

February 12, 2026

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 544044	To, National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 NSE Symbol: INDIASHLTR
ISIN: INE922K01024 : INE922K07104 : INE922K07112	ISIN: INE922K01024

**Subject: Transcripts of the Earnings Conference Call for the quarter ended December 31, 2025**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the transcripts of the earnings conference call for the quarter ended December 31, 2025, held on February 09, 2026, is available on the website of the Company.

The transcripts can be accessed from the link given below:

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

Further, we confirm that no unpublished price sensitive information was shared/discussed in the meeting.

Request you to take the above information on records.

Thanking you,  
Yours faithfully,

**For India Shelter Finance Corporation Limited**

**Mukti Chaplot**  
Company Secretary and Compliance Officer  
M. No.: 38326

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## “India Shelter Finance Corporation Limited Q3FY26 Earnings Conference Call”

**February 09, 2026**



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

This is a transcription of the earnings call conducted on 9<sup>th</sup> February 2026. The audio recording can be accessed using the following link, <https://www.indiashelter.in/investor-relations>

**DISCLAIMER:**

Transcript may contain transcription errors. The transcript has been edited for clarity, readability, etc. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy. In case of discrepancy, the audio recording will prevail.

**Operator:** Ladies and gentlemen, good day, and welcome to India Shelter Q3FY26 Earnings Conference Call, hosted by ICICI Securities Limited.

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 this conference call, please signal an operator by pressing “\*”, then “0” on your touch-tone phone. Please note that this conference call is recorded.

I now hand the conference over to Mr. Renish Bhuva from ICICI Securities. Thank you, and over to you, sir.

**Renish Bhuva:** Yes. Thank you, Subham. Good morning, everyone, and welcome to India Shelter Q3FY26 Earnings Call. On behalf of ICICI Securities, I would like to thank India Shelter Management Team for giving us the opportunity to host this call.

Today, we have with us the entire top Management Team of India Shelter represented by Mr. Rupinder Singh – MD and CEO; Mr. Ashish Gupta – CFO; and Mr. Rahul Rajagopalan – Head, Investor Relations.

I will now hand over the call to Mr. Rupinder for his opening remarks, and then we will open the floor for Q&A. Over to you, sir.

**Rupinder Singh:** Thank you, Renish. Thank you, everyone. Good morning. On behalf of the company, I extend a warm welcome to all of you. Thank you for joining us on the call today. I am pleased to share our Quarter 3 and Nine Months Financial Year ‘26 performance update, along with a brief overview of industry developments.

During the quarter, the RBI announced a further 25 bps reduction in the repo rate, bringing it down to 5.25% with immediate effect. This takes the cumulative rate cuts in 2025 itself to 125 bps, making one of the most significant easing cycle in the recent years. We view this move as clearly supportive of the financial service sector as we approach year-end.

The latest rate cuts builds on an early reduction and improves housing affordability, particularly in affordable and mid-income segments. Lower EMIs are expected to bring back hesitant buyers and help sustain demand momentum. Lower financing costs, sustained buyer confidence, and steady microeconomic conditions together place the housing market in a good position as we head into 2026, particularly.

Moving now to the performance of the company:

Annual growth remains in the guided range with the gross managed assets growing at 31% to Rs. 10,365 crores. In Quarter 3 Financial Year ‘26, we disbursed Rs. 977 crores, registering a

growth of 11% year-on-year. Assets and disbursement growth have been at a softer end as we continue to monitor the situation on the ground with respect to improvement in asset quality trends. Affordable housing market continues to remain robust as visible from early indicators like log-in rates, log-in continues to grow month-on-month.

In this quarter, we added two new branches, we will add another four to five branches in Quarter 4, in line with our branch expansion strategy of 40 to 45 branches each year.

Further, we have introduced digital sourcing as one of the additional channels. This will help us advance in our digital journey. Currently, around 4% to 5% of disbursements are coming from this digital channel. And going forward, our plan is to reach to 10% of disbursement.

On asset quality metrics, gross Stage-3 and net Stage-3 came in at 1.5% and 1.2% as of 31st December, 2025.

On profitability metrics, profit after tax for the quarter came in at Rs. 128 crores, registering a growth of 33% year-on-year and 5% quarter-on-quarter. Return on Equity stood at 17.1%. Net worth now stands at Rs. 3,048 crores, crossing the Rs. 3,000 crores mark.

The PMAY 2.0 scheme saw further traction. As on December 25, more than 2,000 customers have already received the subsidy, and the journey looks more effective now. The scheme is expected to pick up traction with an increase in customer awareness and streamlining of the process.

On that, let me reiterate the guidance that we provided earlier:

- Branch opening 40 to 45 for the year, of which we had already opened 35
- Maintaining spreads of more than 6% in the medium-term
- Credit cost for the year to be around 40 to 50 bps
- Loan growth, which we have projected at 30%, 35%, our intent is to close this year around 30%, though it was a muted year if we see the particular last two quarter of results

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

**Ashish Gupta:** Thanks, Rupinder ji. Good morning, friends. Let me take you through key financial numbers.

We have ended Q3 with gross managed assets of Rs. 10,365 crores. Year-on-year growth is 31%, quarter-on-quarter growth is 7%. Our portfolio yield is 14.9%, which is stable year-on-year basis. Our disbursement yield in Q3 was 14.6%.

