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To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai -400001

Sub: Transcript of Earnings Conference Call

Ref: Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In continuation to our letter dated 17th July, 2023 regarding the Company's Earnings Call, please find attached the transcript of the said call and the same is uploaded on the website of the Company at www.starhfl.com.

This is for your information and record.

For M/s. Star Housing Finance Limited

Shreyas Mehta
Company Secretary & Compliance Officer
M.No. A38639



“Star Housing Finance Limited
Quarterly Update Conference Call”
July 17, 2023



**MANAGEMENT: MR. ASHISH JAIN – MANAGING DIRECTOR –STAR
HOUSING FINANCE LIMITED
MR. ANOOP SAXENA – CHIEF OPERATING OFFICER –
STAR HOUSING FINANCE LIMITED
MR. NATESH NARAYANAN – CHIEF FINANCIAL
OFFICER –STAR HOUSING FINANCE LIMITED
MR. KALPESH DAVE – CHIEF EXECUTIVE OFFICER –
STAR HOUSING FINANCE LIMITED
MR. SHREYAS MEHTA – COMPANY SECRETARY AND
COMPLIANCE OFFICER –STAR HOUSING FINANCE
LIMITED**

Moderator:

Ladies and gentlemen, good evening and a warm welcome to all participants to the Quarterly Update Call of Star Housing Finance Limited. Star HFL has organized this call with an intent to share updates and discuss operational as well as financial highlights of the company for the quarter ending June 30, 2023. On the call, we have the senior management comprising of Mr. Shreyas Mehta, Company Secretary and Compliance Officer of the Company, Mr. Anoop Saxena, Chief Operating Officer, Mr. Natesh Narayanan, Chief Financial Officer, Mr. Kalpesh Dave, Chief Executive Officer and Mr. Ashish Jain, the Managing Director of the company.

Happy to share that recently Mr. Kalpesh Dave has been promoted by the Star HFL Board from Head of Strategy to now the Chief Executive Officer of the company. Mr. Kalpesh comes with more than 15 years of experience in housing finance, space with a strong domain in strategy and business planning and has been at the forefront in star HFL driving the growth phase.

Also we are happy to announce that Mr. Anoop Saxena has been elevated from Head of Credit and Operations to now the Chief Operating Officer of the company. Mr. Anoop has more than a decade and a half of experience in credit underwriting and operations having worked across HFCs and financial institutions in this domain. On behalf of the Board, shareholders and participants, we extend best wishes for Mr. Kalpesh and Mr. Anoop in their new roles to steer the onward growth of the company.

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 star, then zero on a touchtone phone. Please note that this conference is being recorded. Without much further ado, I request Mr. Kalpesh Dave to address the participants. Thank you, and over to you, sir.

Kalpesh Dave:

Hey, thank you, Zico. Thank you so much. So good evening, ladies and gentlemen. It is a pleasure to connect with all of you on this Earning Call of Star Housing Finance Limited. Anoop and myself are honored at our elevation. And I personally thank the Star HFL Board, our employees, our shareholders, stakeholders at large and above all, the almighty to have reposed trust in me to take Star HFL forward in the current version of its growth.

I am extremely grateful for this elevation to the post of CEO of a fast-growing rural home finance company. I, as a leader, resolve to see as the company ahead in this growth phase along with my colleagues and I seek your blessings and best wishes in this new assignment. Well all four of us including our MD Mr. Ashish Jain and our CFO Mr. Natesh Narayanan are confident of the future that holds for our company, given the opportunity size and the domain that we have in the team across functions and geographies.

I feel we have the right ingredient to become a meaningful player in the retail, low ticket housing finance space over the next few years to come. And we are committed to create value to quality scale up of the balance sheet. Now let me try sharing with you as what is happening in Star HFL. So Star HFL is a BSE-listed rural-focused retail home finance company. And we are operational across geographies of Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, and Tamil Nadu.

We are a team of 150 plus members across functions and geography and are headquartered in Mumbai. So as a part of our planned strategy, we have envisaged Star HFL progressing through 10 versions over the next decade of its growth journey. Of these, version 1 and version 2 of the company got completed over the period 2019 to 2022, which we termed as foundation and repair phase of Star HFL.

