“Aadhar Housing Finance Limited

3Q FY '26 Earnings Conference Call”

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MODERATOR: **MR. RENISH BHUVA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Aadhar Housing Finance 3Q FY '26 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Renish Bhuva: Thank you. Good evening, everyone, and welcome to Aadhar Housing Q3 FY '26 Earnings Call. On behalf of ICICI Securities, I would like to thank Aadhar management team for giving us the opportunity to host this call. Today, we have with us the entire top management team of Aadhar represented by Mr. Deo Shankar Tripathi, Executive Vice Chairman; Mr. Rishi Anand, MD and CEO; Mr. Rajesh Viswanathan, CFO; Mr. Sanjay Moolchandani, Head, Investor Relations.

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

Rishi Anand: Thank you very much, Renish, and very a good evening to you all. Thank you for joining us this late evening to discuss Aadhar Housing Finance performance for third quarter and 9 months ended December 31, 2025. I would like to begin by wishing all of you a very Happy and Prosperous New Year.

The third quarter has been significant for the Indian housing finance sector with RBI reducing policy repo rate by additional 25 bps in December, bringing it down to 5.25%. This marks a cumulative easing of 125 basis points in 2025, which has significantly pushed home buying affordability, particularly in the affordable and mid-segments where customers are more sensitive to EMI movements.

Furthermore, we are seeing a tangible benefit out of GST 2.0 framework. The reduction in GST on construction inputs like cement and brick is lowering the cost for developers and improving project viability. The combination of lower borrowing costs and resilient buyer sentiment positions the housing finance market on a strong footing for 2026.

Overall, the combination of supportive policy measures, increasing borrowing costs and sustained end user demand provides a constructive backdrop for affordable housing finance sector. Moving to Aadhar's performance for the quarter. I am happy to share that we continue to deliver healthy growth while maintaining strong portfolio quality.

As of 31st December 2025, our AUM stood at INR28,790 crores, registering a 20% year-on-year growth. Disbursement for 9 months FY '26 stood at INR6,469 crores with a 15% Y-o-Y increase and PAT stood at INR797 crores, registering a growth of 20%, reflecting steady lending momentum across our core segments.

These numbers reinforces our confidence on the historical guidance that we have given during the last 3 quarters and further boosts our confidence as we enter quarter 4. Our portfolio remains entirely secured with home loans and loan against property continuing to be well balanced within the book. Asset quality remains well contained.

Gross NPA stood at 1.38%, a sequential improvement of 4 bps versus last quarter. Collection efficiency remained upward of 99% during the third quarter. Importantly, early bucket delinquencies remained stable and Stage 2 asset continues to show improvement by 20 bps compared to the last quarter.

1 plus DPD also reflects an improvement of 30 bps on a sequential basis, reflecting the effectiveness of our underwriting discipline and field-level collection process. Our average ticket size stands at INR10.7 lakhs with 60% loan-to-value ratio, reinforcing the resilience of our portfolio. The salaried segment continues to be at 55% of AUM, aligning with our focus on borrowers with stable and predictable income profiles.

Balance transfer outflows during the 9 months FY '26 stood at a comfortable position of 5.6% annualized, a 50 bps improvement on a Y-o-Y basis, which was supported by focused retention efforts and data-driven customer engagement.

During the third quarter, we continued to expand our physical presence in a calibrated manner. We added 10 new branches, taking our total network to 621 branches across 22 states and 552 districts, serving over 3.2 lakh live customers.

Our geographic diversification remains strong with no single state contributing disproportionately to the AUM, which is not greater than 15%. Technology continues to be a key enabler of scale and efficiency. Our TCS-enabled core system and data analytics framework are reducing turnaround times, strengthening governance and improving customer experience across loan life cycle.

We continue to leverage analytics and machine learning tools to sharpen credit assessment, monitor early warning signals and support scalable growth. The Pradhan Mantri Awas Yojana, PMAY 2.0 scheme continues to play a supportive role in driving demand across low income and affordable segment.

Aadhar continues to lead from the front on this very important initiative of the Government of India, spearheaded by National Housing Bank. 10,000-plus customers have already received first tranches of their interest subsidy under this renewed program. The availability of interest subsidy under the PMAY 2.0 has improved affordability for the first-time homebuyers, particularly in the EWS LIG segment.

