

Date: 27.10.2022

**ISIN: INE526R01010**  
**SCRIP CODE: 539017**  
**SCRIP ID: STARHFL**  
**PAN NO. AAGCA1988C**

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

**Sub: Update on Earning Conference Call**  
**Ref: Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements), 2015**

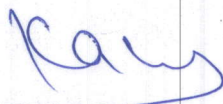
Dear Sir/Madam,

In continuation to our letter dated 18<sup>th</sup> October, 2022 regarding the update on Earnings Conference Call, please find attached the transcript of said Call and the same is uploaded on the website of the Company at [www.starhfl.com](http://www.starhfl.com)

This is for your information and record.

Thanking You,

**For M/s Star Housing Finance Limited**



**Kavish Jain**  
Director  
DIN: 02041197



**Encl: As above**



**STAR HOUSING FINANCE LIMITED**

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry,  
Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

**TRANSCRIPT OF EARNINGS CONFERENCE CALL HELD ON WEDNESDAY 19<sup>TH</sup> OCTOBER 2022.**

**MANAGEMENT:**

**MR. ASHISH JAIN - MANAGING DIRECTOR, STAR HOUSING FINANCE LIMITED**

**MR. NATESH NARAYANAN -CHIEF FINANCIAL OFFICER, STAR HOUSING FINANCE LIMITED**

**MR. ANOOP SAXENA - HEAD OF CREDIT, STAR HOUSING FINANCE LIMITED**

**MR. KALPESH DAVE - HEAD CORPORATE PLANNING & STRATEGY, STAR HOUSING FINANCE LIMITED**

**MODERATOR: MR. KALPESH DAVE - HEAD CORPORATE PLANNING & STRATEGY, STAR HOUSING FINANCE LIMITED**

This meeting is being recorded.

**Kalpesh Dave:**

Ladies and gentlemen, good evening and a warm welcome to the Star Housing Finance Limited H1 Earnings and Company update. We have with us today our MD Mr. Ashish Jain. We also have with us Mr. Amlendra Prasad Saxena, Non-executive, Independent director. Mr. Saxena has a three decade career in regulatory space having served at the NHB. He has a strong domain in risk and compliance. Mr. Ajith Kumar Lakshmanan Non-executive, Independent Director who have recently joined the board and has a career in LIC professional with more than three decades in LIC and LIC HFL.

**Mr. Ajith Kumar Lakshmanan:**

Hello, Kalpesh.

**Kalpesh Dave:**

Warm Welcome to you sir. I can see you now on the screen.

We also have with us Mr. PK. Das, a career banker with strong domain in commercial and retail banking. So, Mr. Das a warm welcome to you sir. You have also joined us as an independent director a warm welcome to you sir.

We also have Ms. Neelam Tater joining us as a women Independent Director on the board of Star of the Finance.



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

She is a professional qualified company as well as a chartered accountant and she is responsible for bringing an overall coordination of the compliance point of view for the board proceedings. So, warm welcome to you as well Ms. Neelam. Thank you so much for coming.

So I have introduced to you our board members. Now allow me to introduce to you our executive team. Our executive team consists of CFO, Mr. Natesh Narayanan. Mr. Natesh has been single handedly leading the charge of one creation both on the liability side as well as on the equity side of it and courtesy him bringing in the funds. We are able to see this kind of growth on the asset side of it.

So that's Natesh for you. Natesh is going to speak to you. We also have Mr. Anoop Saxena representing the right side of the balance sheet, which is the asset side of the balance sheet. And what he has done is he has brought in a lot of policies, processes, guidelines and overall framework which has brought method to the overall growth. So the AUM scale up is being led on the trade underwriting and the operations front by Mr. Anoop Saxena.

He's also a qualified chartered accountant with more than two decades of experience. And last but not the least we have our young MD Mr. Ashish Jain. That's Ashish for you. And it is Ashish's leadership, Ashish's vision that basically had translated into reality with the team executing the overall goals that have been set after 31<sup>st</sup> March 2022. So friends that's our Team, our Board under which guidance we work and whatever business performance that you have seen, it is under the leadership and vision of Mr. Ashish Jain.

So this is the team for you. I will just set the agenda of the call straight so that everyone is aware about what we are planning to do or what we are planning to say. We have Mr. Natesh Narayanan taking you through the financial performance of the company financially. What are the profit and loss statement looking at, what are the associated ratios looking at what is the quarter and got a growth looking at, so on and so forth. Even then, hand it, hand over the call to me.

I will be taking you through the strategy of 500 crores of AUM buildup which you have emphasized over the next four operational quarters. So that is what I will be covering and after that it will be followed with Mr. Ashish Jain setting the vision, setting the expectations right for the period of next twelve months as we mark from here up. So that is the overall agenda of the call. We will also open the call for question and answers. Right now, every participant is on the mute mode. Once the call gets completed, you can have a raise hand.

You can also coordinate with the host and you can join in the queue for the question and answers. And we are more than happy to answer any of the queries or questions you may have. See, our intent is very clear. We want to project ourselves, we want to tell you the story. We want to tell you our performance, what we had resolved, what we have told and what we have achieved till now and moving ahead how we will do in a very structured and defined manner.