On funding side, we have diversified borrowing with more than 30 counterparties. Average borrowing tenure is about eight years. Our bucket cost of fund is down by 20 basis points in Q3 to 8.3%. It is down by 50 basis points year-on-year basis. Our marginal cost of fund in Q3 is 8.1%, down by 70 bps year-on-year basis. We had undrawn sanction of Rs. 550 crores from NHB at the end of Q3. We have drawn two-third of the same in Q4, and we will draw the balance amount in Q1 next financial year. Cost of funds from NHB is lower by about 60 basis points as compared to the bank funding. Our lending margins at portfolio level and disbursement level are consistently above 6%, in line with our guidance for medium-term. Net interest income for quarter is up by 31% year-on-year on the back of strong growth in our managed assets and improvement in spreads.

Coming to Opex, our year-on-year growth in YTD OPEX, excluding onetime impact of labor code is 26%, which is lower than the growth in our managed assets. Same is resulting in better cost ratios. OPEX to managed assets without impact of labor code for the quarter is at 4%, down by 20 bps year-on-year.

On asset quality side, our Stage-3 is at 1.5%. Our credit cost for nine months is at 0.5%, in line with our guidance for medium-term. PCR for Stage-3 is stable at 25%. Our total ECL is Rs. 79 crores against the regulatory threshold of Rs. 48 crores.

Our BT-out rate is down by 4.3%. Our focused data-driven approach for customer retention is helping us to maintain BT-out even in declining interest rate scenario.

PAT for the quarter without impact of labor code is at Rs. 128 crores, year-on-year up by 33%. ROA for the quarter is at 5.8%, up by 30 bps year-on-year basis. ROE for the quarter is at 17.1%, up by 200 basis points year-on-year.

On liquidity side, we are comfortably placed with liquidity of Rs. 486 crores and undrawn sanction of Rs. 1,300 crores plus. Our ALM is positive across all the buckets.

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

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Varun Palacharla from Kotak Securities. Please go ahead.

**Varun Palacharla:** Hi, sir. I had a question regarding the asset quality metric. So, there's a sharp rise in gross Stage-3 loans this quarter, is there any pocket of stress that we are seeing, especially because our growth is slow in MP and Karnataka? Are those portfolios showing any stress?

Second, last quarter you had highlighted that 85% of the NPAs get resolved through an agreement with the borrower instead of going for an auction, which leads to lower losses. Are we waiting for the resolution process and that's why the gross Stage-3 has increased? Or has

there been any change? And with regard to LAP versus home loan, is there any sharp difference in how the delinquencies are playing out over there? This is my question.

**Rupinder Singh:**

Okay. Fine. I will start from the last question that you asked. Between HL and LAP, there is no sharp difference. If you see our numbers, the NPA numbers for both LAP and HL remains within the same range. In fact, there is a hardly a gap of 1 or 2 bps between the two. When we talk about the geography per se, I feel we have seen certain trends which were happening in the last couple of quarters. We were trying to hold it in various buckets. But at a certain juncture we realized that when the customer is not able to pay more than one EMI and creating a trouble at the last bucket of 60 or 90, either you get it rolled back or take a relief by ensuring that you can go for the next step of legal action against that piece if it is not getting resolved. Unless and until we move to the next bucket, the legal action doesn't come into force for us to enforce SARFAESI. So, this was not initial thought to implement but seeing that the bucket is bulging at that time and customer has not paid that, I think then there is some harsh call which has been taken to let it go to the next bucket. So, that pressure starts coming up.

If we see data, November was the month when it has peaked out. November was at a certain level, which has slightly come down in December. So, I think now going forward we will see the traction will come up after the action which we start taking November onwards on the set of accounts particularly. So, it will take a couple of months to come on a table and settle it down, and very few will continue to remain there till the time we possess the property. So, this has been more like a thought where we have to not continue with that piece, which is getting stuck at certain level and giving a more trouble in collecting and ensuring that becomes stabilized. So, we felt that it is the right time to take it up because if it swells in Quarter 4 then it becomes more difficult. In fact, if we not have taken this approach then the stage 3 would have gone up by maybe 10 to 15 bps. But with this action, it has gone by 25 to 30 bps. So, this was a thought on that basis, which we have taken action.

Going forward, we feel the Quarter 4 should definitely give a better result as we see we are almost 40 days in this quarter and as we are seeing the result particularly. So, I hope and I am sure that the effort the teams are putting as such will be able to get to the result that is expected by market as well as the organization's management.

If you talk about states, there are inch up in most of the geographies. I would not say that it's a one geography which has burnt out, which was the case, say, two years back in MP. In fact, MP NPA ratio is little improved by 5 to 7 bps compared to what it was, say, three quarters back or four quarters back. In every geography, there are at least three or four branches, which are a little troublesome. There we are putting our control; our impetus is to control the flow and to make sure that there the things are getting normalized. So, this is the overall scenario on the ground. And we are looking forward to see credit cost in the range of 40 to 50 bps and stage 3 at 1.2% to 1.3% as we close the March quarter.

