of this increase in incremental yields that we have seen over the last two quarters has come from our product mix change and what percentage has come from an increase in yields that you have been able to take in home loans?

Girish Kousgi: Thanks for the compliments. So, the plan this year was to increase the yields on all the three segments starting from Affordable, Emerging and Prime. So, we started focusing on increasing the yields, let's say, from June of this year because Quarter 1, given the constraints and cyclical in nature and therefore we started this couple of months late and we have seen good traction.

So, if you look at any of these segments, whether it is Affordable, Emerging or Prime, yield is driven largely by customer segment, geography, product and the program mix. So, these four things have driven to an increased yields in all the three businesses, Prime, Emerging and Affordable.

Abhijit Tibrewal: And sir, I mean, just a related question on yields again. Emerging, Affordable, we can understand. But the fact that you are also able to take yield improvements in Prime is just commendable, given the kind of competitive landscape that we have in the country. So, what is allowing us to improve yields even in Prime?

Girish Kousgi: So, as I mentioned, even on the prime side, we are where we are and we will be always exploring opportunities, sub-segments within Prime so that we can try and increase yield. It is also a combination of the program and the product mix and customer segmentation within the Prime.

Dilip Vaitheeswaran: To add to what Mr. Kousgi said, Abhijit, the two bigger levers in Prime side of the business which have helped improve yields, one is shift down the pyramid. So, we have vacated the sort of ultra-HNI kind of customer segment. We see the possibility to charge better premiums when you go down the income segment. That is number one.

Second is a little bit of product mix as well. We are doing a little more NHL than what we used to do earlier. We are also trying to see if we can move up that ladder. A combination of these and some of the factors which Mr. Kousgi explained is helping us increase the yields.

Abhijit Tibrewal: Thanks, Dilip. My second question was on margins. When Vinay sir was giving out his opening remarks, I think I heard that margins have been good for the first half of the year. We are still guiding for a margin of 3.5%. So, I mean, should we then conclude that maybe for next two quarters, we could see some NIM volatility and then as per your guidance, NIM should start improving from the next year onwards?

Girish Kousgi: See, NIMs will start improving maybe after two, three quarters' time as I have been mentioning since a very, very long time. We are putting in all efforts to protect the NIM. We have given guidance of 3.5%. That is the threshold. So, NIMs will be upwards of 3.5%, while the endeavor will be to try and maintain at around 3.65%.

Abhijit Tibrewal: So, the last question again is, I think you have guided that for the next four to six quarters, we will continue to see recoveries from the written-off pool. I think, this was the second quarter where we took our provision write-offs, our provision write-backs into P&L.

So, I want to understand two things in terms of recoveries. One is, when we go for repossessions and auctions in retail, what is the recovery that we see? In other words, what is the haircut that we are seeing in retail when we go for recoveries?

And secondly, given that you spoke about almost Rs. 1,250 crores of written-off pool in Corporate and Corporate recoveries we know can be lumpy, anything happening on the Corporate recoveries and are you expecting any Corporate recoveries in the second half of this fiscal year?

Girish Kousgi: Yes. So, as of now, we have Rs. 1,250 crores written-off pool on the Corporate side and 500 crores on the retail side. And if you look at Quarter 1, Quarter 2, I think together we have done about 28 plus 48 crores in Quarter 1 and Quarter 2, a little over 75 odd crores. So, this story will continue for next four to five quarters.

On the Corporate side, as I had mentioned in the last earnings call, we were able to recover a bit in Quarter 1. So, in H1 FY25, we can expect good recovery on the Corporate side, also on the retail side.

Abhijit Tibrewal: So, this is useful.

Girish Kousgi: I think I did mention H1 FY25. I think in H2 FY25 we are expecting recovery from Corporate also and retail recovery would continue for next five to eight months.

Moderator: The next question is from the line of Renish from ICICI. Please go ahead.