We expect the scheme to gain further traction as customer awareness improves, supporting disbursement growth in the affordable segment. Looking ahead, we remain strongly optimistic about the operating environment over the coming quarter.

With strong fundamentals, our diversified branch network and continued policy support for the affordable segment, we remain confident of sustaining our growth trajectory and meeting our guidance for FY '26 and in the medium term. We are driving a key milestone of crossing INR30,000 crores AUM by the end of this financial year.

Aadhar remains steadfast in this mission to enable homeownership for low-income families while delivering consistent and sustainable returns for our stakeholders. Before I hand over to Rajesh, our CFO, to take you through the financial performance, I would like to reinforce that we have a positive outlook for quarter 4 FY '26 and are very confident of meeting our medium-term growth guidance on AUM, asset quality and all profitability metrics. Over to you, Rajesh.

Rajesh Viswanathan: Thanks, Rishi. Good evening, everyone. I would like to take you through some of the financial data. Some of these have already been covered by Rishi, but I would like to reiterate some of these numbers.

In quarter 3 FY '26, our AUM has grown by 20% on a Y-on-Y basis. Our overall borrowings as at 31st December 2025 stood at INR17,500 crores compared to INR15,100 crores on 31st December '24, which is a growth of 16% on a Y-on-Y basis. The borrowing mix at the end of 31st December '25 is 50% from banks, NHB share is 22%, NCD share is 21% and ECBs and others make up the balance of 7%.

Our incremental borrowing cost for quarter 3 FY '26 stood at 7.5% and was 7.9% for the 9 months ended FY '26. We have 41 borrowing relationships. In quarter 3, our NHB borrowings were INR299 crores, which came in at 6.6%. And for the 9-month period, the NHB borrowing was around INR600 crores, which came in at a 7.4% cost. The exit cost of funds as at 31st December 2025 stood at 7.74%.

In terms of fixed and floating nature of the book, we run a very disciplined fixed and floating nature, 74% of our borrowing and assets, both are on floating basis. Undrawn sanctions as at 31st December '25 is INR2,400 crores, of which we have around INR950 crores, which is still drawable from NHB.

Liquidity at the end of quarter 3 FY '26 stood at INR1,435 crores. This is balance sheet liquidity. Portfolio yield exit is 13.71% at the end of quarter 3 FY '26, and I'm repeating the exit cost of funds was 7.74%. The exit spread hence stood at 5.97% as compared to 5.93% at the end of quarter 2.

Our cost-to-income ratio for 9 months FY '26 stood at 35.4% as compared to 35.9% in 9 months FY '25, an improvement of approximately 50 bps on a Y-o-Y basis. This is in line with our guidance where we had stated that we would like to drop our cost to income by around 50 bps for the current financial year.

GNPA, as Rishi has said, has come in at 31st December '25 at 1.38% as compared to 1.36% in quarter 3 FY '24 and the NNPA stood at 1% versus 0.9% last time same year. Capital adequacy ratio stood at 43.6% for Tier 1 and 0.5% for Tier 2. For 9 months FY '26, the PAT without the impact of the new Labor Code was INR797 crores compared to INR667 crores in 9 months FY '25, rendering a growth of 20% Y-o-Y.

PAT stood at INR294 crores for quarter 3 FY '26, again, without the impact of the new Labor Code compared to INR239 crores in quarter 3 FY '25, resulting in a growth of 23%. ROA and ROE were 4.4% and 15.6%, respectively.

The 15.6% is also impacted also because of the capital raise of INR1,000 crores that we had done in last May. For quarter 3, the ROA and ROE were 4.6% and 16.5% as compared to 4.4% and 15.8% in quarter 3 FY '25. Impact of the past service cost due to implementation of the new Labor Code is INR16 crores.

And in line with the ICAI guidelines, we have shown this as an exceptional item. The number of employees as at 31st December '25 on rolls were 5,200 employees and off-rolls were around 3,800 employees. We are focusing on maintaining a healthy book and delivering a consistent performance across all metrics, whether it's AUM growth, cost to income, performance of our portfolio as well as profitability metrics.

With that, we can open up for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhishek Kumar Jain from AlfAccurate.

Abhishek Kumar Jain: Congrats for strong set of numbers. Sir, you have delivered very strong growth in the disbursement ahead of your peers. So just wanted to understand what gives you confidence in sustaining it in the fourth quarter and FY '27, where most of the peers are struggling on the parameter?