**Varun Palacharla:** Yes, you answered the question. And the NII growth, our interest income growth has been a bit lower than our overall AUM growth in that sense. Is this just that ending balance or ending the business was pushed a lot to end of the quarter? Or has there been any lower yields or shift in mix that has impacted overall yields?

**Rupinder Singh:** So, basically, when situation is set on ground, we have to monitor and we need to put a lot of controls around that piece. So there's a dip of this 2% to 3%, which has come up in terms of AUM growth, what normally used to have a this around 32%, 33%, it is hovering around 30%. So, that is the impact altogether. But as we see, after GST implementation, Diwali is also gone, as we see the December numbers picking up compared to the previous month number, I feel this is going to keep building momentum now. I would say, now there are certain green shoots which are giving some kind of confidence that going forward you will find the traction around that side. And this is the reason though with a muted two quarters that happened in the last couple of quarters, we feel that we should be able to come back in Quarter 4 itself instead of waiting further.

**Varun Palacharla:** Look, AUM growth quarter-on-quarter if I look at it, is about 6%, but your interest income growth is only 4%. So, it appears in terms of calculated yields, there's a decline. So, has there been any reduction in yields that we have taken in terms of PLR cuts? Or are the incremental rates that we are offering a bit lower than what we were doing earlier? Is there any impact of that?

**Rupinder Singh:** So, we try to maintain the spread which is more than 6%, and we maintain the spread of 6.6%. Our cost of fund has also come decently low. And this is something which we always keep mentioning that as the cost of fund comes down, for the new set of customers, we definitely pass on certain bps around that side. So, see the cost of fund has come down from 8.8% to 8.3% and when we talk about disbursement yield for the quarter, it is 14.6% so incrementally too we are at a spread of above 6% which we continue to maintain.

**Moderator:** Thank you. The next question comes from the line of Sonal Gandhi from Asian Markets Securities. Please go ahead.

**Sonal Gandhi:** Hi, thanks for the opportunity. Sir, if you could just give us some sense on how is the 1+DPD trending currently? And if you could, you have also mentioned that things kind of peaked out in November and December and which was doing better then. So, if you could just let us know what is the current collection efficiency, since you already had a chance?

**Rupinder Singh:** 1+ DPD remains the same, that is around 8.7 to 8.8% and there is no difference in 1+ DPD. Our challenge is always there, this kind of customer when they move into the higher bucket, bringing them back is actually takes a lot of time. And unless and until we initiate legal action it becomes a little difficult and starts getting delayed. So, if you talk about collection efficiency, that's also range bound, at around same level in last three to four quarters. In fact, if you talk about collection efficiency in fresh bucket, that is even better than the previous month because in the

higher bucket where the customer is regularly defaulting, there the things are a little difficult, because of which we have taken action. Otherwise in the fresh bucket, the collection efficiency is better.

**Sonal Gandhi:** And sir, any trend that you could give between salaried and self-employed or just across the customer cohort?

**Rupinder Singh:** So, our maximum customer is self-employed. More than 80% customer is self-employed. So, the trend remains same for us. So, no much difference between the two. That's for the reason when someone asked me that how the GNPA behavior between HL and LAP, so there the behavior remains same for us, not much of a difference, because people distinguish that HL is being taken by salaried employed and LAP is taken by self-employed. In our case, we did not find much of the difference around that side. In fact, there is a dot-to-dot comparison between LAP and HL when you talk about NPAs of these two categories.

**Sonal Gandhi:** And sir, just wanted to understand if you could just give us some disbursement trend in January? And how do we see Q4 and FY '27 panning out in terms of disbursements?

**Rupinder Singh:** I mentioned that in November we peaked out in terms of delinquency. And obviously, when there is a green shoot, that also gives trends after GST and things getting improved. December was much better than October, November, and September, in fact. And as we move into new quarter, January, though it's first month of the quarter, January is better than December. This is the indication which I can give it, right? So, between October, November, December, if we see in October, November we were around Rs. 300 crores to Rs. 310 crores of disbursement, whereas in December we were around Rs. 355 crores to Rs. 360 crores of disbursement. That was the thing which has come up. And January is better than that basically. So, as we go into the next financial year, I do not think that there should be any challenge, because if things are settling down and we have also put our course correction that way so it will give a good relief in the next financial year. And we will remain in the same range bound of 30% to 31% for the next financial year. That is our plan, that is our thought, which we will keep working on.

**Sonal Gandhi:** Thank you and all the best.

**Moderator:** Thank you. The next question comes from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.

**Shubhranshu Mishra:** Good morning, Rupinder. So, I am not sure if this question has been asked before, just wanted to understand what is our guidance for disbursement as well as AUM growth for '27? And how do we split it between LAP and home loans? Also, have we done any exercise to understand what is the overlap of microfinance customers with our customers across LAP and home loans? Thanks.