Well, version 1 of the company was started to ensure repair and maintenance activities and we converted AKME Star Housing Finance Limited, the erstwhile name to Star Housing Finance Limited in May 2021. And we shifted the registered and corporate office from Udaipur to now in Mumbai from where we are speaking. In version 2 of the company, it was paramount for us to build a structure to ensure quality growth for all of us.

I'm extremely pleased and happy to share that the version 2.0 of the company, which started with reaching out to the rating agency, changed the rating agency from ACUITE to Care and India Rating and has now culminated in rating upgrades from India Ratings. The team collectively worked to change the characteristics of the book from a mix of wholesale, high ticket and retail to now exclusively and only retail, set up of dedicated receivable management function to remove any external reliance, and systematic scale-up on the asset quality front.

Set up of branches to ensure end-to-end operations being done within the company and not through any franchise or external agent. Replacement of Excel-based working environment to a lending suite, thus introducing digitization in the company, setting up a liability franchise, focusing on public sector banks and getting engaged with the NHB and finally strengthening capitalization level under the leadership of a professional CFO.

We invested in expanding our presence, onboarding of quality manpower, and in digitization to create a strong foundation of growth. So COVID-19 pandemic tested our resolve and we have been able to come out stronger, better prepared and now well-poised to grow. Therefore, in the current version 3.0, we dedicated ourselves to leverage the strong foundation so big in version 1.0 and 2.0 to now scale up. And we have witnessed first year of 100% plus year on year growth in FY 22-23.

And we are extremely happy to have carried the same momentum in Q1 of FY23-24. I hereby wish to share the achievements of Star HFL in the quarter ended June 30, 2023 and these are enlisted as follows. For the quarter, the company provided housing finance assistance to more than 400 EWS LIG, which is economically weaker section low income group families, towards purchase or construct of their own home.

Courtesy, incremental disbursement, the AUM as of June 30, 2023 now stands at 270 plus crores, registering a 134% year on year growth. The loan book as of today is 100% retail and is diversified across its operational geography, which I just mentioned, that comprises of 14 physical offices and these are covering 30 plus locations. Average ticket size is at INR10 lakhs to INR11 lakhs. Well our book is getting seasoned and is behaving well.

Well planned receivable management program through concerted efforts of entire team has resulted in portfolio at risk, which is past, which is zero plus day pass due, coming down to

4.82%. Out of this, the gross NPA, GNPA, stands at 1.56% and net NPA, which is NNPA, stands at 1.13% as of June 30th, 2023. We are continuing to invest in manpower, getting the right kind of talent across business functions and geography, developing branch infrastructures, which include having the physical premises in our geography and technology to provide a solid foundation to build business.

Just to mention, we are also in our version 2.0 with respect to our digitization, where we are now getting transition to a new lending suite in line with business requirements. And the new system so deployed shall further aid in strengthening underwriting as well as optimization of turnaround time of home loan applications right from login to disbursement and even post disbursement stage right to the loan life cycle.

We continue to focus on AUM scale up which, which is asset under management scale-up, through on-book and co-lending partnership, which is currently in the ratio of 90:10. Under the leadership of our CFO, Mr. Natesh Narayanan, we have been able to continue strengthening liability franchise in line with the asset growth requirements. And this has been really important for us. Resultantly, we have relationships with 13 institutions, including public sector banks, private sector banks, social impact fund, financial institutions, and the National Housing Bank.

And we are in the process of developing engagement with many more financial institutions during the quarter and for the quarter to come. I'm extremely happy to share that based on the all-round growth exhibited by the company, our rating partners, India Ratings, have upgraded our bank loan facilities rating to IND BBB stable. And this is a very important milestone in this phase of the company.

Star HFL board has approved the ESOP 2 scheme for eligible employees. So ESOP 1 was already announced, of which the first transfer of ESOP 1 scheme has already been vested. Second transfer of ESOP 1 scheme is due to be vested. And along with this, ESOP 2 scheme for eligible employees has been approved by the board. Now, the scheme, subject to shareholder approval and related clearances, is in contenance with the philosophy of Star Housing Finance Limited becoming employee-owned and employee-managed company through the journey.

Star HFL board has recommended of dividend of INR 0.05 equity share of INR5 each for the financial year '22- '23, subject to the approval of the members at the ensuing annual general meeting of the company. Dear participants, Star HFL is listed on the BSE and now has more than 6,000 shareholders. As the company gets ready to get transitioned to the NSE, which is subject to obviously all approvals and clearances, Star HFL has already met the quantum criteria of INR75 crores of net-worth. And as of June 30, 2023, the network stands at INR108.3 crores. And now Star HFL awaits to complete the qualification of the tenor criteria.