Rishi Anand: Thank you, Abhishek, for the question, and thanks for your message and congratulations. What gives us confidence is, see, I will not be able to talk about what others are doing. But the way I look at my current numbers, even for January, they are upward of what we delivered in December. So with the current pace of numbers, I foresee that the quarter 4 is completely protected and the guidance numbers that we've been giving is completely protected.

As we enter 2026, obviously, we'll bring on table, our core competence has always been the branch network, which we are very confident of, and we are expanding branch network, as I indicated even in the last call, we will keep adding about 40 to 50 branches year-on-year basis even as we go ahead in the next financial year. So a combination of multiple things gives us that confidence that we will be able to deliver our commitments.

Abhishek Kumar Jain: So can we expect that 20% kind of the disbursement growth in the next quarter onwards?

Rishi Anand: You're talking for the next financial year?

Abhishek Kumar Jain: Yes. Yes, sir.

Rishi Anand: So let us look at the current financial year right now. Current financial year AUM, which should be upward of 20%, disbursement will be upward of close to about 16% to 17%. Similarly, the similar trends, we would want to maintain next year, and that's where the confidence comes from.

Abhishek Kumar Jain: Okay, sir. And my next question is Stage 2 assets, where we have seen very good improvement. Was Q3 improvement broad-based or driven by specific geographies like Surat and Tamil Nadu?

Rajesh Viswanathan: I think it's answering your question about Stage 2 improvement, it is pretty broad-based. we wouldn't be able to specifically link it to any particular geography. Honestly, just pre-empting a question on this one, we are not seeing any specific geographies behaving very badly or very superbly in the sense that whatever has been our performance of our portfolio for the last 3, 4 quarters is sort of showing itself up in this quarter also.

So neither has there been any drastic improvement or drastic deterioration. However, we are very happy with the way our Stage 2 has been consistently dropping by 20 bps consistently for the last 2 quarters, which we believe is a good sign for maintaining the overall health of the portfolio and for stopping slippages into Stage 3, which is a 90-plus portfolio.

Rishi Anand: Yes. If I can add to that, Rajesh. Abhishek, you had a very specific point pointing out a city state called Tamil Nadu. So Tamil Nadu, I can understand where the question is coming from. For us, Tamil Nadu, we've seen, I would say, substantial improvement on delinquency trends, which is 1 plus and 90 plus. And if I can give a number, Tamil Nadu has shown 20% to 25% growth on disbursement and AUM. So for us, Tamil Nadu has been a good location.

Abhishek Kumar Jain: Okay, sir. And my last question on the PMAY 2.0 incentives. So can you give us a few updates on the approval time line, disbursement linkage? And in the upcoming budget, are there any additional policy meters or incentives housing finance company is outing for or expecting, sir?

Rishi Anand: So one is PMAY update I gave in my speech, and I told that we are a company which is leading from the front. We are the highest subsidy takers today for our customers, 10,000-plus customers have already availed the subsidy. Actually, the traction of PMAY 2.0 has happened in the last, I would say, 1.5 quarters. The total process starts only when we disburse the loan.

And the TAT of which is there through NHB, the nodal office, where the subsidy comes from is anywhere between 2 to 3 working days. So it's not too much of a turnaround time. As regards expectation from the budget, I think the previous budget has already put a lot of things on the table.

We, as an industry, will have to first deliver on those, for example, PMAY, GST, overall funds for stalled projects, etcetera. What we anticipate this time is may be a redefinition of the word affordable in terms of ticket size. That might just come in.

Moderator: The next question is from the line of Arun from JM Financial.

Arun: Congratulations on a very good set of numbers. Just a couple of questions. One, credit costs for the quarter have slightly inched up despite the overall Stage 3 PCR coming down. So against this backdrop, what would be your guidance for credit cost for the full year FY '26? Does it change? And also, where do you see your GNPA level settling by the end of the year?

Rajesh Viswanathan: So basically, credit cost, if you look at quarter 3 FY '26 is 0.28%. As you would be tracking the industry, what happens in quarter 4 is we typically see an improvement in the overall NPA numbers. I'm just going into a second question, which we are currently at about 1.38%. And we basically believe that we may end in a trend line of 1.1% to 1.15%.