Renish: Sir, first question again on the credit cost side. So, of course we do understand that the revamped collection underwriting structure is helping us in better recovery, etc. But on a normalized basis, given now Corporate is only 2%, so what kind of a steady-state credit cost one should assume in retail business, especially when we are, let's say, over the next couple of years, Affordable and Emerging will be larger piece than Prime? In a way, these two segments would be slightly more vulnerable than Prime. So, what's the steady-state credit cost one should assume for PNB Housing going ahead?

Jatul Anand: So, on a steady state, for example, we have given guidance in terms of retail book growth, reaching 1 lakh crore by FY '27 with a mix of 15% in Affordable, 25% in emerging and the balance in prime. So, on a steady state, given the mix between these three segments and corporate, we should look at credit cost of about 40 to 42 bps, in the medium term this is expected to be around 30 bps as earlier guided.

Girish Kousgi: So, I think, see, on Prime, we are expecting on a steady-state credit cost of about 18 bps, on Emerging around 23-24 bps. On Affordable, since we are focusing on the low-risk and within-this segment, we are expecting about 50 bps.

Renish:

Sir, second question, again, on the yield side in the Prime segment, as Abhijit was mentioning, this is one of the most competitive products per se, and in that segment, from last 2-3 quarters, we are seeing the steady-state improvement on the disbursement, as well as the book yield as well. So, I mean, I do heard that we are vacating Ultra HNI and sort of for going down the pyramid, but structurally, what are we doing to sustain this kind of a yield on a more sustainable basis?

Dilip Vaitheeswaran: Yes, Dilip here. Like I said, we are trying to be on the fringes of the outskirts of the city. We are trying to cater to middle-income customers. We are trying to do a little more of NHL as compared to earlier. Between these 2-3 levers, we are able to fetch higher yields than before, and this is a journey. We have just started off. We have walked about 15 bps in the last 6 months. We believe there is still room for improvement there.

I remember mentioning this in our earlier conversation as well, even if you take cities like Bombay, Delhi, NCR, the yields that the ultra-HNIs give us in the middle of the city are very different from what you get when you go to the outskirts of the cities. Even to catering to salaried middle income customers or self-employed customers gets us better yields. So, between these two, three things and a little bit of product mix NHL, we believe that we will be able to take the yields up. And early results seem to be showing that we are in the right direction. We will be moving ahead on this path.

Renish: So, does that mean there is a significant change in the ticket size?

Dilip Vaitheeswaran: Not really. It has come down a little. On the Prime side of the business, we are in the range of 35 lakhs. We are trying to be more granular. Four, five years back, historically we used to do many more cases which were sort of 5 crore plus and that has come down.

Renish: Yes, that's what. So, earlier maybe we were in crores, now we are in lakhs.

Dilip Vaitheeswaran: Yes, a little.

Renish: And my last question on the cost of borrowing side. So, despite the rating upgrade, incremental cost of fund has increased maybe marginally by a certain basis point. But ideally, incremental cost of fund should have come down, right? I mean, post rating upgrade. So, what am I missing here?

Vinay Gupta: It is basically, Renish, due to some mix as the bank mix between short-term and long-term do keep changing quarter-on-quarter. That has led to some impact between Q1 and Q2. We have also got some ECBs and NCDs traction starting from Q2, which is also playing out for improving the diversity and mix perspective.

Renish: So, basically, just the mix change which is impacting this, there is nothing much to read.

Girish Kousgi: And also, if you see, we got the rating upgrade in Q4 of last year and Q1 of this year. So, that will play out. And also, if you look at the difference between us in terms of cost of borrowing and some of the other leading companies, I think the gap is not much. So, we will be able to cover that up and also in next three to four quarters' time, it's question of time, we are also looking at possible upgrade and we should further improve on the cost.

Vinay Gupta: However, having said that, I mean, overall borrowing cost from the portfolio has improved by 8 bps. So, there we have worked across all the instruments.