So that is the intent of the call. So, without much further a do, I will ask Natesh to run you through the overall financial performance. Thank you, and over to you Natesh.



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

### Natesh Narayanan:

Thank you, Kalpesh. Good evening, all of you. Ladies and gentlemen. I must thank Kalpesh for the great introduction. We are a team. We worked hard for the last 24 months and whatever has been achieved is a team effort. Now, I take this opportunity to present before you the financial performance for the last six months in particular and the highlights that have been achieved in the last 24 month journey as a team, both on the liability side as well as on the asset side, which brings up the balance sheet incoherence.

Let me start with the AUM. The AUM of Star HFL grew by 50% and is at 152 crores as of September 2022. We started this journey in April 2022 at 104 crores. Now, coming to the revenue part, the total revenue for this last six months was at 14.79 crores. This is the nine crores at the same time in September 2021. The interest income and the net interest income for this year standard 12.41 crores and 8.37 crores respectively.

The analyzed yield on the portfolio is at 18.27 crores and the blended cost of funds was at 9.86%.

This allow me to spend a couple of minutes here. What we have done is in the last two years we have sequentially bought the cost of funds under control. We have calibrated the lending with a good quality portfolio. Thus we have interim, during the last six months, our spread has increased by 45 bits. Now let me come to the collections, and this is a very important part of this game because it is not only about disbursement, it is also timely and proper collection and a healthy collection rate.

I'm happy to state that our GNPA from 3% in March 2022 has come down to 2.54%. Our NNPA has also come down from 2.40% to 1.97%. Specifically, we have added cholamandalam and MAS rural & I'm very grateful to all of these new lenders who have reposed their trust on us, and I strongly believe this is just the start of the journey, and we will have many more milestones to achieve together a fresh refinance line in this year. Again, I also will fail in my duty if I don't mention State Bank of India and MAS Finance who have been supporting us for the last six months. I hope and I'm very confident that these relationships are here to stay for a long, long time and will help us through this journey of 500 Crores over the next four to six quarters. Let me draw your attention to the cap table now.

In the last 6 months we have FPI's, Domestic institution and family offices wholeheartedly, thank Mr. Kamlesh shah for reposting his trust on this young team and I'm sure we will not let you down. We'll be racing another round of twelve Crores that is pending allotment in November. This is subject to all necessary approvals and full subscription thereafter. Thereafter this race will ensure that our net worth process 100 Crores.

I'm also happy to state that in the life of this company of Star Housing Finance we have raised, issued, the Board of Directors have approved the second bonus this time at one is to one. They have



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

also approved a stock split of two is to one, which means for every one share held you will get two shares of Rs 5 of face value. With this I would like to handle the call back to Mr. Kalpesh to take you to the operational highlights. All these details have been uploaded on our website and I am available here to answer any of the queries that you may have at the end of the presentation. Thank you.

### **Kalpesh Dave:**

Thank you so much. Natesh, thank you for that run through of the overall performance of our company. Natesh, you know on this call we have bankers, our existing bankers, potential bankers, our rating partners, associates, intermediaries, existing shareholders, potential shareholders and all of our stakeholders. So guys, on behalf of Star Housing Finance team, thank you so much for being a part of Star Housing Finance team for reposing trust in the company when the company was basically at initial stages of growth. And believe you me, the stage is set for us now to grow. So what is the three major takeaways from Natesh speech that I can basically gather over here? Point number one, our AUM Cross 150 loan book to cross 150, our networth, our equity base is set to cross 100 crores.

Now that is a very we have been successfully able to raise capital three times over the last twelve months.

The latest one being subject to all approvals and compliance. And the third thing by virtue of this capital raise our leverage level i.e. for debt by equity. The debt is a loan that we take from the bank is now at sub one levels. So what will happen now? The stage is set for us has decided that we will cross 500 crores AUM in next four operational quarters

But then we have formally set our eyes on crossing 500 crores of AUM. Once we cross that, at that point of time your company, our company will become a systemically important Home Finance company as defined by the RBI guidelines. Now that will be a very big event. But that will be nevertheless the first milestone for us to cross. So that is what we are targeting. And for that what is the strategy that we have devised? What is the strategy that we have that I will just touch base upon it.

So guys, Star Housing Finance is a rural focused rural centric home finance company. Star Housing will continue to be rural focused, rural centric home finance company. Our playground of choice our operations for rural geographies only. We will continue to have exclusive focus on retail loans which means that we will be providing loans to the first time home buyers staying in these geographies who wish to purchase or construct their own homes. And by virtue of this our target segment is economically weaker section low income group people. So that will continue to be there. The loans that we disperse once again please, please keep in mind the loans that we disperse will get qualified are getting qualified under the priority sector lending norms as per the RBI guidelines.



