



“Star Housing Finance Limited
Quarterly and Yearly Update Call”

May 08, 2025



MANAGEMENT: **MR. KALPESH DAVE – DIRECTOR AND CHIEF EXECUTIVE OFFICER – STAR HOUSING FINANCE LIMITED**
MR. NATESH NARAYANAN – CHIEF FINANCIAL OFFICER – STAR HOUSING FINANCE LIMITED
MR. ANOOP SAXENA – CHIEF OPERATING OFFICER – STAR HOUSING FINANCE LIMITED

Moderator:

Ladies and gentlemen, good evening, and warm welcome to all participants to the Quarterly and Full Year Update Call of Star Housing Finance Limited. Star Housing Finance Limited had organized this conference call with an intent to share updates and discuss operational as well as financial highlights of the company for the period ending March 31, 2025.

On the call, we have the senior management comprising Mr. Kalpesh Dave, Director and CEO of the Company; Mr. Natesh Narayanan, CFO; and Mr. Anoop Saxena, Chief Operating Officer.

Before we proceed with this call, I would like to take this opportunity to remind everyone about the disclaimer related to this conference call. Today's discussion may be forward-looking in nature based on the management's current beliefs and expectations. It must be viewed in conjunction with the risks that our business faces that could cause our future results, performance or achievement to differ significantly from what may be expected or implied by such forward-looking statements.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone.

Without further ado, I would request Mr. Anoop Saxena to address the participants. Thank you, and over to you, sir.

Anoop Saxena:

Thank you, operator. Welcome, everyone, to the earnings call by Star Housing Finance Limited for the fourth quarter and full year ending March 31, 2025. We are happy to have you join us today as we review the operational and financial performance for the year ended 31st March 2025 of Star Housing Finance Limited, providing insights for the year. Following the management remarks, we will be eager to address any questions from our participants.

Star Housing Finance Limited is dedicated to extending home finance to first-time homebuyers in semi-urban and rural areas, focusing on economically weaker and low income families. Headquartered in Mumbai and listed on the Bombay Stock Exchange, we serve six states and National Capital Region, which is NCR through 35-plus locations and a team of 250-plus housing finance professionals specialized in low ticket housing finance space.

Coming to the performance for the period -- year ending March 31, 2025. I wish to state the following points. Throughout the period, Star Housing Finance Limited extended housing finance assistance to a number of families from the economically weaker section/low-income housing group. Our assets under management have reached INR 520 crores plus marking 22% year-on-year growth.

Our asset portfolio is predominantly retail and well diversified across the regions where we operate. The average incremental loan size stands at INR 12 lakhs in semi-urban areas and INR 8 lakhs in rural regions. We have cumulatively served more than 6,500 individual homebuyers in our operational geographies since inception.

As our portfolio expands, we maintain our focus on asset quality. Our gross NPA and net NPA ratio as at 31st March 2025 stands at 1.84% and 1.40%, respectively. We are committed to

enhance our operational capabilities through investment in human resources, branch infrastructure and technology. Our focus remains on scaling up our asset under management through both on-book and co-lending, participations through our strategic collaborations. We executed first direct assignment transaction, which is a testament to our sourcing processing, underwriting and receivable management capabilities.

Under the leadership of our Chief Financial Officer, Mr. Natesh Narayanan, Star Housing Finance Limited, has successfully secured credit lines totalling approximately INR170 crores from various banks and financial institutions during the period. Our core focus continues to remain on providing retail credit access to first time and new-to-credit homebuyers, empowering them to realize their dream of homeownership.

With this, I'll now call upon our Chief Financial Officer, Mr. Natesh Narayanan to speak on the balance sheet and profit and loss and financial ratios for the period ending 31st March 2025. Thank you, and over to you, Natesh.

Natesh Narayanan:

Thank you, Anoop. On behalf of Star, I extend you all a warm welcome, and thank you for joining us on this analyst call. For the financial year '24-'25, we secured a total incremental sanction of INR 210 crores from various banks, NHB and financial institutions, of which the INR 40 crores sanction from NHB still has not been disbursed and it's available for use in the current financial year.

With this, I also share the full year's performance for the year ending March 31, 2025. The asset under management stood at INR 520.7 crores as of March 2025 as against INR 426.86 crores in March 2024, thus registering a year-on-year growth of 21.98%. Disbursement for the year FY '24-'25 stands at INR 148.6 crores. The total income for the financial year '25 is INR 94.96 crores as against INR 61.64 crores last year in FY '24, a year-on-year growth of 54%.