So if you look at that, typically, the credit cost in the last quarter will be very minimal or sometimes could surprise us with a negative credit cost also. So typically, to that extent, you can assume that whatever credit cost on a YTD basis is there is going to grow very less. And hence, this gives us confidence that our credit cost number for the entire year will be within the 25 bps as we had suggested earlier and the guidance that we had given earlier.

And that still remains our medium-term guidance when it comes to credit costs, along with our AUM guidance in the range of about 20%, 21%, we are confident that we should be maintaining year-end AUM . Year-end NPA numbers will be in the range of 1.1% to 1.15% and credit cost in the range of about 25 - 26 bps. In the medium term, I think we are confident of that. Second question, specific answer, we should be ending the year at NPA levels of between 1.10% and 1.15% on AUM.

Moderator: The next question is from the line of Chintan Shah from ICICI Securities Limited.

Chintan Shah: Yes. Congratulations on the quarter. Firstly, in terms of the disbursement, the disbursement growth has been quite robust, 14% sequentially. So any specific state which has led to some disbursement? And so given that we think the peers we have seen many peers have been struggling on that front. So what is leading to this disbursement?

And secondly, on this disbursement, so this is also coming without any compression on the margins front. So going ahead also, do we expect this disbursement trend to continue along with stable margins? Yes, that's the first question.

Rishi Anand: Chintan, while you're asking the question, I'm struggling because all the states have contributed almost equally. So I don't want to pick up any particular state which has given me higher growth or lower growth. Everybody has contributed, barring one state, which I can point out, Punjab, which is still struggling from coming out of the flood situation because it takes a little time. Rest all the states have equally contributed. So as regards to margin, are we confident of maintaining those margins as we go ahead in quarter 4 and end the year? Yes, we are very confident, Chintan.

Chintan Shah: Sure, sure. So basically, I think there were some states like Tirupur, Coimbatore, Chennai, which were probably impacted, not for us, but for the industry overall. So that -- those sales are also not leading to any -- those sales are also growing at a decent pace. I think you already mentioned, but just wanted to get some...

Rishi Anand: No. So Chintan, you're talking about specific cities, which I think I only called out in the last call with regards to the tariff impact, if that is the question. Yes, I remember calling out textile and gems in these 4 cities would get impacted. But I am also equally surprised looking at our numbers.

One is -- one thing I want to highlight is on an AUM level, these cities don't contribute very large. They are all sub-1% for me. But the good part here is, if I look at the last 2 -3 quarters movement, both on 1 plus and on NPAs, all these states have performed very good.

And if I can just indicatively give you one example, 1 plus drop of about 3% has happened in Tirupur and NPA drop of 0.7% has happened in Tirupur. And similar is the trend in Surat, Chennai and Coimbatore. So overall, a very comfortable zone to be in.

Chintan Shah: That's very pleasant to hear. And sir, I think on the BT out, if you could just share the number, I think that was 5.4% for H1. So how has the BT out been in this quarter?

Rishi Anand: Yes. So we are in a similar trend, Chintan. 5.6% is what we have recorded, which is a drop from a 6.1% Y-o-Y basis. So from a 6.1%, we have come to 5.6%, which is definitely an improvement. And obviously, the credit goes to the retention team and the data analytics team.

Chintan Shah: Sure. So there is no competition as such coming from the larger players, which is likely to also impact this BT.

Rishi Anand: I will not say there is no competition. I would want to say that the teams here are doing a better job, if that helps.

Moderator: The next question is from the line of Prithviraj Patil from Investec.

Prithviraj Patil: I just wanted to the 1 plus DPD number for the quarter and our plans to expand into other geographies and the branch expansion? Just give some details on there.

Rishi Anand: Prithvi, thank you for the question. I'll take the second question first. In terms of plan for expansion into new geographies, I would say that we are available in all the possible geographies of the country. We are available in 22 states. So there is no more state that is getting added.

But we will keep adding 40 to 50 branches year-on-year basis in the states that we are present. If you recall, last time I spoke about our deeper impact strategy, the strategy continues, 30 branches of ours will keep coming in the lower category, which is deeper impact and the balance 20 will keep coming in the urban and emerging A locations. So we'll keep expanding our network in the geographies that we are present.