Star HFL has healthy capitalization level and subject to necessary approvals and clearances, shall work towards augmenting the same in line with growth expectations. So we have raised capital throughout our journey, and we continue to look forward to augment capital base in line with the growth requirements subject to all approvals in place. We have carried forward 100% plus growth momentum exhibited in the last financial year and are now well poised to cross INR500 crores assets under management milestone over the next few quarters, provided we

maintain and build up on this momentum, obviously, at the same time, not compromise on the quality.

With a professional Board and post my elevation as CEO, I, alongside the MD, CFO, and COO, will be managing the company on the direction of Board of Directors. In the Board of Directors, we have Mr. A P Saxena, Ex-GM of the NHB, Mr. Ajith Kumar Lakshmanan, Ex-CDO of LIC of India, Mr. P K Das, Ex-CDO of IDBI Bank, Mr. Kavish Jain, and Mrs. Neelam Tater, Chartered Accountant and CS Professional. These professors are extremely deep in knowledge and domain chartered accountant and CA professional. These professionals are extremely deep in knowledge and domain and hence, helpful for the buildup of the company in line with the strong corporate governance framework.

We are confident of ending version 3.0 with this objective and move on to the subsequent version, which would be sustained growth followed by P&L buildup, then generation of sustainable P&L and balance sheet metrics, participation of institution, then moving on becoming a company with Pan India presence, followed by emergence of a brand in retail affordable housing finance space, and finally becoming an institution with a strong legacy in the final version. So participants, this is a vision. This is a collective vision of the team.

And hopefully we the leadership team, along with the participation of all colleagues across business functions and geography should be able to drive Star HFL through these stages over the next decade. So with this, I now call upon our CFO, Mr. Natesh Narayanan to speak on the balance sheet, P&L and financial ratios for the quarter ending June 30, 2023. Thank you and over to you, Natesh.

Natesh Narayanan:

Thank you, Kalpesh. Hello and good evening, ladies and gentlemen. Let me start with congratulating Kalpesh on being elevated as a CEO. As the head of strategy and corporate planning for the last 18 months to 24 months, he's played a very crucial part in growing this company to a INR270 crores plus AUM today. I'm sure in his new role as a CEO, he'll propel this company into a growth trajectory that will help us build a INR thousand crores plus company over the next two years to three years time.

I'm also very happy for Anoop Saxena, who has been elevated as a Chief Operating Officer. The deep insights that he comes with on the credit and the operations helped us cross the INR270 crores mark today and I'm sure, the edifice that he has built in the form of our 30 plus branch network, both digital and physical, will help us build a strong Star HFL for the futures to come. I also congratulate Ms. Shikha Dharmawat, who has been elevated as a financial controller and head of accounts. Shikha has been our backbone of the Accounts Department and this elevation is well-deserved work.

And Star HFL has demonstrated itself as an equal opportunities employer with a strong focus on meritocracy and ethics. Together with this team of qualified professionals and Shreyas Mehta, our CS, we look forward to this forthcoming journey of Star HFL, where we aim to conquer newer heights. I also thank India Ratings, our rating partner, who reposed trust in us and have been providing valuable inputs in our growth journey that has acted as our milestones in many instances.

Now coming to the balance sheet, I can say with a lot of confidence that the strong process driven and policy oriented strong institution that we have endeavored to build in the last 24 months have built the necessary tailwind which will help us grow the AUM to a INR thousand crores for the next two years to three years.

With this, I share the highlights of our Q1 results with you. Here are the following. The gross loan book stood at INR271.62 crores as of June 30, 2023, as against INR116.32 crores in June 2022, a year-on-year growth of 134%. Disbursement for Q1 FY '24 stands at INR34.67 crores as against INR27.51 crores in June 2022. The total income for FY '24 Q1 is at INR12.29 crores as against INR6.17 in Q1 FY '23. A year-on-year growth of 100%. The net interest income in Q1 FY '24 stands at INR5.75 crores as against INR2.98 in FY '23 Q1. The GNPA as of June 30, 2023 is at 1.56% as against 1.68% in March 2023, and NNPA of 1.13% in June 2023 as against 1.25% as of March 2023.