The net interest income in FY '25 stands at INR 32.94 crores as against INR 26.13 crores in FY '24. GNPA as of March -- as on March 31, 2025, is at 1.84% and NNPA at 1.4%. For the period ending 31st March 2025, PAT increased by 25% year-on-year to INR 11.11 crores. During the period, the company received a total sanction of INR 210 crores from banks, NHBs and our various other lending partners.

The total borrowings as on 31st March 2025 stand at INR 403.81 crores, giving us a leverage of 2.81x. The liability plan and the pipeline is robust and strong to support the growth initiative in the ensuing financial year. I'm also happy to state that in the last financial year, that is FY '24-'25, we successfully closed the direct assignment transaction to the tune of INR 55.83 crores. With this, we thank you all for all the support that you have extended during the day, and I hand over this call to Mr. Kalpesh Dave, our CEO. Thank you.

Kalpesh Dave:

Thank you, Natesh. Am I audible, operator?

Moderator:

Yes, sir, I can hear you.

Kalpesh Dave:

Yes. Okay. Thank you. On behalf of the Star HFL team, I extend a warm welcome to all our participants. At Star HFL, we see ourselves as part of the broader low-ticket retail housing finance

ecosystem that enables the credit access towards home purchase that is end-use driven for deserving borrowers in economically weaker section and low-income group customer segment who reside in extended metros, semi-urban and rural locations. Alongside banks, HFCs, credit societies and other lenders with whom we coexist, we aim to widen credit access and contribute to the housing for all vision, targeting housing shortage, 95% of which emanates in the segment that we operate.

Over the year, we continue to search for new avenues of growth based on demand and remain committed to asset quality and disciplined operations. Our commitment remains steadfast in cultivating a quality AUM book. Star HFL has navigated a challenging year for mid and small institutions across the retail lending space.

The year saw a tightening on the liquidity front and also muted activity on the capital market space for such players. However, we have continued to register incremental growth on the AUM front thanks to our strong liability machinery led by our CFO, Mr. Natesh Narayanan and the resultant disbursements. We have also been able to successfully execute our very first direct assignment, which shows our ability to create value from portfolios to create till date.

We have stayed good and focused on maintaining asset quality, invested in strengthening the network by addition of quality manpower and continue to search fertile micro market throughout the year. We look ahead to FY '25-'26 with optimism and build the bearings across the balance sheet that would enable scale up as envisaged.

In conclusion, we extend our heartfelt thanks to all stakeholders, including the RBI, the NHB, the Ministry of Corporate Affairs, our banking partners, rating agencies, business associates, valued customers, dedicated employees and their families. Each has played a crucial role in the development of Star HFL franchise. As a committed and responsible lending organization, we are dedicated to creating value for all of our stakeholders. Thank you, and over to you, operator.

Moderator:

Thank you very much. We have our first question from the line of Ashish Kumar.

Ashish Kumar:

I wanted to ask which are your major operational geographies? New geographies, you are planning to expand in this current financial year? And could you throw some light on the direct assignment that we have done in financial year 2025?

Kalpesh Dave:

Anoop, you want to answer on the new geographies, the geographies that we operate, and Natesh will answer on the direct assignment.

Anoop Saxena:

Yes. Anoop Saxena this side, I will take the first question, followed by the second answer will be provided by our CFO, Mr. Natesh Narayanan. So in terms of the major operational geographies, majorly, we are as of now, if you look at our data cuts, majorly, we are present in the geographies of Maharashtra.

In Maharashtra, we are operating through three centres which are based out of Mumbai, Pune and Vidarbha, which is a majorly -- regional headquarter is based out of Akola. In an around Akola, in an around Pune and in an around Mumbai, these are our major operation geographies, followed by Rajasthan, further followed by Madhya Pradesh, Gujarat, National Capital Region, which is

called as NCR, in and around Delhi and Ghaziabad and Tamil Nadu. These are major geographies wherein we are present as of now.

In term of future expanding in terms of geographies, we are planning to go deeper in the geographies of National Capital Region, again, which is a Uttar Pradesh, Tamil Nadu and ofcourse Maharashtra. So these are our new geographies where we are planning up on to go more deeper in terms of geographical presence. Natesh, if you can take the second one.

Natesh Narayanan:

Sure. So as far as the direct assignment goes, this is our first direct assignment transaction, which is a very normal kind of transaction for large HFCs. But for this specific transaction, this is our first. This gives us a lot of benefits in the terms that, one, it improves our ALM in a very big way.

Two, it validates our credit underwriting processes because the counterparty to the direct assignment has validated our credit underwriting standards before the -- doing the transaction. Three, this gives us enough firepower to do disbursements for the coming quarter, that is the Q1 of this financial year.