Rajesh Viswanathan: And on the 1 plus number, the 1 plus number as at December end is 6.86%, which is a 31 bps improvement on a sequential basis. It was 7.17% as at end of September '25.

Moderator: The next question is from the line of Siraj Khan from Ascendancy Capital.

Siraj Khan: Firstly, I wanted to know, I mean, the numbers that I'm seeing in the PPT, the Y-o-Y growth in the NHL disbursement is 25% and the HL is only 11%. So I mean, are we focusing more on NHL? Or is there like a rollover effect happening? Because 11% growth in the HL disbursement seems a bit low. So are we seeing a little bit of like going slow for any specific reason or this is by rollover of any disbursements in the coming quarter?

Rishi Anand: Thank you, Siraj, for the question. In fact, if you look at our quarter-on-quarter performance, our home loan has grown by about 14%, 14.5% and non-housing has grown by 9%. So it's the other way around. And it's an impact of the refocus that we did post the tariff issues, etc. Slight refocus has been done, and this is interim.

So will I go back and start doing a little more of NHL as we go ahead? Yes, we will. But for the time being, we kind of, I would say, kind of cautioned our teams, and that's how the output is. Home loan is again, I'll give the numbers. Home loan has grown at 14% on a quarter-on-quarter basis and non-housing has grown at 9% on a Y-o-Y 9-month basis, home loan has grown by 11.5% and non-housing by about 24%.

Siraj Khan: Correct. Correct. So I was referring to that. I was referring to that itself because in the PPT, the 9 months to 9-month comparison, it is 4.5%. So this is by design that we are...

Rishi Anand: Yes. Completely by design, 70-30 is the number that the regulator allows us to do, and that's where we want to be. We don't want to breach that point. So at any given point in time on an AUM basis, we are today at about 27%, if I'm not mistaken, Sanjay can correct me, 27% NHL. We still have some room. So we're going to be maintaining a 30% bracket on that.

Siraj Khan: This is not a reflection of anything with respect to a slowdown in the demand in the affordable segment or anything, just to understand.

Rishi Anand: Not at all.

Siraj Khan: Okay. So now because we are going slightly higher on the NHL side and just to confirm, we have not taken any PLR cuts and with respect to an outlook on that because we have held the yields at a good place for the last 4, 5 quarters, 125 basis that you have mentioned and it happened. On the ground, we are seeing that there is a lot of competition. So overall yields on onboarding must be lower. Where does the yield trajectory go? And what is the time line that you see with respect to the PLR cut? And how much would be done?

Rajesh Viswanathan: So as we had explained in the past 2 calls, in the case of downward trajectory of interest rates, we are also morally and regulatory required to pass on the interest rate benefit to our customers who are on a floating rate basis. And as you would know, we have 75% of our book is broadly on a floating rate basis. In today's ALCO, the ALCO has decided to drop our rates by 15 bps from February 2026.

It could be applied between 10th and 15th of February 2026, a 15 bps drop, which will be impacting 75% or benefiting 75% of the customers. So technically, the pass-through will be to the range of approximately 12 bps, which will happen from February. And as has been our basis, what will happen is the last 3 months of business will be we'll get this benefit over the next 3 months.

For example, January business will get the benefit in May. December business will get the benefit in April and the last we will get in the month of March. So basically, that's the way we have taken on the way up. On the way down, we will be doing it in this way. We believe on the cost of funds basis, we are currently at 7.74%. Maybe as we enter quarter 4, we may have a 2, 3 bps improvement in our cost of funds.

Beyond that, I don't think because we have already, to a great extent, maxed out on the pass-through. If the banks have decided to pass through more MCLR cuts, probably we may be benefited. But otherwise, we broadly believe that another 3, 4 bps may come through.

So anyhow, I think as we end the year, we may end in a range of approximately 5.8% spread, which importantly is about 10 to 11 bps better than the exit spread as at March 31, 2025. So typically, for the whole year, we have protected and the exit spread that we would have in March is projected to be at least 10 to 11 bps better than when we entered the current financial year.

Moderator: The next question is from the line of Maulik Chaudhari from Monarch Networth Capital Limited.

Maulik Chaudhari: Am I audible?

Rishi Anand: Yes, very much, Maulik. Yes.