**Rupinder Singh:** So, well, HL to LAP ratio, which we always plan to do 60-40%, that is going to remain the same way. And the factor between them, in our case, the behavior of both side of customers, there is no much difference between the two. And I do not know, Shubhranshu, you were there or not, this is the question being asked by one of the analysts, and I mentioned that the NPA number in our case remains same between the both of these categories. So, for us, there's no differential. In fact, LAP is always better in terms of giving a better yield on that side. So, we are not going to change some trends on that piece. We continue to remain there, focused. That is one piece.

And if we talk about microfinance piece, earlier it used to be around 5%, it is slowly coming down because we have also taken some proactive actions around that piece. So, you still assume that it is around 4% to 5% of microfinance piece, which is a part of our overall book, which may be LAP and HL both in that case particularly. So, going forward, if you talk about our guidance on the loan growth for next financial year particularly, we are targeting ourselves for 30% growth around on the AUM side.

**Shubhranshu Mishra:** Right. 30% on the AUM, and disbursement how much?

**Rupinder Singh:** Look, disbursement can move here and there, because you have to keep in mind the trends, how it's impacting the market, what is the situation. There's seasonal factors also. But yes, we will reach there is what is more important. Our major prerogative is by 2030 to reach a Rs. 30,000 crores of AUM. So, that thing is very well in line. And we do not see that we have to deviate from that in the current set of scenario. That is a very clear thought.

**Shubhranshu Mishra:** Understood. And if I can just ask one last question. What is the FOIR that we maintain in our HL and LAP at origination?

**Rupinder Singh:** So, FOIR, both products for us also remains same because it's a self-employed customers. We do not differentiate that way. So, 50% to 55% of FOIR is there in both of the categories. What is the differential between the two is the LTVs. On the LTV side, home loan is around 55% to 57% and LAP is around 47% to 48%. That is the point of differential between us.

**Shubhranshu Mishra:** Understood. Thank you so much. This was really helpful. I will come back in the queue.

**Moderator:** Thank you. The next question comes from the line of Adityapal from MSA Capital Partners. Please go ahead.

**Adityapal Singh Jaggi:** Thank you so much for the opportunity. Good set of numbers. A lot of my questions have already been answered. But just wanted some nuances on the collection efficiency in the DPD book. So, now we have seen a 30 basis points increase in NPA and we have also seen a 30 basis points increase in our 30+ DPD. You have already answered that there's no geographical or product nuances. But if I were to look at from a month on-board nuances, which are those vintages that are not behaving well for us?

**Rupinder Singh:** If we see on the fresh side, our collection efficiency is, in fact, improving, we see the Quarter 1 to Quarter 3 or Quarter 2 to Quarter 3. In the fresh side, there's a slight improvement. This is a point which is giving us confidence to convey a message that now things look a little more improved. We try to curtail this piece and that's why Quarter 1, Quarter 2 remain muted at 1.2%. But we realized that since this 30+ is moving on and that is creating a good pressure on entire system, so it's a point that you take a certain call, either to allow it to move or bring it back. Bringing it back was finding it a little difficult, because customer is very clear that one EMI you can take, but not beyond that piece. That was always finding a challenge. And at one point of time, we did not have a choice but to raise the bar to let it move out of the first funnel and let act around that side. So, this was the point particularly. If you see typically, efficiency, which remains to be 98%, 99%, there is no major change around that piece.

**Adityapal Singh Jaggi:** No, no. Sir, my question is more to do, I understand that what is the situation now. It is a macro situation, that also I understand. And you all will come outside of it, that also I understand. But I am just trying to understand, is there a particular book that we would have raised maybe, say, 18, 24 months back that particular cohort of customers are not behaving well. That is what I am trying to understand.

**Rupinder Singh:** So, more than a cohort, we have realized that the ticket size where the impact is more than the cohort. So, lower ticket size is definitely a more impact than the average ticket size of which is Rs. 10 lakh, Rs. 15 lakh basically. So, we see the buckets of 1 to 5, 5 to 10, 10 to 15, and 15 and above. Obviously, our range is anywhere majorly around INR 10 lakhs, so up to INR 5 lakh has definitely a little more problem in terms of increasing delinquency particularly. If you talk about cohort on the basis of MOBs, then there is no much difference around that piece. Definitely, the first 12 months the cohort looks very, very different and it looks very positive picture. But the cohort between 18 to 24 or 24 to 30, there's not much difference between the two.

**Adityapal Singh Jaggi:** Understood. So, there's no particular behavioral differences that should be called out between the cohorts.

**Rupinder Singh:** That is ticket size what I mentioned basically. There you find definitely a difference between the two.

**Adityapal Singh Jaggi:** Understood. And also now that we know that there is a structural issue going on in the sub Rs. 5 lakhs. So, I would even say sub Rs. 10 lakhs. Do we see our average ticket size moving upwards from Rs. 10 lakhs going towards, say, maybe Rs. 12 lakhs, Rs. 12 lakhs to Rs. 13 lakhs in next two to three years?

**Rupinder Singh:** So, we will focus on improving the quality. Basically, when you have a certain set of customer in that particular cohort, you also go check how we can improve there basically. So, in this category of cohort we will improve the scorecard a little higher, Business Rule Engine will work in that effectiveness. It is not that we are going to leave this customer. This is a customer which gives a very good yield also. This customer bring almost 200 bps of advantage compared to the

rest of the customers. So, instead of leaving that cohort entirely or something like that, we will be a little more choosy and keeping sure that we maintain the scorecard more or less the best of prudence is on that side. So, that will be the action that we have taken, which we already started a couple of months back.