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

So that will continue to happen. Our average ticket size has been around eleven to twelve lakhs for the semi urban geographies closer to the city center and around six to eight lakhs for the location that are closer to the rural geography that will continue to hold true. So that is what we will be doing day in and day out over the next four to six operational quarters. That is very much resolved. Okay so by virtue of this what we are trying to do, first thing first that we need to put is the necessary infrastructure in place for this scale up. So currently we are present across 20 odd locations. Our points of presence wherever our manpower is present, there are 20 odd locations across the states of Maharashtra, Madhya Pradesh, Gujarat, Rajasthan and Tamil Nadu.

Okay! what we are planning to do, subject to obviously all the approval being used to expand our infrastructure, our infrastructure will get doubled. Okay we will pent across 40 odd locations whereas the current location infrastructure is covering 40 odd districts we will be covering 100 odd districts by this particular expansion. Concomitantly, the manpower across business function and geographies including the ones at the head office will be on board. So that is something you are going to do to ensure that the rate necessary at the taluka level as well as the village level, so going to expand to newer geographies. One such particular geography which interests us is Uttar Pradesh Haryana. So that is something which are very keen to expand to subject to primary and secondary research which is getting validated.

So on ground team is conducting primary research, we are validating the secondary research, once we feel that there is a potential, a particular location or a particular state, we are going to expand. So that is four strategies that I wanted to tell you with respect to the scale up side of it. Second is bringing the method to the overall thing, so policies, processes and guidelines are there. Risk framework has been set up as Natesh said that it is not the disbursement, it's about collection, so we have put in necessary firepower for ensuring the receivable management infrastructure is there in place, that is what we have done. The FCU unit, the data crunching unit, business intelligence, data head office to basically raise any of the red flags that might emanate in terms of quick delinquency so on and so forth. So man to man marking of the account is already being done, continue to get so that is the infrastructure for you, that is what we are doing. Secondly, we are investing as we previously said also that we are now investing in capacity creation. We will be investing continuing to investigate in continuity of digital platform so current Jaguar LMS is not getting limited to LMS which is a bigger and a better system catering to our so that's what we are doing, that's the second side of it. The third is since I said that we are going to be a rural centric rural focused home in this company there are customer centric products that is developed by Anoop and his entire Team and we have nominclatured it as Star Gram loan so Gram means gaon so Star Gram Pkka Grow loan is one of the product, Star Gram Pakki Manjil Loan is one of the product for reverse minority population who want you know to run down the dilapidated structure and create a particular new structure for their pushtani Makan that is the second product for you. Star Gram vikas grew loan existing structure me you want to put in more Asian that is a Star Gram because loan and Star Graham sulabh Sachita loan so creation of bathroom, creation of toilet that is providing those kind of smaller smaller tickets loans we are going to provide into these geographies. So that is the third pillar on which our scale up is going to happen for the so how to build up AUM it is not just one particular that you're following. We are following we are having four different verticals which has



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

gotten in fact launch. One is a on booking wherein the loan database gets booked onto our side as well as on the equity side. I will first take equity side, as I said that we have consistently raised capital. We look forward subject to all approvals and complaints in the next twelve months of which will basically provide that much needed buffer scale up in terms of 500 crores going ahead of that. So that is one bit of it that will be institutional investor and for that the initiation I have to begin, so that's the leg that we are going to begin for that. Now on the debt side of it, Natesh has been diligently adding lenders to our liability profile. We have connected twelve different lenders. We look forward to increase our lender 36 odd banks and financial institution.

So that is what institution numbers are going to get tripled given the funding pipeline that we are developing envision that is going to happen over a period of next twelve months also. That is the side of it. And even I tell you given the kind of impact that we generate in the lives of the people in rural Geographies, we also are looking forward to raise funds through social impact funds for which the initiation and so that is the funding strategy that I wanted to tell you on the side of it hopefully when we are able to achieve it. Subject to all things being done we should be a 200 Crores net worth company without addition of any of the patent not taking that into account we should be 500 crores company and we should be able to raise that and have leverage level to 2x and from then on the stage another journey between the midsize company and then large size company that is the strategy that I wanted to share with you that we want to keep with ourselves. We want to execute and whatever time it takes but we have drawn that we will grow to become a historically important home finance company. So that's it from my side I now request our MD Mr. Ashish Jain to speak, to set the vision straight, to guide us, to tell the team what he thinks of this performance and what lines ahead of us. So, Ashish will just stand up and communicate to their team.

### **Ashish Jain:**

Thank you Kalpesh, Thank you Natesh, Anoop, Shreyas & I think might be you are facing a bad network over here but I would like to thank all of the people who are coming over here especially our board of directors Mr. Ajith Kumar Mr. AP Saxena, Ms. Neelam Tater, Mr. Amrit Singh Rajpurohit and Ms. Rekha Jain and of course I can see so many faces who are our well wishers and who have been stakeholders and putting the trust in us from day one of this company. Of course I can see Kalpesh also who has given his time out of his busy schedule. So guys what happens If you have good Team like Kalpesh, Natesh, Anoop and Shreyas then Managing Director does not have much to say so I am thinking about what should I say , what should I speak because I think they have shared all of the vision or what we are going to do, so I will focus on limited topics only in which bankers, regulators, lenders, investors, stakeholders & other people's trust should be maintained who have shown trust in us.