For the quarter ending June 30, 2023, the profit before tax and PAT have increased by 121% year-on-year and 122% year-on-year respectively. During the quarter, the company received fresh term loans from institutions like Hinduja, NHB, Sundaram and MAS, is totalling amount to INR30 crores. The total borrowings outstanding as of June 30, 2023 is at INR182.69 crores, thus resulting in a debt equity ratio of 1.7x. The ROE stands at 7.15% and ROA stands at 2.77% on an annualized basis.

The company has a strong liability pipeline and we expect to witness an increase in terms of term loans quantum from some of our existing and potential lenders in the near future. To conclude, I wish to state the following. Your company at this point of time is at moderate leverage levels and we shall work towards optimizing the same through the year as we build borrowings with existing and new lenders.

We shall look forward to diversify the overall borrowing profile in terms of lenders, as well as in terms of the instruments from the, through which we borrow. SAR is well capitalized as we speak, and we shall work towards strengthening the network through PAT accretion and capital raise subject to all approvals and clearances driven by business requirements. I'm confident that, we as a team shall continue to build on the good work done in the last financial year and specifically, in the last 24 months and this quarter and achieve business and financial operational milestones that we have set ourselves to achieve. I now hand over the call to our CMD, Mr. Ashish Jain. Thank you and over to you, Ashish.

Ashish Jain:

Thank you, Natesh. Thank you, Kalpesh. Good to hear from you. Dear participants, a very warm welcome and best wishes from the Star HFL leadership team. It is always a pleasure to address and interact with you. The leadership team at Star HFL made a strategic decision to pursue growth and we are pleased to report that till now, we have been able to walk the talk. However, one thing is extremely clear that quality will always take precedence over growth in our journey.

From industry perspective, as the HFC space gets rigid, especially at the top, one feels that new age, high growth housing finance companies, operational in semi-urban and rural geographies are well poised to make their presence felt in the overall Indian mortgage landscape. I do feel that the growth drivers of buildup of aspiring homeowners, buildup in semi-urban and rural

areas, development of infrastructure, rural nuclearization and digital connect of rural areas to the mainstream should bode well for the growth of rural-focused lending institutions, and Star HFL is poised to grow in this space. I also feel that, it is the responsibility of ours and our peers to enable credit access to deserving borrowers on fair terms and bring them under the ambit of financial mainstream.

Rural home finance has been a subject since past three decades and it is only recent, especially after COVID-19 pandemic, that rural India is finding its place in the sun. Star HFL is gearing up to be a responsible lender in this space and play a meaningful role in realizing home owning aspirations of semi-urban and rural populace.

Our staff count has doubled to 150 plus over the last 12 months as we have expanded our presence and team to grow systematically backed by defined risk framework and guidelines under the mentorship of strong and an independent board. 100% Y-o-Y growth exhibited last financial year has set the momentum to build further in the current year and the current quarter results display that the momentum has been carried forward. What is more important is that our asset quality is holding steady as the books get seasoned.

We have continuously strengthened our net worth through capital raise to match up to the growth and liability machinery too has responded well to the call. Natesh deserves full credit to make liability as an engine of growth. Under his leadership, the company has got much deserved rating upgrade as well. To steer the overall growth, Star HFL Board took the decision to promote our colleagues, Mr. Kalpesh Dave and Mr. Anoop Saxena as CEO and COO respectively. Kalpesh, Anoop and Natesh have led the transition of Star HFL as a professionally run company and I'm confident that, they will lead the next phase of scale up.

I thank our branch management team, including our regional directors, who have been at the forefront of HFL growth. Finally, I express my gratitude to all the stakeholders, including the RBI, the National Housing Bank, bankers, rating agencies, business associates, our customers, our employees, and their families, who have contributed in the growth of Star HFL franchise. We remain committed to create value for our stakeholders. Thank you. Over to you, operator.

Moderator: Thank you very much. Our first question is from the line of Ramjip Jaiswal, who is an investor. Please go ahead.

Ramjip Jaiswal: Thank you, operator. So my question is, let's say, five years from now on what do you think Star HFL will be positioned as?

Kalpesh Dave: If I hear correctly, he said, five years from now on what will be Star HFL be positioned as? If I am correctly listening to that?

Ramjip Jaiswal: Yes, yes. Correct.