Moderator: Thank you. Next question comes from Nilesh Jethani from Bank of India Mutual Funds. Please go ahead.

Nilesh Jethani: My first question was on the Affordable side. Just wanted to understand considering this 160 locations where our branches are present, any sense or any understanding, the Corporates which are operating around us, what could be typical AUM per branch for them, and of course, what kind of AUM per branch are we aspiring to when we target to reach this Rs. 15,000 crores AUM by FY27? That is question number one. Question number 2 is on what are you planning to do on the Affordable side trying to garner market share in Tier-2, Tier-3 cities or we are targeting mix of virgin and market share gain, just wanted to understand the philosophy?

Girish Kousgi: See, in terms of growth, we had guided 17%, so this could improve in next couple of years since we are trying to scale up on all the 3 segments within retail. Now, looking that CAGR in terms of all the 3 businesses and what we have spoken, we are expecting to reach a book of about Rs.

1,00,000 crores by FY27. So, this by FY27, today we are at 303 branches, so in the next 3 years starting from this year, we will be able to reach to a level of 500 branches, so this split is going to be all the branches what we are going to open in future, I think 75%-80% will be on the Affordable side and the rest will be on the emerging side. I think 500 branches, 1,00,000 retail book by FY27 that is the plan and we plan to grow at about let us say this year we have guided 17%, next couple of years could be slightly high. I think that is the plan. In terms of the Affordable specifically, I would request Anujai to.

Anujai Saxena: On the Affordable side, we will just try to set some context. When we were working on the distribution blueprint for this business, we realized that here there are about 155 districts across the country out of 550-600 districts that we had at that point in time. So, around 155 districts were found to be high potential districts for our kind of targeted business and out of these 155 districts, so far through these 160 branches, we are catering to about 130 plus districts already. These districts are concentrated in about 14-15 states in the country. Out of these 14-15 states, we are already in some form we are present in about 13 states. Within these 13 states and plus, there are a couple of more states which we want to target, there is ample opportunity to open about 150-200 more branches.

Nilesh Jethani: And on the AUM per branch, just wanted to understand currently in the locations where we are operating, our competition would be operating at what kind of AUM? Just wanted to understand today our AUM per branch optically looks much lower considering the faster growth in branch addition what we have seen? And we wanted to understand, say from tomorrow itself hypothetically we stopped adding branches. So, what could be AUM per branch potential for us in the current location itself?

Anujai Saxena: So, I think talking about Affordable, if you see some of the matured branches for us, we have reached little over Rs. 2 crores per month. So, we feel that on the Affordable side, on an average, branch could reach a potential of about doing Rs. 3.5 crores disbursement every month. So, that is, let us say, after 12-15 months from the start. So, depending on the vintage of the branch and the location potential, I think the branch could reach, let us say, about Rs. 3.5 crores on an average.

Nilesh Jethani: I am sorry to again settle back on the question. So, when so you mentioned that in the current location there is scope to add even 150 more branches. So, this refers to these are underserved area or we can capture the higher market share in a decent sized market. What is the thought process?

Anujai Saxena: See it will be a combination of Tier-2, Tier-3 and Tier-4, right, it will be a combination of yield and volume. So, it will be a mix of these two. For example, Tier-2 and Tier-3 would get us more volume and part of Tier-3 and Tier-4 give us a better yield. So, it is a combination of these two which is why I mentioned I think one branch in the month can reach to the max potential of on an average Rs. 3.5 crores. For example, some of the Affordable branches, let us say in cities like

Bangalore, Chennai, Hyderabad could do even Rs. 7-Rs. 8 crores per month and some of the branches in Tier-4, they could do, let us say Rs. 1-Rs. 1.5 crores, but the yield is going to be much higher. So, it is a combination of both yield and volume.