So, first of all I would like to speak about the growth and expansion. See what the company has done earlier, now it has changed over from last 2 years because of Covid whatever was the time but now it is the time to go ahead.

Quality growth is important, but you have must have 1ft at down to maintain credit appraisal, credibility. Today we working in 20 states but what we are going to do in the coming future in the



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry,  
Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

next couple of quarters we are going to do for next to ten months or three to four quarters for the AUM. As we will maintain asset quality. We happy that we have those people on board. We can see that company is in good hands, as directors, independent directors and executive position collectively taking good decision as for our lenders, investors and stakeholders. As what kalpesh and natesh discussed earlier that the Company from day one like to focused on rural sector and semi urban sector. As our presence in Pune, Chennai, Indore, surat, Udaipur said us and people and of course the affordable housing sector we are looking for only the category sector lending and everything. As our promoter said if you provide food that will be remembered once, if you provide clothes to someone that would be remembered for a month but if you provide a house to someone that would be remembered for lifetime is better. As of growing 500 crore and RBI subject to all those approval, we will become a systematic housing finance company. As its tough for every company to grow from 0 to 100 is very tough and from 100 to 500 after that the doors get open so I can feel that the doors have been open for us from lender side from the investors side and of course the refinance we are getting from NHB which is a huge boost of us which is controlling our foreign cost. As we can see from investor side & stakeholder's point of view we can see last year PAT and this year PAT as what we have done in six months as we talk for H1 more than 3 times from last year.

You can see it's almost what we have done in the six months to the customers. Of course, we have declared the previous board meeting on the bonus and the split but that's all subject to the approval from the BSE and of course from the shareholders approval which we'll be looking in the next couple of months.

I feel we must share, I'm taking everything I tried to share the profit and what the companies get with my team, with my colleague, with my stakeholders, investors & of course to the customers. We will ensure strong corporate governance and structured Board. As before only AP Saxena now Ajith kumar, Neelam & P.K. Das all have joined our Board from different sectors. All these are professionals, all these have been serving on different BFS. Now we are having more than 15 bankers, institutions, lenders, private banks. Also, I would like to also thank NHB and RBI for the Compliance because of the guidance we got 8 sanction from NHB and also from different banks SBI Bank, AU Bank, Union Bank., I can see on the screen, people are present from various banks, investors, financial institutions. Thank you so much to everyone for taking out your valuable time. And of course last but not the least, I'm very much thankful to Mr. Anil sir who is a very big factor for us, who is motivating this young of myself, of Kalpesh, Natesh that is there are, so he's a guiding force behind us. So not officially on this board but regular advice from him have come as a strategic investor in Star Housing Finance and what. We can see this turn around the last three years. So this is what we can achieve. We have the domain, we have the experience, we have the team. So, thank you so much. This is from my side. Thank you Kalpesh.

**Kalpesh Dave:**





## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry,  
Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

Wow Ashish, that was really good stage that you have set for the team. Thank you for those words and setting the vision right for the entire team to follow. So friends, this is what we are all about, this is Star Housing to you.

So thank you once again for being a part of the company. I promise to you on behalf of Ashish and on behalf of the board that we all will work towards creating long term value for stakeholders and our vision is very clear to become a Pan India rural centric home finance company and leaving a lasting legacy which everyone would be proud of to be associated with. So that's the institution framework that we want to develop and hopefully we will walk the talk as we move on from here. So that's it from my side. Also, I would now want to open this floor for Q and A. Anybody who has questions, they can kindly raise their hand or in fact put it in the message over here. I can see Mr Chirag Jain being the first person to ask the question.

So obviously we will appreciate it, but anyone want to ask the question more than happy, please put in your request to the chat or raise your hand. So we will just wait for a minute or so to start it.

### **Chirag Jain:**

Hello.

Hi, thanks for the opportunity. You had a great financial performance for the quarter and half yearly also performance was very good. So I had some basic questions. So starting with what is the target period for achieving your 500 crores loan books for that?

### **Kalpesh Dave:**

Yeah, so as I said, we are a listed company chirag, so we would not want to give any kind of any forward. But if we talk about internet deliberation and you have been very much part of the overall team chirag and as a stakeholder would want to share with you that you look forward to cross 500 crores of AUM over the next four to six operational quarters, providing our liability and our equity machinery gets that kind of a skill which you are very much confident to have it. But this is something which has set our eyes on in terms of the vision. First milestone is 500 crores, the next four to six operational quarters.

### **Chirag Jain:**

Okay. Secondly was on the cost of boring. So is there any difference from borrowing versus NHB versus bank versus Mars or Chola? There is a difference. So would you like to give out your cost of borrowing for various three?