Kalpesh Dave: Okay. So, Ramjip, Kalpesh, here. I will just answer your question. As I said that we are a rural focused retail home finance company. So over the period of next five years in terms of our business philosophy, we envisage no change as such. We will continue to be retail focused home finance company operational in semi-urban and rural geography of our operation. While over

the next five years, you may consider Star Housing Finance expanding its outreach in terms of geographies of operation, buildup of points of presence in these places. And at the same time, exhibiting high growth that it has exhibited in this version 3.0.

To talk about broad-based numbers, and I'm not giving you any forward-looking numbers over here, but just to tell you, if we're talking about financial year -- up to financial year '27, '28, Star Housing Finance would be well-poised to have an AUM in excess of INR3,000-plus crores. So, when we are considering that particular number, we may have a live customer base of more than 30,000-odd borrowers, which essentially means that we would have catered to service to more than 60,000-plus Indian families in economically weaker section, low income group segment.

So that is the kind of scale-up that we are envisaging. Obviously, at that point of time, we would like to become a Pan India player, having a meaningful presence in the overall affordable housing finance space as well. So that would be my answer to you, in terms of next five years, this is how Star HFL should look like, in terms of its business operations.

Moderator: Thank you. So the line for Mr. Ramjip has dropped. Our next question is from the line of Manan Gandhi, who is an investor. Please go ahead. Mr. Manan, your line is not clear. May I request the management that we move to the next question?

Management: Sure, we can ask Mr. Manan to come back once he is able to connect in a better manner.

Moderator: Yes, sir. Thank you. Our next question is on the line of Mr. Kumar from Corporate Finance Bureau. Please go ahead.

Kumar: What are your expansion plans for the current financial year?

Kalpesh Dave: Mr. Kumar, Hi Kalpesh, here. In terms of our expansion, as I said, we right now have 14 physical premises covering 30-odd locations. We would like to expand in our existing geography, which consists of Maharashtra, Madhya Pradesh, Gujarat and Rajasthan. Over here, we want to go deeper, basically with an intent to cover all major districts where we have the opportunity. That would be our first plan to expand, which is within the geography of operations. And also, during the year, we are looking forward to expand in the state of Chhattisgarh, down south in Andhra Pradesh, Telangana, as well as have some reasonable presence in the National Capital Region, which is NCR. So this would be our expansion plan for the current financial year.

In terms of points of presence, I would like to say that from 14 physical premises, we would look forward to have 25-plus branches present across these geographies which I am talking to you. And obviously, with this expansion, I would see the staff strength also getting increased from the current 150-plus employees to more than 200, 225-odd employees as we expand.

Kumar: Okay, thanks.

Kalpesh Dave: Thank you.

Moderator: Thank you. Our next question is from the line of Umesh Parmar, who is an investor. Please go ahead.

Umesh Parmar: So, it was great to hear company going strength-to-strength. I wanted to ask two aspects. First, how do you manage the asset quality of your book? And second, can you give any guidance on GNPA number at the end of the financial year?

Kalpesh Dave: Sure. Anoop, you would want to answer this question, please?

Anoop Saxena: Yes, exactly. Anoop Saxena, this side. So, regarding first question, how we will ensure that during the course of growth, asset quality is not getting compromised. So for that matter, what we have ensured is to build-up processes and stringent are lending suite at the central office. So at this point of time, our central office is functioning with the help of independent SEO unit, independent legal department, independent technical department, and independent collection department. So these are the departments which are established as the office. As well as at the branch level, every branch is now having one collection officer at the field level. And these persons are basically getting monitored on daily basis.

Apart from that, at technological front, entire assessment model, that assessment model is based on in-house built-up scoring-based credit assessment model, wherein customer is getting assessed at dual time, one is at the time of onboarding, second is second at periodic interoperability. So at any point of time, I'm getting my customer assessed at the scale of one to five for the purpose of risk assessment, and hence the quality, there are very less chances to get the quality gets compromised.

And GNPA level, we are currently continuously trying to reduce our GNPA. Though, the best part is no, after 2019, whatever disbursement we have done, there is no -- not even a single case has went into GNPA. As far as older book is concerned, the GNPA has reduced from to 1.56%. By the end of 31st March 2024, we are looking somewhere around sub 1% should be our GNPA level.

Umesh Parmar: Thank you. Thank you so much for the answer.

Moderator: Thank you. Our next question is from the line of Mr. Vijay Shah from Star Housing. Please go ahead.