**Adityapal Singh Jaggi:** Understood. Just one last question before I come back in the queue. Sir, you mentioned that you are seeing a good turnaround in Jan and December exit, and you are calling November to be the asset quality peak in terms of the worsening impact. But I am just trying to understand that what gives us the comfort that we are seeing the turn? Is it a momentary turn? Or is it a structural turn on the ground? Because a lot of people had called that the credit cycle has turned a couple of quarters back. But it's evidently so it is not the case. There are a lot of asset quality issues panning out in other companies' balance sheet. So, just trying to understand that what gives us that this is a structural turn and this is here to stay now.

**Rupinder Singh:** So, if you see, there is always a matter of timing for whatever how you control it. We were always very hard and sure that we have to make sure that these are remain controlled and the intensity of collections follow-up that remains strong across. We did not wait for that even two quarters back. But we realized that which is bulging out, there is no point of holding it and ensuring a culling pressure on us. That's why release it. That is one piece.

Secondly, what gives you confidence, even in fresh efficiency, we had a certain improvement which is coming. That gives us a confidence.

Plus, when we do the analysis of a log-in particularly, the percentage of logins which were coming earlier at a bad score is not coming down.

Now it is log-ins which are coming at a little improved and better scores. And if your log-in is improving to that extent, automatically, the output is also going to improve accordingly. So, these are the two, three parameters, which give you some dip check around before thinking about it. And anyway, we have not changed the BRE rule in fact for the month of December or something, that remains same. So, for us, it is a situation where, say, earlier if you are logging a 100 files and out of 100, 50 were coming back and getting rejected. Today that 50 is coming down automatically by virtue of selection to the level of 40, 45 and that's the improvement which is coming up according.

**Adityapal Singh Jaggi:** Understood. Makes sense. Wishing you and the team all the very best. Thank you sir for answering all my questions.

**Moderator:** Thank you. The next question comes from the line of Kunal Shah from Citigroup. Please go ahead.

**Kunal Shah:** Hi, sir. Sir, a few questions. Firstly, on the overall now PD assumption, you mentioned that there have been challenges in terms of pulling back from maybe the higher bucket. So, would that

eventually lead to some kind of a change in PD assumption and a slightly higher Stage 2 provisioning compared to where we are currently at 3.4-odd-percent? Would that happen with this kind of a challenge which is coming up?

**Ashish Gupta:** So, the overall ECL front, if you look at the PD calculations, one factor is obviously a historical trend. And another factor is macroeconomic overlays that we apply to that. So, if you look at the macroeconomic overlay that we apply to our PD is the interest rate. So, our PD has an inverse co-relationship with the overall interest rate environment. If the interest rate goes down, PD slightly goes up and that we have seen historically during demonetization, during COVID, GST cycles, and all of that. So, as the interest rate cycle is coming down, our ECL model is showing slightly higher PD, which is getting factored in our overall ECL provisions that we are making.

**Kunal Shah:** Okay. But incrementally, this trend, which was reflected in terms of GS3, that wouldn't change much in terms of our PD assumption?

**Ashish Gupta:** So, if you look at the overall LGD model, so our actual LGDs are close to 11%, 12%, while the management overlay is close to 25%. So, Stage-3 will not be reflecting the actual LGD, which is there on the ground. It is because it is with the management overlay that is there.

**Kunal Shah:** Okay. Got it. And secondly, with respect to employees, so almost 400-odd employees addition during the quarter. So, is it more of upfronting or we have strengthened the collection infrastructure? What is happening? Is it more on the collection side, we have added more people?

**Rupinder Singh:** Yes, these people largely start coming from Quarter 2 onwards. And as time progresses, we also realize that that's an important thing that we have to be always preemptive on these kind of actions. So, most of the people joined majorly into the collection side. Yes, there were certain other departments where the people joined. For them, it's like as per the plan that we planned for the year particularly. But additional resource on the higher side, which we realize that it's more on a collection in the field particularly.

**Kunal Shah:** So, almost like 200, 250 people got added on to collections?

**Rupinder Singh:** Approximately 200 collection staff, yes.

**Kunal Shah:** 200-plus. Okay. Got it. And lastly, maybe on the previous question, whether you have actually changed or tweaked the lending rates? I understand in terms of your guidance on spread of 6% plus, but any revision to lending rates either on home loan and LAP for existing or for incremental loans that you have done?

**Rupinder Singh:** So, point is we keep mentioning that if we are getting a benefit of rate, we will give certain rate benefits to the customer. So, our lending rate is coming down, which has done, thanks to what happened in the last one year in terms of rate cut. So, we have passed for acquisition of new set of customers. Again, between the two home loan and LAP, home loan definitely get a little more

advantage around that side particularly. So, that is where we are going to pass on. And that is the reason which we used to disburse at 14.8%, 14.9% earlier, that has come down to 14.6% in average.