### **Kalpesh Dave:**



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

Yeah, so our weighted average cost of borrowing as it stands for H One. In fact, I would not even want to tell you H One because the borrowing happens every time. So if you talk about right now at this point in time, my average cost of borrowing on an incremental basis would be around 10.25 to 10.5% is the borrowing that we are having or the cost of borrowing that we are having? Obviously the refinance lines from NHB subject to you know we passing their criteria and other due diligence parameters, that always is a blessing. But when we are envisaging a business plan lower cost fund is something which you do not incorporate in our business plan. We envisage that we will be raising debt at this particular level and subject to our re-rating, which is kind of due that is what we feel. And we will walk the top with our rating partner as and when the parameters get satisfied, we get re-rated. There will be approval happening on the borrowing side of it. So just to answer to your question, we will continue to be in that particular segment with the borrowing cost, given to you know that it remains stagnant at this point. At this level, we would want to have a 400 to 500 basis points spread being maintained for us for our onward lending.

This is something which as a strategy you would want to keep it. Obviously you know any of the energy finance lines is a blessing and it will further bring down our borrowing cost. Just to answer your question.

### **Chirag Jain:**

Okay, so can you disclose the amount borrowed from energy currently?

### **Natesh Narayanan:**

Adding a couple of things while Kalpesh has more or less covered everything, you need to understand is that we are a growing company and at this point of time we are an investment grade company and from here with the capitalization that we have, our credit rating stands to improve as time goes by. So while at this point of time the borrowing cost is around the 9% mark while the general market rates are going up for us the will not be as we grow up credit rating also improves and hence from a number of perspective we are quite confident that we'll be able to maintain the spread of around 500 to 600 basis points which will cover for credit cost and a healthy profit margin. Coming to your question on NHB, what is the size of borrowing? Till date we have received a total sanction of around 45 to 46 crores from NHB and there are some outstandings as well which is reflected on the balance sheet.

### **Chirag Jain:**

Okay, that was helpful. So you mentioned about venturing into rural areas with smaller tickets size so wouldn't be that competing with MFI which have higher NPS for the same NIM, don't you go with that?

### **Kalpesh Dave:**



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

Yeah so to answer your question, strategically yes when we are in these geographies do we have any competitors? Yeah, we do have competitors, we do have public sector banks, we do have private sector banks, we do have HFCs and not only that Chirag, we also have regional rural banks, we have cooperative credit society, we have those informal money lenders also. But I do believe that the opportunity size of these geographies are the incremental demand for housing is so huge that there is an opportunity to have a peaceful coexistence among all the lenders. Okay so that is something which is there which holds true. However, to ask us what we are doing is want to be at those particular locations which is near pasture for us which basically consists of that particular potential of individual eligible customer who wish to avail right kind of credit at right point of time at the deserving rate of interest and that's what we serve to them. We kind of not only serve them we kind of develop their banking habits, edit habits and once they are developing their scores and other things more than happy to engage with them for a further loan upgrade or even help them out in getting the rate of interest reduce. So that is our business strategy just to answer to you Chirag. But as I said the opportunity size is so huge that you know each one of us can coexist. The competition will come when basically we come closer to the city center and we become market to market at that point of time this question basically makes much more sense to me from the strategic perspective Chirag.

### **Chirag Jain:**

So basically I wanted to ask that the profitability will be impacted.

### **Kalpesh Dave:**

I just to answer your questions the profitability as I said Natesh also said that what we are interested in having a name of spread impact. I would like to speak about spread, spread of 450 to 500 basis points at a pretext level is more than enough for us to get translated into the RO and ROI which Ashish was speaking. So we will continue to have that as and when the approval happened on the borrowing side of it we will more than happy to pass it on to the end user.

### **Chirag Jain:**

Sure. So earlier you used to provide stage one and stage two loans. So can you give me a break up of that currently?

### **Kalpesh Dave:**

So Anoop, do you want to speak about stage one, stage two loans? So very happy to share with you that our portfolio at risk has dropped down to single digits. Our NPA percentage has been given by GNP is 2.57%, our stage two loans around 4.5% and rest of the entire loan portfolio is in stage one. So extremely happy to share that whatever portfolio risk which we were having in which most of our bankers and rating agencies are cognizant of, that has come down to single digit. Hopefully. I must say that given this infrastructure in place, it is needed to reduce further as we scale up.



**STAR HOUSING FINANCE LIMITED**

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry,  
Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

**Chirag Jain:**

So from next quarter it would be much helpful if you provide a much clear breakup like you use to provide earlier.

**Kalpesh Dave:**

We shall do it in fact in our latest company presentation that you're going to put up after this call, we will put that particular information as well Chirag.

**Chirag Jain:**

Sure. So that's all from my side. Thanks and all the best for your plans.

**Kalpesh Dave:**

Thank you so much Chirag. We now have a second question being written over here on the chat. How are you differentiating your overall appraisal process of customer and property underwriting given your segment is rural in nature. I think that is for Anoop to answer. Anoop will answer it over here. This is the host machine and I will ask Anoop to take over please. Thank you.

**Anoop Saxena:**

Yeah. Hi Avinash. Anoop Saxena this side, pleasure to answer this. So what is your question?

**Kalpesh Dave:**

What is the differentiating factor that you have for underwriting process for people and for property?