Maulik Chaudhari: Yes. Congrats on the good results. So I just have one question. Just wanted to get your perspective on the competition. Like there is a broader narrative that the competition is rising. So I just wanted to know your take on this.

Rajesh Viswanathan: So Maulik, when we talk about competition, it's a broad-based. We will have to look at various segments. For example, there is competition in the prime segment, and there is affordable segment and then there is low-income segment. And we operate in the low-income segment. And low-income segment is typically those companies which operate in average ticket size below INR15 lakhs that's where we operate.

Are we seeing any big traction here? I would defer and I would say no, we are not seeing any big traction here. is there competition in the affordable space? Today, the affordable definition goes up to loans up to private sector definition goes up to INR50 lakh of loans. So yes, there is some traction happening there, and there will always be a 5%, 7% overlap. In the low-income space that we operate, we are not seeing big traction.

Point number two here is to be noted is that we keep talking about 620 branches. Out of the 620-odd branches, about 150 branches happen to be in the urban locations for us. And rest 450-plus branches happen to be the emerging locations. So as we go down into deeper impact locations and emerging locations, the competitive intensity definitely goes down. So that's how we will have to look at it. So basically, when I say no traction means competition is less.

Moderator: The next question is from the line of Siraj Khan from Ascendancy Capital.

Siraj Khan: Sir, you were mentioning that the MCLRs the total book, not the bank of the total book, how much is MCLR linked?

Rajesh Viswanathan: Total banks is about 50% and of the banks, approximately 23% is MCLR linked.

Siraj Khan: Okay. 23% is MCLR. So approximately 12% is...

Rajesh Viswanathan: Siraj, one sec, I'll just get the number. Just hold on for one second.

Siraj Khan: Not a problem. I'll move on to the next question. So with respect to the...

Rajesh Viswanathan: Siraj, I got the number. 67% of bank borrowings is MCLR-linked.

Siraj Khan: So almost 30% of the total. Okay.

Rajesh Viswanathan: Yes.

Siraj Khan: So on the asset quality, I mean, we are holding up quite good. And as you said that in some of the states that you had earlier called out with respect the tariff could become an issue, but it is positively surprising us.

So with respect to the acceleration for growth, you are saying that at 20% is what you are aspiring. But say, what would be the conditions with respect to some of the states, say, MP or Tamil Nadu or some of the other states where you see there is good growth how much can the growth accelerate to?

I mean, given that you are already going to cross the INR30,000 crores mark, what is on the upside that you see that growth could go to? And will the asset quality remain sustainable in that range because you might see a few other delinquencies coming here and there.

Rishi Anand: Okay. Siraj, the way we look at our businesses, since we are in 22 states, there will be certain states will give us higher double-digit growth. There will be certain states which will give us lower double-digit growth. There will be certain states, and I can call out states whenever you want. There will be certain states where I, as an organization, don't want to grow beyond single digit. and there are multiple reasons around it. So it is a combination.

Since you called out Madhya Pradesh, the way we look at Madhya Pradesh, it should give me a Y-o-Y growth upward of 25%. Similarly, Maharashtra will give you close to about 25%, 30%. So that's how the dynamic works. There will be states where, for example, where I have low legal support, I might want to grow only single digit because I still have presence there.

So it's a combination of multiple things. But overall, as we indicated multiple times on this call, we are very comfortable with a 20% AUM growth in the current financial year and as we enter the next financial year.

Siraj Khan: A quick statistic. So what is your funnel with respect to the login to sanction and sanction to disbursement?

Rishi Anand: See, our current log-in to sanction ratio would stand anywhere between 65% to 66% and our log-in to disbursement would range at about 39% to 40% today.

Siraj Khan: This is on count, I believe?

Rishi Anand: That's on volumes. Count is more or less similar, 1% here and there. So count is more or less similar.

Siraj Khan: Understood. Understood. And because why I'm asking this is because as you say that you try to maintain 20%, 21% growth sustainably over the next -- over the medium term, 2 to 3 years, 20% growth breakdown will be what? I mean how much of it would be ATS led? How much of it would be, say, branch expansion or something. So how much will be this -- what will be the breakdown for this 20% or whatever you...

Rajesh Viswanathan: Yes. I think broadly to look at it is 5% to 6% will be typically linked to inflation. And broadly, the balance would be a combination of productivity improvements, which will happen with our existing mature branches and 5% to 6% will be the incremental business, which the branches set up in the last 18 months, which start providing in the next financial year. So that's a broad way of looking at 6% productivity gains, 6% inflation related and 6% impact of new branches providing more.