Nilesh Jethani: And one question on the Corporate side, wanted to understand the plan to rebuild up or refocus on Corporate from next quarter onwards or maybe the next two? Just wanted to understand how different this is going to be versus the earlier avatar PNB used to Fund. So, how different are we this time?

Girish Kousgi: So, two things will be starting Corporate in the next couple of months and this time it will be very different. We will stick to the basics, and we will focus on ticket size around Rs. 200 odd crores. We would not get into chunky deals, and this would be only into construction finance and in terms of scale and size, the Corporate business at any given point in time would be less than 10% of the overall portfolio.

Moderator: Thank you. The next question is from Harshit Toshniwal from Premji. Please go ahead.

Harshit Toshniwal: Sir, on this Affordable piece itself you mentioned that the incremental yield which we are having is roughly around 12%-12.5% right now. But now if you look at this segment and the other peers now, do you think that this is a good enough yield to charge for that customer segment that can cover our OPEX and possible sustainable cyclical credit cost? That is the one and the second part, sir, so how much of our new disbursements in this segment are through DSAs, specifically the Affordable one, if you can help on that aspect? And when I say DSA, when you say that in-house, I mean employee sourcing mostly through DSAs, I would also want to look at that makes direct versus DSA part? And third, sir if you can just give a breakup of the employees between the prime emerging and Affordable as on today?

Girish Kousgi: So, in terms of see within Affordable, there are 3 segments, low risk, medium risk and high risk. So, if you look at that yield in the first year, let us say, till last year, the yield was about 11.4%-11.5% and this year we have guided the yield of about 12.6% and from next year the yield is going to be more than 13%. Now this would be largely driven by change in segment and change in profile both very salaried and self-employed right, and we will be focusing on low risk and medium risk. So, we would not really focus on high yield segment. And therefore, according to us, I think the yield from the Affordable segment would be a little lower 13% is what we would focus on. There could be an opportunity at a lower yield. There could be an opportunity at a higher yield, but I think our focus would be on lower risk and medium risk and in terms of it next year it is going to be a little lower 13%.

Harshit Toshniwal: At this point of time, when we look at our disbursement, basically customers would have otherwise gone to AHFCs Aptus, Awaas although the larger set of AHFC, is our customer segment, they are very overlapping? And the second part was related to this itself of the incremental disbursement. How much is BT in our case where we are basically, it is not a new loan, but it is more coming from somewhere else?

Girish Kousgi: So, in terms of the customer profile, I think to a large extent, if we talk about low risk and medium risk, I think the customer segment is the same, number one. Number two, in terms of BT in for Affordable, it is about 25%-26%. And one more question you had asked, in terms of what is the mix between direct and DSA. DSA is 31% in the Affordable and the rest is direct.

Harshit Toshniwal: And sir, one last thing. I think on the employee part, you can give the breakup of employees between, specifically the sales or basically the branch employees.

Girish Kousgi: I think for us whether it is credit or sales basically we have a branch structure. So, in the branch we have different categories, low potential, medium potential and high potential, so low potential would have one Sales Manager, one Credit Manager and one Ops resource. So, if it is mid-size then we would have one Sales Manager and totally one ASM and one underwriter. If it is a big branch then we could have two underwriters and we could have two ASMs and one Sales Manager. This is a structure. In terms of total headcount.

Vinay Gupta: Out of total headcount on sales side on overall basis around 25% would be "Roshni" Affordable. Rest is between Prime and emerging.

Harshit Toshniwal: 25% would be Affordable. So, I remember sir, you last time mentioned that there were 333 employees in the Affordable segment?

Anujai Saxena: Now, we have a little over 400 employees in Roshni.

Moderator: Thank you. Next question is from Viral Shah from IIFL Securities. Please go ahead.

Viral Shah: Girish, first question was on the point of with regards to the NIMs, I know that this was asked, but wanted to check, given where we are, does it make sense for us to say, raise the guidance or as you mentioned that this is the threshold, is it after taking into account so any impact of potential rate cut?