**Anoop Saxena:**

All right, so I'll tell you, we are leveraging technology. We are leveraging technology available at different platforms for cash flow assessment, for property assessment, for legal scrutiny assessment, and we are trying to collate all those technology and building it into a new lending suite which is end to end digital platform. What we will be able to achieve by that lending suite, we will be able to onboard right customer at right point of time with minimal paperwork. So that is how we are differentiating from the market and specifically for Rural centric market. Specifically for underwriting processes, our in house credit team, they are going on the field, meeting with the



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

customer, meeting with households, meeting with the entire family of the house and on the basis of their interview with the customer, with the in built risk based scorecard, they are generating risk mechanism for the purpose of cash flow assessment. So on the basis of risk based credit rate assessment, we are differentiating ourselves from the rest of the industry.

### **Kalpesh Dave:**

So the next question is congratulations on a good set of numbers. My question is throw some light on evaluation of credit in rural areas. That's what Anoop has answered. There is no information like Credit.

### **Anoop Saxena:**

I'll tell again on this thing that there is enough information available for the customers who are residing in rural geography. That credit information may not be available on Transunion, but that credit information is available on high mark.

Basically the customer who are more prone towards microfinance loan. So one thing is we are using that platform. So we are generating two credit bureau. One is Transunion and one is more MFI centric credit score. So on the basis of that credit score, we are pulling out our results first thing. Second thing, the customer who has never tested a credit history into this entire lifestyle, that customer is more than welcome to us. Even if a minus one credit civil score customer, that customer is more than welcome to us. Reason is what we have tested into our own portfolio. And on the basis of data available across credit bureaus, a minus one customer is less risky as compared to a less credit score customer. So I think that answers the question.

### **Kalpesh Dave:**

The next question is from Mr. Kamlesh Shah, congratulations for excellent resources. Thank you so much sir. Thank you for your kind words and support. Do you see any competition from mainstream banks and NBFCs at your operational geographies? So I answered that query when Chirag raised it. We are not in competition, but we are having kind of almost same kind of mapping. Not almost, but there is an overlapping that happens when the banks and the NBFCs, are there. So, as I said, what sets us apart? I would not call it as a differentiator, but we are the ones with domains. Our people who are stationed at these geographies, they know these geographies in and out. They have been born, brought up, educated in these geographies. So they know how to differentiate between whatever is well portrayed in the parlance of residential real estate space, that whatever is well portrayed versus whatever is well poised. Ye differentiating karna aapko aana chahiye. And that's where my team scores a big one over the other people. So, as I said, providing right credit, right point in time to the right customer at fair terms is something which we excel at. And we hopefully like to continue doing this for the time that you have set for us in terms of our scalar.

We have next question. How do you provide for delinquent accounts and are there any write offs and any subsequent recovery net? Natesh, you want to speak on that, please.



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

### **Natesh Narayanan:**

We have implemented the IND AS accounting system whereby each account is based on the scorecard that has been developed in house. Based on the model that we have developed. Each account is provided for depending on the performance and it is regularly monitored. So that answers how do we provide for and is there any write off for this year? It has been a minimal write off for the six months the minimum rate of around seven lakhs because of a death case. Otherwise in the previous years whatever there were write offs of around 1.9 crores of which we have recovered around 80 lakhs as well. So while we have been very conservative when it comes to as a conservative in the sense that wherever we find that there is a cost for us to take a hit, we don't hesitate. But having said that, we also diligently follow up to recover those bad debts that have been written off, not giving up hope which adds up to the bottom line to the balance sheet. It was reflected in March as well before.

### **Kalpesh Dave:**

I guess that is the answer to your question. Just to add to it in fact even during the covid times we have provided a COVID impairment reserve as well which was addition to whatever you used to providing. So we have been pretty much conservating in our conservative in our provisioning policy courtesy the conservative and very risk cognizant approach that the management team and the board has also said and we continue to be conservative on the provisioning front of it. Very much so. What are your expansion plans and which geography you think would be considering in near future? So as I said, that expansion plan mai toh hum kaise kar rahe hai ki as I said right now we are 20 locations, 40 districts covered.

We would be having 40 locations covering 100 odd districts. For the scale of 500 crores that we are envisaging, existing geographies will be penetrating deeper. We would ideally want to be present in each and every potential district in our existing geography. So that is the first thing that you have decided for us that we'll do. Some of the villages are very promising on the cusp of getting industrialized. We will be present over there. There are some exciting data that comes to us incapsulating 40 odd parameters for some of the location we are going to be present over there.

And in terms of new geographies, obviously as I said that Uttarpadesh is one such promising geography that we are looking forward to be there. But that requires a detailed planning and effort as and when we feel that we are right now good enough to go ahead in those newer geographies we will take a fall on that. So that is my action plan on expanding. Another question right now I'm coming across is are you entering Ahemdabad & South Gujarat? So south Gujarat when you say, south Gujarat is south of Narmada River.