Rishi Anand: If I can add to that, Siraj, the branches that I will add next year will not give me traction for next year, they will give me a year after that. So that's how the model works. So for example, the branches, 40-odd 40, 50 branches that I would have said this year will start giving you numbers next year. So that's the combination of the 3 things.

Siraj Khan: General gestation period is, what, 15 to 18 months, I believe?

Rishi Anand: Depends on the size of the branch. We have 4, 5 categories of branches, starts with sales office goes up to large setups. So anywhere between 12 to 18 months, depending on the type of branch is where it breaks even.

Siraj Khan: With your experience to say, if you set up a sales office, in, say, 18 months' time, it would reach up to, say, the middle level, say, the small branch.

Rishi Anand: Yes. I'll tell you the way we look at it, if I set up a sales office within 9 months, exactly 9 months, it should break even. And after that, it should all be adding to the bottom line.

Rajesh Viswanathan: What Rishi was alluding to, sales office is the lowest branch category of. That will take 9 months. And the highest branch, which will be a city branch and an urban branch may take anywhere between 15 to 18 months because obviously, the target for him is also higher compared to a sales office.

Moderator: the next question is from the line of Sonal from Asian Market Securities.

Sonal: Congrats on the quarter. So I have 3, 4 questions. One is on the co-lending part. So if I look at the numbers, co-lending seems to be a little low this quarter. So if you could just give us some guidance on how do you see co-lending fees moving from here on? Any targets that you have on the disbursements or on the AUM from the co-lending?

Second is if you could just let us know what are the incremental deals for the quarter? And also if you could give us some sense on how your non-home loan book is behaving because you slowed down on disbursement. So any signs that you're seeing of stress over there? Or is it more precautionary where you've decided to go slow? Some trend, how is it currently in terms of delinquencies and how it was like a year back?

And the fourth one is on the attrition rate. If you could just let us know how the attrition rates are and whether it has improved or you're seeing some increase in attrition currently. These are my 4 questions.

Rajesh Viswanathan: Yes. So if we remember the 4 questions, we will answer. We have forgotten the second question. But the co-lending that we did, co-lending is a small piece for us. We did only INR26 crores of co-lending in the current quarter. Previous quarter was approximately INR97 crores. So co-lending is a smaller piece.

For us, we did direct assignment of approximately INR440 crores in the current quarter. And if you look at it, the way we are looking at co-lending and assignment combination this year is that we have tempered the proportion of co-lending and assignment. And if you look at the growth in the P&L, which is a line item of initial recognition of income, that has grown only by 11%, whereas my AUM has grown by 20%.

Another point, which I think all of you analysts do understand is what you see on the face of the P&L is only the initial recognition we do on new assignment that we do. Of the assignments that we have done in the past, there is also an unwinding of upfront profit. So the net impact for the 9-month period is to the total of approximately INR22 crores to INR23 crores, which is a net impact on the 9 months profit. So I think from that perspective, this is a very important number.

So on the full 9-month PAT, the impact on the 9-month PAT of the overall securitization and co-lending is only to a net extent of INR28 crores. So on the total profit for the 9-month period, only a net income of INR28 crores has come from co-lending, net of what has been unwound out of previous year's co-lending that we did. Third question was on non-home loans and are you seeing the performance and behavior of non-home loan portfolio?

Rishi Anand: Okay. So on non-home loan, let me give you a few numbers. One is on an overall basis, Y-o-Y, home loan has grown close to about 18%, non-home loan close to about 25%. In terms of NPA, there is a differential of about 65 to 70 bps. But incrementally, you should also look at in correlation with the yields, risk-adjusted yields are upward of 300 bps. So that's how we look at NHL versus HL. What was the next question? Sorry. Sonal, if you want...

Rajesh Viswanathan: Employee attrition.

Rishi Anand: Employee attrition. So employee attrition at the company level, if I remove regret attrition is about close to about 22%.

Sonal: What was this number a year back?

Rajesh Viswanathan: Year back number...

Rishi Anand: I'll come back to you, Sonal, on this.

Rajesh Viswanathan: Yes. We'll have to get back on that. Sorry about that.