Vinay Gupta: Yes, that is right, Viral, the environment is slightly volatile. So, we are baking in the impact of the rate cut that can come in. Our endeavor is to maintain 3.6% plus, but yes, the guidance, we would like to maintain 3.5% for the year.

Viral Shah: And Vinay, as we go ahead as the mix kind of changes bit more in terms of borrowings, do you see the cost of funds further inching up?

Vinay Gupta: No, not really. The cost of fund for us should remain in the similar range. Actually, it should see a downward trajectory.

Viral Shah: And the last question I had was with regards to the asset quality front. So, you have given this data with regards to the 12 month and the 24 month and how the delinquencies have trended on 30 and 90 plus, can you help us with whatever this number say couple of quarters back? And also secondly, if you can help me with regard to the Affordable segment of this piece?

Jatul Anand: See, Viral under early mortality always have been the focus of the company to monitor the early delinquencies of 12 months, which we have strengthened now to cover even up to 24 months. So, if I look back couple of quarters, I think these numbers are shade better than the earlier times and having said that and even on the Roshni, "Roshni" is a pretty new book around Rs. 3,000 odd crores. So, there is hardly I think 10-12 number of cases into NPAs which our resolution is in process with sufficient cover available, so that is not a significant number as of now.

Viral Shah: Jatul, when you said that this overall numbers are shade better than what they were, are you referring to say versus two or three years back or are you referring to say 2 or 3 quarters back?

Jatul Anand: Around 6 to 8 quarters back and this I am talking only on aspect of early mortality and overall, also as you can see the graph quarter-on-quarter on NPAs particularly coming down each quarter. So, that is on NPAs, but having said that, the pre-delinquency management has been strengthened because the business is on a growing spree now. So, we need to have stronger controls to restrict flows. If our flows are restricted and well, we have a well-defined strong mechanism in terms of taking properties to SARFAESI and then auctioning it on a regular basis. Almost, we are selling 2 properties a day now. So, that machinery will take care.

Moderator: Thank you. The next question is from Omkar Shinde, who is an Individual Investor. Please go ahead.

Omkar Shinde: I have a few clarifications before I ask my question. So, we said that we target 1,00,000 crore AUM by FY27 and 15% of the it will be Affordable. Was that correct?

Vinay Gupta: Yes, that is right.

Omkar Shinde: And two more clarifications, in one of the previous questions we had shared that credit cost in the Affordable segment could be somewhere in the region of 50 bps, 50 or was that 15 I did not get that properly?

Vinay Gupta: 50.

Omkar Shinde: And now coming to the question, so again with respect to the branch structure, you have said the small branch will have one salesperson, one credit person for the small branch. So, is this also applicable for Affordable branches? Because now as you said 12 to 15 months is the gestation period for branch to reach Rs. 3.5 crores disbursement per month, so some of our earlier branches would have reached that. So, where in those small, medium, large would these earlier branches be now? And could you just reconfirm the medium and large structure?

Girish Kousgi: What I had mentioned was for Affordable and what would happen is that let us say you open a branch, and depending on the potential you will increase the manpower and then the branch could peak to a peak level of Rs. 3.5 cores. So, this also has a combination of A, geography; B, in terms of potential. So, on an average, we have, let us say, 300-400 branches with a vintage of let us say 15-18 months' time on an average, I think the peak could be about Rs. 3.5 crores. So, the branch structure what I mentioned was for Affordable on the emerging and on the prime. So, one branch could have multiple ASMs and multiple ROs over the field, Executive, Sales Executive and one Branch Manager, when I say Branch manager I mean Sales Manager, and then we would have credit and ops.

Omkar Shinde: So, I was asking with respect to that only for the Affordable itself. So, when the branch reaching its peak level of Rs. 3.5-Rs. 4 crores, what is the structure and at that point of time it is like a large branch or a medium branch that I wanted to understand?