**Ashish Gupta:** And like even if you see that our cost of funds, which is the marginal cost of fund is at 8.1%. So, incrementally, we are onboarding about 6.5% spread on the fresh disbursement. So, we are not divesting on the spread.

**Kunal Shah:** Yes. No, no, that I understand in terms of we are not compromising on spreads. But just wanted to check, so we would have revised the lending rates by 25, 30 basis points till date. And any further rate cuts, maybe obviously, if you get the further advantage on the funding cost side, you might further tweak it. But on existing, there is no change. Only on incremental, we have done by 25, 30.

**Rupinder Singh:** We have a fixed rate of book, and to that extent we are not required to cut rates in that case particularly.

**Kunal Shah:** Yes. Okay, got it.

**Moderator:** Thank you. The next question comes from the line of Mayank Mistry from Antique Stock Broking. Please go ahead.

**Mayank Mistry:** Thanks for the opportunity. So, sir, my question is mostly on a long-term view. Now today, if you look at our peers who are having a size of around more than Rs. 13,000 crores, their growth has slowed down to 25% around. So, should we consider the same in your case? Or should we see it as like a more scalable and sustainable model of 30% AUM growth? That's one. And secondly, what are the planning on the geographical expansion side? We are present right now in 15 states. So, any expansion plans there? And just last question on the OPEX side. So, our OPEX to AUM is ringing around 4.2% today. What are the efforts we are taking to improve this?

**Ashish Gupta:** So, on the OPEX side, as you have seen that gradually, so like every year, we are adding about 40 to 45-odd branches. And the proportion of new branches that are coming is gradually like reducing. So, that will help us bringing down the overall OPEX ratio. And secondly, as we have mentioned in the very initial commentary that we are focusing on the digital sourcing of leads now. So, as of now, about 4% to 5% of our leads are coming by way of digital means. And we are looking forward to increase this proportion to about 10%, 12% from here. So, this will further help us to bring down the overall OPEX. So, we feel that in terms of overall OPEX to AUM ratio, we will continue with our guidance of 15 to 20 basis point reduction year-on-year basis from here as well.

**Rupinder Singh:** And anyway adding to 40 to 45 branches remain same. That will be the plan. Last year, in one of the Investor Day presentation, we mentioned to investor body that our plan is to take it to

AUM at Rs. 30,000 crores by 2030. That again remains same. There will be no change around that side. And on the OPEX side, yes, 15, 20 bps, as Ashish ji mentioned, that is the progress in going forward. And we are taking the necessary steps that keep improving later on.

**Ashish Gupta:** In terms of state-wise geographical spread, we are already there in 15 states, which contribute about more than 90% of the total housing finance market. So, at this point of time, in the medium-term, we are not looking to add any further states.

**Mayank Mistry:** Okay, sir. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Bunty Chawla from ASK. Please go ahead.

**Bunty Chawla:** Thank you for giving me the opportunity. Just one clarification. You said gross NPA should decline in Q4 to 1.4% versus 1.5%. Is it right?

**Rupinder Singh:** I think we are more optimistic, Bunty.

**Bunty Chawla:** Okay. So, on that basis, what should be the credit cost? Because as we have seen the credit cost has inched up in Q3 versus Q2. So, how one should see the Q4 credit cost?

**Rupinder Singh:** So, that will be, again, as per our guidance, it is going to remain around 50 bps, 40 to 50 bps somewhere between for the year.

**Bunty Chawla:** Okay. So, that remains same for FY'27 as well?

**Rupinder Singh:** Yes, that's the focus.

**Bunty Chawla:** Right. So, secondly, on the disbursement, as you have slightly given the throughput by improvement in December and January. But if I see, if we are still sticking to 30% AUM growth, so it seems to be a tall task in Q4 disbursement of 30% plus kind of a growth on a Y-o-Y basis. So, are you still confident that we will be able to achieve seeing the run rate in December as well as in the January?

**Rupinder Singh:** Quarter 2, Quarter 3 largely was muted. In Quarter 3, only the traction starts coming in month of December. January is again better; I am giving you some indication that has improved further basically. That is giving a confidence that this should now come to the situation that is as per the expectation. So, we are expecting between 29% to 31%. It should not be beyond that at least, because we just completed the month of January. But that looks more clearer now as we are progressing basically. So, one percentage here and there is ok. I am not in a position because we just completed January. But as we see the logins trend coming in first few days of February, that is also giving a good positive indication.

**Bunty Chawla:** Okay. That was very helpful, sir. Just a data point comparison, what we were seeing 30 DPD plus, it seems to be Stage 2 plus Stage-3 coming towards 30+ DPD. But if I see the increment or I add both the two, it's coming to 5.2% versus you have reported 5%. Is calculation something I am missing in this part?

**Ashish Gupta:** So, like during the COVID period, so we have restructured about 1% of the total portfolio at that point of time. And as per the RBI guidance and the ECL methodology, we have classified the entire portfolio into Stage 2 category. Though the DPD may be like 0 DPD, 1 DPD. So, that's why that portfolio is still running on the balance sheet. And overall, exposure to that restructured assets is about 0.15% of the total AUM. So, if you add the 30+ as well as this 0.15%, you will get a similar number.