Vijay Shah: Yes. Good evening, sir. My question is that what is your provision coverage ratio? Are you providing more than mandate provisions?

Kalpesh Dave: Yes, so I take that up. Just to answer to your question, see, the provisions that we make on the balance sheet vis-a-vis the delinquencies that are there, that is in line with the mandated requirement as required by the regulator. In addition to that, we have also been extremely conservative in providing in terms of maintaining our asset quality.

So we have been time and again providing more than whatever has been mandated as per the requirement. So we have been conservatively written off also some of the legacy loans which we feel that it is prudent to write them off while the focus remains on ensuring that a collection or the push for collection happens on these accounts.

But we have written off as well. At the same time, during the time of COVID-19, we have also provided COVID impairment reserve. So if you take into account these additional provisions, some of the write-offs that we have done, as well as the mandated provisions that we have done, our provision coverage ratio is around 100%.

It basically takes care of whatever GNPA, the NPA levels of INR3.80 odd crores as of 30th June 2023 is there, it is more or less provided. It is more than enough for the overall provision. So it is 100% when you take into account all these provisions. Just to answer to your question. And we shall continue to be conservative in terms of having these extra provisions as and when we feel that we need to provide more.

Vijay Shah: Okay and one more question sir, that your borrowing profile consists of term loans so are you planning to diversify your borrowing profile in the same financial year?

Kalpesh Dave: Natesh you want to answer that question on borrowing profile?

Natesh Narayanan: So on the borrowing profile, if you see our borrowing average duration is closer to five years, whereas our asset set duration is closer to seven, seven and a half years, that's giving us a duration gap of about two years or so. As you see in the last three years we've made a concentrated effort whereby we have not taken any short-term borrowings.

Most of our borrowings have been in the five year or five year plus kind of bucket. Hence, if you from an ALM perspective we have no mismatches in any of the buckets, at least up to the three to five year bucket. So quite comfortable there.

Vijay Shah: So are you, you have any plans to raise more capital during this year?

Kalpesh Dave: So at this point of time, we are moderately leveraged. We are as a policy we will be open to any discussion that will help us grow this balance sheet. I won't say there is no plan but having said that we will wait for the right opportunity.

Vijay Shah: Thank you and best of luck for your future.

Kalpesh Dave: Thank you.

Moderator: Thank you. Our next question is from the line of Samiksha Chogule from Star Housing. Please go ahead.

Kalpesh Dave: Zico, I think some of the names that you are saying these are not from Star Housing just to let you know these are I think either external or they are individual investors just to let you know.

Moderator: Okay sir I'll make a note of it.

Samiksha Chogule: Thank you. Hello. Hi. Yes hi. So I want to know actually what is your on balance sheet lending rate and what is your average borrowing cost?

Kalpesh Dave: You are talking about what is our on balance sheet lending rate and what is our AUM lending rate right?

- Samiksha Chogule:** Yes, borrowing cost.
- Kalpesh Dave:** And the borrowing cost as well. Anoop, can you share what is our on balance sheet lending rate and Natesh can you answer on the borrowing cost, please. So Yes Natesh you can go ahead
- Natesh Narayanan:** Okay I'll take both of it.
- Kalpesh Dave:** Yes you can take both of it it's fine Natesh.
- Natesh Narayanan:** The portfolio yield at this point of time is 16% around 10.5%.
- Kalpesh Dave:** So, Samiksha, I think he was, he was a bit unclear in terms of the voice Just to tell you, on the, on the overall balance sheet level, the lending rate is at around 16.5 percent. However, if you take into account the AUM part of it, obviously, since we are into co-lending partnership as well, our on the overall AUM, it would be around 18.5%, whereas our borrowing cost right now is at around 10.5%. So this is the...
- Moderator:** Okay. Ms. Samiksha, do you have any other questions?
- Kalpesh Dave:** We can move on to the next question please, Zico.
- Moderator:** Yes, sir. Our next question is from the line of Brij Rambhya, who is an investor. Please go ahead with your question, sir.
- Brij Rambhya:** So Yes, my question is, do you think you are under leveraged looking at the other peers right now who have like a higher amount of leverage and are doing a little bit better? And my second question is, where do you see the net margins, net interest margins going in the upcoming financial year? What would be your guidance on that?
- Kalpesh Dave:** Natesh, you want to answer that?
- Natesh Narayanan:** So hello, Brij. I won't say we are under leveraged, we are moderately leveraged. There is good scope for increasing the leverage. Typically, a balance sheet of this size with this rating can ideally go up to 3.5 times. We are knocking at two times. So yes, there is good scope for leverage. So it's not under leverage, but this is moderately leveraged. That is how I'll put it. Now, as regards, sorry, I miss the second part of the second part is what is..
- Brij Rambhya:** What is the NIM that is envisaged?
- Natesh Narayanan:** Yes so the NIM of around 4% 4.5% will be protected given the fact that we are leveraging co-lending as an effective strategy even if while we are not we have not increased on asset side yield, but we have used co-lending as an effective strategy to protect our limits.
- Moderator:** Thank you. Our next question is from the line of Manan Gandhi, who's an investor. Please go ahead.
- Manan Gandhi:** So I just wanted to know that promoter holding is going down from 42. It has come down to 22%?