Girish Kousgi: So, let us say, we will categorize ABC category, right. A category branches would be doing, let us say about Rs. 6-Rs. 7 crores; B category branches could do about, let us say between Rs. 4-Rs. 4.5 crores and C category branches at its peak now would be at Rs. 1.5-Rs. 1.8 crores only. So, it depends on the category of branches which is related to the potential and the geography and therefore I always talk about average.

Omkar Shinde: And now with respect to sanction to disbursement, now what I have seen is on quarter-on-quarter basis, from what is mentioned in Slide #21, our sanction to disbursement had drop to 56% approximately from 75% in Q2 last year. Why is there such a big drop in the sanction to disbursement and are we going to see some spillover effect in the coming quarters for this? I just wanted to understand this.

Anujai Saxena: This you are referring to the Affordable business?

Omkar Shinde: Correct, yes, slide #21. So, Rs. 630 crores of disbursement against Rs. 1,100 crores of sanction is 56%. So, there is a big drop from last year where it was approximately 75%. So, why is there a decline?

Anujai Saxena: Yes. There is a decline only because of some process-related changes that we have done in July. The quarterly numbers are lower as compared to the previous quarters; however, if I look at standalone numbers for the August and September month, our conversions are back in order and from next quarter onwards, we will be able to see the similar conversions upwards of 70% as we move forward.

Omkar Shinde: And finally, with respect to the incremental yield, we are at approximately 12% as per the slide mentioned where does the incremental yield settle over the next 3-4 quarters because when the rate cut starts to come from RBI, we had very little headroom. So, what do you think that the incremental yield in the overall yield will pick out in the Affordable segment?

Anujai Saxena: So, when it comes to incremental yield, we are confident. We will move towards close to 13% of yield.

Girish Kousgi: See, I think the context is today, if you look at our cost of borrowing is around 7.8-7.85. With this cost of borrowing level, we are talking about Affordable yield of 13% from next year. Suppose let us say the rate goes down, let us say by 100 bps, then the 13% would slightly moderate to that extent, it might slightly come down. So, what we are saying is we will protect the margin. So, for Affordable business on a steady state, the yield is going to be 13 plus percent, 13%-13.2% given the current cost of borrowing. So, if there is any change in the cost of borrowing accordingly, even the yield would vary.

Omkar Shinde: And just finally one last one, the overall OPEX to AUM is also increasing that is I think as a function of expanding the branch is very fast. So, where is that finally settled over say by FY27 when we reach the Rs. 1 lakh crore AUM? Can you guide where in the ballpark range would that OPEX to AUM be?

Vinay Gupta: See, we are expecting it to settle at the current level, so 1%-1.1% where it is right now as large part of the upfront investment is done. Now, it will be a minor investment of 40-50 branches every year, which we will manage through the economies of scale in other business.

Moderator: Thank you. The next question is from Nikhil Kumar Agarwal from VT Capital. Please go ahead.

Nikhil Kumar Agarwal: I just had one question. You said that NIM will start improving after a few quarters and since like incremental cost of funds is going to be at the current level of 7.8% and yields are improving across products, then NIM should ideally start improving right now, as in from next quarter itself. So, it should go very well as per whatever you have said about yield in cost of funds. So, can you please give more light on this?

Girish Kousgi: So, there are a couple of things. So, one is we will be starting Corporate shortly. Once we start Corporate business, then the yields will add to yields, number one, it will improve margins. Number two, we also have the book depletion on prime, emerging and to a very small extent on the Affordable. So, that is one which will again impact revenue on date for the margin. Number three, we also have a repricing policy where we try to retain the customers allow and switch from a higher interest rate to a slightly lower interest rate. Now these things would pull the yield down while on one side, the yield would come down because of foreclosure, because of repricing. On the other side, we are changing segments. We are moving more towards Affordable. We are increasing the mix change which would come at a higher yield. So, this would though ensure that the yield would go up. So, I think this balancing would play out in the next 2-3 quarters and post which the interest start going up.