**Bunty Chawla:** Okay. That is the calculation. I understood that part. Lastly from my side, provision coverage ratio, which has slightly increased from 24.6% to 25%, on a sustainable run rate for FY '27, what should be the provision coverage ratio we should assume for Stage-3?

**Ashish Gupta:** So, Stage-3 provision, our provision coverage ratio is like pretty much consistent in the last two to three years that we have seen. That's our historical trend, and it will continue in a similar direction of about 24%, 25%.

**Bunty Chawla:** Okay. That was very helpful. Thank you and best of luck, sir.

**Moderator:** Thank you. The next question comes from the line of Meghna Luthra from InCred Equities. Please go ahead.

**Meghna Luthra:** Sir, I just wanted to understand how has our login to sanction ratio and the sanction to disbursement ratio moved from November and, say, in January or February since we are seeing an improvement?

**Rupinder Singh:** So, earlier, the log-in to sanction ratio fell drastically down because BRE was curtailing most of this customer, whichever have a bad bureau score. But I think with time, two things has happened. One, behavior of customer improving as economy improves, things are looking a little better on that side. That gives some kind of traction. So, you can see slight improvement around that side. So, which was falling month-on-month has now start going up in month of December and slight improvement has come in month of January. So, that is what we can see that piece. So, login to sanction ratio, which fell down to the level of, say, 45% is coming back to around 50%.

**Meghna Luthra:** Okay. And the sanction to disbursement ratio, sir, how would that be?

**Rupinder Singh:** Sanction to disbursement ratio for us is around 70%. So, that keeps moving 70% to 71% because main challenge is always getting a right sanction basically, right? And sanction at the time of disbursement, most of the customer, sometimes they could not finalize the property or sometimes

they change their plan of getting a loan or something, that keeps happening around. But that is 70% to 71% which is more or less consistent.

**Meghna Luthra:** Understood. And sir, you mentioned that we will be increasing our digital sourcing. Sir, can we highlight how are we working around that?

**Rupinder Singh:** So, we have set up an in-house digital team at the Head Office with the senior leader on that side, who is expert into getting leads by social media impact and various alternates, which can give a quality leads. So, we started this activity few quarters back. But what we are realizing now, it starts picking up, because some initial days, it was more on setting up the entire system process around that side. And now these are set of leads, which are starting to build up and the conversions are also improving. So last quarter, it has contributed to around 4% to 5% and what we feel the way the pipeline is getting built up, I think in a couple of quarters, we should be touching around 9% to 10%. So, this will give more boost in terms of improvement in productivity of employees on the field. So, we have a team of around 40, 50 people who are totally dedicated across the country. And this is purely in-house sourcing.

**Meghna Luthra:** Okay. Got it. That's helpful. And lastly, sir, a little on the macro front. What would be our PMAY contribution? And how is it that we are moving on the PMAY side?

**Rupinder Singh:** So, PMAY schemes got implemented last year in October. Initial period was majorly for the system improvement by both sides, by MoHUA and company side. But it starts picking somewhere at the end of Quarter 1. And if you see the last 2 quarters, Quarter 2, Quarter 3, it has actually picked up well. And in both of the quarters, we have disbursed more than 500 to 600 customers each in a quarter. And today, we have more than 2,000 customers where we have funded and they have received the PMAY subsidy and this pipeline is building up. The message is going on the ground. There is further scope around this, which I think MoHUA is well committed. And I think shortly, they should be able to solve those problems in terms of technicalities. And I think it should give some better traction as we move into the new financial year.

**Meghna Luthra:** Got it. Those were my questions. Thank you.

**Moderator:** Thank you. The next question comes from the line of Lalitabh Shrivastava from ISEC PMS. Please go ahead.

**Lalitabh Shrivastava:** Thanks for giving me the opportunity. Just wanted to understand, sir, in the current scenario where it seems that the rate cut cycle might have bottomed out. What is your outlook on the cost of funds and the margins going forward? And it seems that our overall GS3 has slightly beginning inching up. What is our assessment of the situation? And what is your outlook on the normalization on the asset quality? Those are my questions.

**Ashish Gupta:** So, like on the overall cost of fund side, say, if you see our bucket cost of fund is at about 8.3%, while our margin cost of fund is 8.1%. So, though we have seen about 50 basis point reduction in the last 12-month period, but still our cost of fund is slightly higher than our peer. And this is purely a function of the scale as well as credit rating that we have currently. So, we feel that basis our FY26 financial results, we will be approaching to the rating agencies like for a rating upgrade. And we feel that if we get a rating upgrade, there will be a scope of further reduction in the cost of fund from here by about 20 basis points. So, we are looking forward to that. Hopefully, the overall financial performance is justifying a rating upgrade. We look forward to the favor of rating agencies as well.

**Lalitabh Shrivastava:** So, just to understand it better, sir, assuming that there is still some time for us to get that rating upgrade. What is the outlook that you have on the margins for, say, FY '27?