And that South Gujarat is getting covered right now by my Surat branch. It is headed by a gentleman named Mr. Mohan Tayade. He's a seasoned profession in that particular location. He is right now operating through Surat branch geographies of Navsari, Valsad, Umargao and Vapi.

We are slated to open a small office in Vapi. Just to answer to your question, Ahmedabad becomes Uttar Gujarat. So once we kind of scale up well in this southern geography the next logical expansion point would be Ahmedabad, just to answer your question.



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

My question breakup of floating and fixed interest rate loan. So right now all our loans that we are disbursing that we have disbursed to our customers are fixed interest rate loans at this point in time. Just to answer to your question.

Next question is your cost of borrowing is on 10% net interest margin 11% translate 21% interest rate. Is that calculation right? So Aditya, no that is not right I would say because hence we have always been talking on this terms of spread. You would understand and appreciate it. We are on the road for raising equity. We have raised equity three times in the last twelve months latest when being subject to approvals in place. So what happens is that when you when you basically raise equity then equity while obviously there is a cost attached to equity for any of the stakeholders but then debt equity on the balance sheet is at 0%. So jab aap usko aur debt ko compare karte ho and coupled to that when you have a low cost borrowing from NHB also coming into the fore the NIM kind of gets distorted.

So what I would request to tell you is that when our base gets sufficiently expanded at that point in time the weighted average rate of interest that we are lending on this particular book and the cost of borrowing in the book that will come confirm it to what 455 basis points spread that we are talking about. So 21% is not the rate of interest rate that we are disbursing. Just to answer to your question, our weighted average rate of interest rate we're disbursing is around 14.5 to 15 odd percent. Just to answer your question.

My next question is apna collection app kabse start hoga. So as I said that you know the collection infrastructure is in place, the people are there in place. Man to man marking is being done. What is now required is that jo aapke app mai abhi jo system hai uske upar ek collection aajayega once the ethernos gets live at that point in time you will have the same PTP job day in day out every day call pe dete hai wo aapke app mai aajaega and at that point of time you will be able to see that part of it. So just answer your question.

Next question is Securitization in H-1 do you have any strategy for Securitization? You want to answer this on Securitization. And the next question is on the GNP. How much percentage is provided?

### **Natesh Narayanan:**

There is a question that what is the NIM? The NIM for the last six months is 8.60. However typically the NIM of this business will be around the 3.5% - 4% mark. This higher NIM is mainly because of the fact that it's an underlivered balance sheet.

When I'm saying underlivered typically housing finance companies have a leverage debt equity of anywhere between 2.5 to 3.5 times we are one times livered and hence this NIM looks on the higher side but it will stabilize around the 3.5% - 4% mark.

The question is Securitization in H-1, we have started co-lending in the H -1 where we have built AUM of around close to 8-10 crores PTCs direct assignments These are strategies that will be very actively employed from a strategic perspective which will enable faster growth and reaching our



## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

goal of becoming a systematically important HFC of the gross NPA, so my gross NPA percentage is 2.54, my net NPA which provision is 1.95% Again, what is the net interest margin that I've answered. What will be promoter stake after equity dilution?

### **Kalpesh Dave:**

So I'll take that particular question the promoter stake after this latest amount of equity would be at around 31% and the promoter has given that commitment that this particular state will maintain in the subsequent days. Obviously I'm not talking about the growth capital that is getting envisaged but any of the retail rounds of rates subsequently happening the promoters look forward to maintain that. Just to answer your question.

Can you provide some current, some color on the delinquency how it is moving currently. Very much Chirag, I will provide that answer to you. The portfolio that was envisage as of March 31, 2022 was at around 19 odd percent. Just to answer to your question at one plus level okay we had told to the people we had said that we will bring it down to single digit.

In June it was at around 15 odd percent 15% and very happy to tell you that, you know, it has been brought down to single digit. Now NPA ko consider karne ke baad ye single digit raha hai so 2.57 % NPA, 3.5% to 4% odd stage two and stage one is at 93%. So this is the level of delinquency the portfolio at risk that we are having at this point in time. And as I said to you pretty much confident that this is going to come down as we build up the asset on the percentage terms but however on an absolute terms of the way confident of bringing it down. Just to answer your question.

So that is the answer that I wanted to give you out of GNP how much is provided? 2.57% is GNPA and 1.95% is the NNPA and that is what we are provided for. Just to answer your question the difference is whatever has been provided for. So I think that is something we are end of the question that we are having.

We do not have further questions.

There is no one, I don't think there is anyone. So before concluding the call I would just want Nirmalji who is very much of a stakeholder to just say a few words on the performance of the company and also share his views and thoughts. Nirmalji.

### **Nirmalkumar Jain:**

Thank you Kalpesh.