Nikhil Kumar Agarwal: So, because of the dragging effect of the things that you mentioned, the current yield will be maintained for a few quarters and then net-net, yield should start improving after 2-3 quarters is what you are saying?

Girish Kousgi: Yes.

Nikhil Kumar Agarwal: And one clarification that you have already mentioned this, but I couldn't get it earlier. You said that once we start Corporate book in a few months, the difference between this new Corporate book and the one we used to have is in terms of ticket size. So, if you could please mention the differential ticket size that you did mention earlier as well? And the other thing that you said was, one was ticket size and the other thing?

Girish Kousgi: So, one is we will start this business in very few select cities. We would focus on good quality developers, category A and category B. Third, we would do largely construction finance business. We will keep the ticket size lower. So, basically we would focus on very good quality of developers and good projects. There, the yields could be lower compared to what normally this business would fetch. We are looking at a yield of around 12%-12.25%. So, yield should be lower, much safer business. So, these are the changes.

Nikhil Kumar Agarwal: So, would the yield be 12%-12.25%?

Girish Kousgi: Yes.

Nikhil Kumar Agarwal: And ticket size would be?

Girish Kousgi: About Rs. 200 crores.

Nikhil Kumar Agarwal: And ticket size in the Corporate book that we used to have earlier that was?

Girish Kousgi: That was about Rs. 350-Rs. 400 crores.

Moderator: Thank you. The next follow up question is from Harshit Toshniwal from Premji. Please go ahead.

Harshit Toshniwal: Sir, I am just trying to do a calculation that we have Rs. 630 crores of quarterly disbursement in Affordable, roughly Rs. 200 crore per month and you said 70% is in-house that converts to Rs. 150 crores of disbursal per month in the Affordable. Am I right till here?

Girish Kousgi: Yes, you are right.

Harshit Toshniwal: Just one question is that if you say that 400 employees is what we have this segment sales team that urge to something like a 3.7 million per employee per month disbursal, which is say 2x, 3x or other, so if you can help me, that is our direct sourcing or basically non-in-house sourcing much higher than 30% or where am I going wrong because 3-4 million disbursement per employee per month would mean sourcing of at least 7-8 million?

Anujai Saxena: Harshit, I will just clarify that. So, 400 employees that we talked about, these are like all the full-time employees in "Roshni" business. They are spread across sales, credit, operations, legal, technical, all the various functions right. Plus, on top of that when it comes to our DST team, the feet on the street that we have, the sales staff, the frontline sales staff that is managed through our subsidiary which is PHFL and that number for sales right now is around 900. So, just to clarify it further, if I take a monthly volume of about, so September, we did Rs. 275 crores. Out of that, about 69%, close to 70% of business was sold in-house through these 900 people. My average productivity per sales staff per sales employee typically is around 20 lakhs – 25 lakhs per month. And I hope that's clarifies.

Harshit Toshniwal: Yes, that helps. Well, because this 900 is basically our, as 100% subsidiary which doesn't booking for us?

Anujai Saxena: That is correct.

Harshit Toshniwal: And the cost of these three will be more, I just wanted to understand more about the subsidiary. Does this holds purely for PNB housing finance in Affordable or do they others?

Anujai Saxena: No, not specifically for Affordable. They support all three businesses-prime, emerging markets as well as Affordable. But these 900 people are dedicated Affordable business sales staff.

Deepika Gupta Padhi: And they do business only for PNB Housing.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question. I would now like to hand the conference over to the management for closing comments.

Deepika Gupta Padhi: Thank you everyone for joining us on the call. If you have any questions and answers, please feel free to get in touch with Investor Relations. The transcript and the audio of this call will be uploaded on our website that is www.pnbhousing.com. Thank you.

Moderator: Thank you very much. On behalf of PNB Housing Finance Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.