**Ashish Gupta:** So, if you see that, so like our marginal cost of fund is at about 8.1% and bucket cost is 8.3%. So, even if we go on that particular pace, there is a scope of improvement in cost of fund by about 10 to 15 basis points in next three to six months kind of period. So, as you have seen that we are already on the fresh disbursement, we are onboarding a spread of about 6.5%. We feel that we will continue to do the same over this current interest rate cycle.

**Lalitabh Shrivastava:** Yes. Okay, sir. And maybe on the asset quality and the growth outlook, sir.

**Ashish Gupta:** So, on the Stage-3 asset, as we have said that like Stage-3 have largely peaked out in the month of November. And December and January, we have seen some positive improvement in that. We feel that by end of Q4, we should be again bringing it back, may not be like to the normal level of 1%, but so like close to 1.4% to 1.3%.

**Lalitabh Shrivastava:** And what is our assessment of how things should pan out in FY '27 in terms of asset quality? What are the normalized levels that we are looking for '27?

**Rupinder Singh:** We normally take a target of around 1.2%, 1.25%. That is the target we normally take. So, I think that is not going to change for the next Financial Year '27 also for us.

**Lalitabh Shrivastava:** Okay, sir. Thanks a lot for taking my questions.

**Moderator:** Thank you. The next question comes from the line of Aman Soni from Nvest Analytics Advisory. Please go ahead.

**Aman Soni:** Sir, we have observed that the company's GNPA has increased from 1.2% to 1.5% and NNPA has risen from 0.9% to 1.2% during the same period. Could you please explain the primary reasons behind the increase at the group level? Are customers facing any specific prepayment challenges or stress that is leading to higher delinquencies?

**Rupinder Singh:** So, I think you have seen the trends which were in market and typically last one year. There's a challenging market. And typically for the segment of customer, we deal into, there is always some heat around that side, which we also find out that the customer even moving to next bucket, which is taking a lot of time to come back to the normative position.

Because of this scenario, giving two EMIs or more than two EMIs was a little challenging around that piece. So, that is a typical challenge. Though on the fresh side, the collection efficiency remains intact, particularly. But the way the behavior was, say, one year or two years back where the customers move to the next bucket, can easily come back to the bucket 1 with a little effort around that piece. That is not a scenario as of now. It's a tough situation, which the market was facing.

So, that's why once it moved into this bucket. So, we have option either to bring it back or to take some legal course action around that side, so that we neutralize it. So, we try to tweak between the two. And here, instead of allowing only sitting at there and that bucket keep budging it, we took this decision to flow a little 20, 30 bps around that piece. And now action also starts happening around that piece particularly. And as we see, I think we will be able to get the results out what is expected from this kind of situation particularly.

**Aman Soni:** Understood sir. Thank you. That's all from my side.

**Moderator:** Thank you. The next question comes from the line of Adityapal from MSA Capital Partners. Please go ahead.

**Adityapal Singh Jaggi:** Thank you so much for the opportunity. Thank you so much for taking my follow-up. Just one bookkeeping question, sir. If you can help me, over the last four quarters, how have the attrition rate trends been for us? And if you can call out certain geographies where there are anomalies that you are facing?

**Rupinder Singh:** So, attrition, we normally split into two pieces. One is regrettable and one is a non-regrettable attrition.

**Adityapal Singh Jaggi:** I only want the branch attrition.

**Rupinder Singh:** So, branch attrition is around 35% for us basically, which is recorded, 35%, 34.8% that keep hovering quarter-to-quarter basically, this is range bound particularly. And that remains almost same level basically. Every quarter, we find a gap of 0.5% to 1% here and there. Some quarter, you will find it's coming to 34.5%, some quarter, maybe 35.5%, 36%. No drastic change around that piece.

**Adityapal Singh Jaggi:** And any geographical nuance to that, that certain geographies have higher attrition, certain geographies have low attrition? The geographies that are having low attrition, what is the attribute that they have low attrition, something of this kind?

**Rupinder Singh:** Geographies which have a more vintage, definitely, the attrition is low, because employees get set, very well set into the system. They understand process, technology very well, and that gives them boost and their productivity starts building around that piece. And that can happen in any of the geographies with a vintage branch particularly. Where the vintage branch is new and the young guys, they feel that they are not getting set into that piece, then they like to move on basically. And here also, as you start a new branch, there's always a focus and drive on the productivity to meet the parameters of the existing one. So, definitely, those parameters also try to put more drive and easily curve between regrettable and non-regrettable there. And accordingly, the non-regrettable start moving out earlier than the other one, because there the vintage and scope, they definitely support employees to continue with us, basically.

**Adityapal Singh Jaggi:** Understood. And the Madhya Pradesh branch last year that our team had moved out, it has now come up and performing well and the asset quality issues that we were facing over there has been completely cleaned?

**Rupinder Singh:** It is not completely clean. Otherwise, I think the number would have been a little more better. But yes, compared to last year, whereas rest of the geographies have gone up, Madhya Pradesh is the exception where that remains same. And even in month of December, they reduced by some 10 bps basically around that side. But yes, for complete cleaning, I think it will take some more time for which I think team is on the job.

**Adityapal Singh Jaggi:** Perfect. Thank you and all the very best.

**Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

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

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