Mai aaj apne priya mitra Mohanji jo is company ke promoter hai unke charno mai satsang naman karte hue aap sabhi ka hriday ki asim gehrayi se hardik swagat aur abhinandan karta hu. Ek promoter ki hesiyat se mujhe bohot badi khushi hoti hai ki ek chote se sheher mai jis company ka humne mohan ji ke sath milkar bija ropan kiya tha aaj logo ke vishwas par khade utarke bohot majbooti se apne kadam badhate hue pure bharat varsh mai apna naam kar rahi hai aur logo ke vishwas par khada utarte hue jis naye aayamo ko chu rahi hai us se apne aap ko garvit mehsoos kar raha hu aur mai aap sabhi ko ek vaada dilata hu ki jo aapka vishwas, sahyog, margdarshan aap sabhi ka mila hai, NHB ka regulator ka mila hai, lenders ka mila hai, investors ka mila hai, sabhi staff ka mila hai aur jo transparency ke sath mai, jo corporate governance ke sath mai,jo board bana hua





## STAR HOUSING FINANCE LIMITED

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

hai jo logo ke vishwas par aage badh raha hai, mujhe pura vishwas hai ki company aane wale samay main naye aayamo ko chute hue bohot unnati ki aur aage badhegi aur star se super star banegi aur mai sirf itna keh sakta hu ki company ne abhi toh sirf shuruvat ki hai, abhi toh ye udaan bhari hai choti si abhi toh pankho ka intehaam baki hai. Jeeti hai chand pahadiya abhi toh pura aasman baaki hai aur nisshit roop se aap sabka sahyog, aashirwaad or margdarshan milta raha toh nisshit taur se company apne vishwas par khade utarke aage badhegi aur ek baar purna mai hriday ki asim gehraiyo se aap sabhi ka hardik dhanyavaad apar vyapit karta hu, Dhanyavaad.

### **Kalpesh Dave:**

Thank you so much sir. Thank you for that kind words. Mr Amlendra Saxena writes my hearty congratulations to entire Star Housing Team, thank you so much, sir. Your guidance and mentorship, we have been able to scale up, so continue to guide us in terms of the overall framework that we want to establish and strengthen it. Thank you so much sir. Thank you so much. You would wish to speak a couple of words, sir? If it is okay with you, sir, on this?

### **Amlendra Saxena:**

Yeah.

What has been expressed in today's meet, it's very useful for the investor, for common public, for promoter, for regulator. This kind of meet is very important and the message is very clear from all of us, all of you, the executives and the promoters that we are on a pricing uptrend though the market challenges are there, there will be a rise in market the duration in the asset class. So all those steps should be taken. We will take a very cautious approach to take the journey forward. That's all.

### **Kalpesh Dave:**

Thank you so much. Mr Ajith, you would want to just speak so you are muted, sir. We can't hear you sir. Hello sir. If you could unmute yourself, that would be better. In the meantime, I'll ask Mr Pradeep Das to just say a few words, sir.

### **Pradeep Das:**

Yeah, very great seeing the numbers and the momentum has started and certainly it will gallop in time to come. My best wishes.

### **Kalpesh Dave:**

Thank you so much, sir. Mr Ajith, if you could just speak.

### **Ajith Kumar Lakshmanan:**



**STAR HOUSING FINANCE LIMITED**

(Formerly Known as Akme Star Housing Finance Limited)

CIN: L45201MH2005PLC376046 | RBI REGN NO: DOR-0080

Registered Office: 603, Western Edge I, Above Metro Cash & Carry, Borivali East, Mumbai 400066

Email: [compliance@starhfl.com](mailto:compliance@starhfl.com) | Contact No. 8828036610

I would like to appreciate and congratulate the excellent work done by the Star Housing team and to investors we like to give assurance on the board that from the government's point of view, on the process and procedures point of view, we will be providing the best support so that values will definitely be increased for you. We shall continue the good work and like Mr Amlendra Saxena again has said, that we would be going cautiously but we going forward and we would be having a consistently on the next step. Thank you.

**Kalpesh Dave:**

Thank you so much. Thank you so much for kind words. So that's I don't have much to say. I have already spoken a lot. Once again, before ending the call, if Mr Kamlesh Shah is there, I just wish if you could speak of a few words on that, sir. You are there.

**Kamlesh Shah:**

Yes, sir. There have been many areas where there is a significant improvement, including the constitution of Board of Directors and they are going to guide you further as your journey progresses. The targets set by you are very much achievable and you have excellent team. I wish you all the best for your future endeavors. And I mean the result speaks by itself and as you rightly mentioned, it exceeds the full years performance in the half year results. So many congratulations again to the entire team for the efforts and the tireless work they've done. Thank you so very much.

**Kalpesh Dave:**

Thank you so much, sir.

Thank you once again on behalf of the entire Star Housing Finance team, on behalf of my MD, Mr. Ashish Jain. Big thanks to everybody for coming on the call, for agreeing to hear us, hear our story here, our vision, what we have said for ourselves. Once again, thank you for all the banking partners, prospective current ones, our rating partners, our intermediaries, our business associates, our current shareholders, and our potential stakeholders who would want to come and join us in our journey. Thank you so much. I would just now end the call over here and that's it from my side. Keep blessing us.

Please be an ambassador of Star Housing finance. Keep wishing as well. Thank you. Happy Diwali to everybody, by the way, just before ending with the call, thank you so much.

\*\*\*\*\*

***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.***