Sonal: Sir, my question -- no worries. On non-home loans, sir, basically, I just wanted to understand how is the book behaving? I mean is it similar or is it improving or -- because you've kind of tightened the credit filters over there. So generally, what we hear commentary from others is they are seeing some stress over there. I just wanted to know.

Rajesh Viswanathan: No, no. So if I were to talk of behavior in the last, let's say, 4 or 5 quarters since the time we've also gone ahead and given a caution remark to our teams, the behavior has, in fact, better by about 20 bps.

Sonal: Got it. And sir, incremental for the quarter?

Rishi Anand: Incremental yield of the quarter...

Rajesh Viswanathan: 13.1%.

Rishi Anand: For the quarter, it's 13.1%.

Moderator: The next question is from the line of Siraj Khan from Ascendancy Capital.

Siraj Khan: Is there any material change in the repayment behavior, not the BT out, the prepayment, repayment behavior? I mean one of our peers was alluding that they are seeing elevated repayments, prepayments in their book.

So basically, it's a good thing if we are also seeing that because that means our book is strong. But are we seeing normal repayment behavior or people are coming to you with cash and trying to repay and prepay at a much faster rate than we have generally seen?

Rajesh Viswanathan: No, I think, Siraj, thanks for the question. I think if you take the overall AUM runoff for the 9 months FY '25 was 17.5%. And if you look at 9 months FY '26, it only 16.8%. So on an overall basis, our runoff of our opening AUM is lower. Obviously, it was aided by a combination of 2 factors.

One is the lower BT out, which has happened. Second, more importantly, the specific question of repayment behavior triggered by the customer, we are not seeing any material differentiation between the 2 periods of the customer coming and doing either a part prepayment or a full foreclosure of the loans. It is behaving quite similar to the trend that we had in the last financial year.

We are very happy with the runoff of our portfolio. In fact, if you remember, we have always been saying that the runoff of the portfolio will be in the range of about 17% to 18%. And we have ended FY '26, 9 months, that is December '25, we have ended at a runoff of about 16.8% on the opening AUM, which we believe is a very robust number, which helps into maintaining our overall AUM.

Siraj Khan: And on the BT, how much of -- so the BT that we have saved it. But what was the BT out request for? I mean was it purely for the rate? Or what was the composition for the request? People are asking going to BT out for more top-ups, more rate?

What was it? And how much of it was retained? So like we got 100 requests for BT, how much were retained? And what was the composition of the 100 request?

Rishi Anand: So Siraj, if I can take that question. See, BT request is very hard to say. Sometimes it's a combination of request for rate and top-up. Sometimes it is only top-up, sometimes it is only rate. We, as an organization, we generally avoid doing top-ups in -- until about 18 months of disbursement of the loan because we don't want to reevaluate the property.

So that's where if the customer still wants to revaluate the property and go, we would allow him to go. But it's a combination of multiple things. Sometimes it just comes for rate and the moment you say, okay, fair, I can still look at this rate, he would say, give me some top-up also. So it's a combination, very difficult to point out. But approximately, I would say, 25% to 30% would come for rate requirements.

Siraj Khan: Okay. And so what was the number of requests, if you can give or you could give me like a percentage of how many requests that had come for BT, how much did you retain?

Rajesh Viswanathan: Apologies, Siraj, I am not having that number ready with me, but I will in Sanjay give that number to you.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to management for closing comments.

Rajesh Viswanathan: Thank you. Thank you, friends, for joining our call on a Friday evening. I hope we have been able to answer all your questions. Again, as we would reiterate, we believe as management, we have delivered consistently not only this quarter, but the full financial year and whether on our guidance that we had set out at the start of the year in terms of AUM growth, disbursement, profitability, cost to income, I think both for the 3-month period as well as for 9 months period, we have achieved that.

And as Rishi has alluded during the call, we are quite confident of achieving that both in quarter 4 and the near-term future. So we look really forward for the closure of quarter 4 and as we get into FY '27. And we will be happy to take any further questions if anyone has, they can get in touch with our Investor Relations team and happy to take those questions.

And as one of the questioners said, we would also like to see a good budget and budget, which supports the low income and affordable housing industry. With that words, I think we can get the call to the end. Thank you from the management side.

Rishi Anand: Thank you, everyone. Thank you so much.

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