Kalpesh Dave: Yes, we hear you. Promoter holding has come down from 42% to 22%. So you want to know the reason behind it?

Manan Gandhi: Yes.

Kalpesh Dave: Ashish you want to answer to this question please?

Ashish Jain: Yes, hi Manan. Thank you, thank you for raising this question. So, see, Manan, in the last one and a half, two years, I would like to tell all of the investors that the Star HFL and Hedge raised three rounds of capital. So, if you see three rounds of capital where it's the last one and a half year. And first was in, first was of, I would say, INR8 crores rupees. That was of 4% to 5% and the second round was of 10%. And the last round was for retail investors.

So all those investors have been detailed. The result of which, the absolute, the percentage, the percentage number has gone down to 42% to 24%. So this is the main reason that the promoter state is showing the dilution. Are you, is it okay?

Manan Gandhi: Yes.

Ashish Jain: Okay, thank you.

Kalpesh Dave: I would just add to one more thing.

Ashish Jain: Yes, Kalpesh.

Kalpesh Dave: I was about to say.

Ashish Jain: If you can add.

Kalpesh Dave: Yes, also I wanted to add one more thing, Manan. This is in relation to the promoter's stake also coming down on absolute level. I would like to let you know that Mr. Ashish Jain, who is the promoter of the company, Mr. Ashish Jain and his family basically have increased their stake on an absolute level. While it may not be reflective because of the incremental capital that we have raised during the quarter because of which the stake dilution gets reflected. However, Mr. Ashish Jain and his family basically have, over a period of time, increased their stake.

And with relation to the other set of promoters basically getting diluted in terms of the overall realignment of the profile, the management team along with Mr. Ashish have been extremely clear that Star HFL has worked towards realignment of the cap table. Also during the version 2.0 of the company wherein we basically have ensured that those promoters which do actually do not have any stake in the day-to-day management or day-to-day operations of the company they know. Basically slowly but surely get exited out of the cap table and they get replaced with good set of investors with good domain and with good kind of value investing guidelines coming onto the cap table.

So you would see that when we started there were 550 odd shareholders in 2019. Today we have 6000 plus shareholders. So whatever the promoter, the second promoter part of the stake

basically which has gotten out, it has got replaced by good names who have been added to the cap table.

There are good retail investors, HNI investors, family office, FPI as well as some of the institutions also who have been looking at the company resulting in this enlargement of the cap table. Just to let you know, who have basically been looking at the company, resulting in this enlargement of the cap table.

Just to let you know, in terms of overall cap table, Ashish Jain and family would be continuing to hold stake in the company, probably also increase over a period of time as and when required, as and when they have funded the disposal. And obviously the employees, through ESOP 1, ESOP 2, and maybe in future years, also subject to all approvals in place, will form and will join the form of the part of the cap table.

So that's how the overall cap table is going to get built up. And we have been extremely transparent, Manan, in sharing this with our bankers, with our rating agencies, as well as with our regulator and the National Housing Bank on this part of it. So glad that you have brought up this question, but through this question I wanted the overall stakeholder community also to know that this is a realignment that we have done and this is how the overall cap table will build up over a period of time before an institutional investor comes in future. Just to answer your question.

Moderator:

Thank you. As there are no further questions on behalf of Star Housing Finance Limited, I thank everybody for attending Q1 FY 2023-'24 earnings call. In case of any further queries, please do get in touch with Star HFL Investor Relations Desk. Thank you and take care. Bye.

This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.