Fourth, of course, it improves our balance sheet in a reasonable -- in a very significant way. So all in all, these are milestones from a perspective. So first, we started with NHBs and we added new lenders. We then did NCD. Direct assignment is one of significant milestones, which will improve the growth prospects going forward as times roll out for this setup. I hope that should be enough. Anything more, I'll be more than happy to clarify.

Ashish Kumar:

Ok. Thank you so much

Moderator:

We have our next question from the line of Ketan Kataria from Ketan Kataria & Associates.

Ketan Kataria:

First of all, congratulations, Star Housing team on the strong FY '25 performance. Regarding the announcement plan to list on NSE, could you provide more details on the expected timeline and the strategic objective behind this move? Additionally, what steps are being taken to ensure a smooth process?

Kalpesh Dave:

Kalpesh Dave here. I will answer this question. So yes, we have been telling in our earlier conference calls as well that we intend to transition to the NSE subject to all qualifying criteria is being met. While I'm not the authority to definitely tell you that we do qualify, but we do feel that one of the impending criteria, which is INR 75 crores net worth for 3 financial years.

That is something which we were looking to attain, which we have attained given our results that got announced yesterday. And we do feel that at the right time would be definitely this current financial year, which is FY '25-'26, where we should aim for transition.

To that effect, we have got approval from the Board as well to explore whether we can see the transition happening subject to obviously all approvals and necessary regulations in place. So just to give you a sense of it, definitely during the current financial year, somewhere maybe in the latter half of the year, we would explore, we would see if we indeed do qualify to get transition to the NSE. And to that effect, we will look forward to appoint a merchant banker and put up a formal application to that, sir.

Ketan Kataria: **Excellent.** So what the strategic objective behind this move and how it will help the growth of the company?

Kalpesh Dave: See, strategic objective, I would say that it's a very natural progression for a listed company on the main board of BSE to get transitioned on to the NSE platform. I think that comes very naturally. And once you move transition, there is definitely more revenues that get available to you. This is what we do feel in terms of capital market activity. And currently, the net worth and the liability position is good enough. Leverage levels are also pretty much modest.

But our vision, if you ask me is to have a INR 2,500 crores of loan book, and I'm not giving any guidance over here, but that's what we have resolved in our earlier calls also that in next 3 to 4 years, we should look forward to become a midsized housing finance company with a reasonable presence across major centers in India.

So for that raw material is money and to have a good leverage, we need to have a good capital base. So definitely going towards NSE, one may explore raising, having a good capital levels from the current levels. And obviously, that again, all depends on all the requisite approvals from the Board, from the shareholders and from the necessary authorities. But that gives us a good avenue to ramp up the way we have envisaged in our overall interaction with all the stakeholders that we have said. So we are looking forward to it, sir.

Moderator: We have our next question from the line of Vishal Jaiswal, an individual investor.

Vishal Jaiswal: I wanted to ask at portfolio level, what is the average LTV on the organization? Second thing, what efforts you have taken for digitalization of the process?

Anoop Saxena: Hi Anoop Saxena this side, I will answer both the questions. So Vishal, at portfolio level, so as an organization we offer at the time of origination, we offer maximum LTV, 80%, whatever product it is. So in layman terms, against INR 100 value of the property, we offer up to 80%, wherein as per statutory, as per regulatory guidelines, we can go up to 90%.

But looking at the kind of segment we are operating in the kind of geographies we are operating at the policy level, we chose to keep loan-to-value ratio at 80%, which is maximum at the time of origination. Whereas, if I'm talking about loan-to-value ratio at portfolio level, then at company level at portfolio level, we are operating at 55% LTV, which typically means that against INR 550 crores AUM, entire AUM of INR 550 crores is secured by way of approximately INR 1,000 crores of assets covered as a security. So that is to answer your first question.

In terms of -- to answer your second question, in terms of digitization, Star Housing Finance Limited was keen to improve in terms of digitization. During last financial year, we invested approximately 1% of our gross revenue for enhancement of our software and enhancement of our core loan origination system and core loan management system. As of now, Star Housing Finance Limited is 100% at digital mode.

That means my customer journey starts at digital footprint without any manual intervention, followed by every sort of verification, every sort of checks and balances, every kind of maker and checker processes and ends at digitally without any manual intervention. So right now, no

company -- if you are invested in the company is able to operate 100% digitally without any manual intervention. And furthermore subject to approval from Board and other stakeholders, we are further keen to invest more in the technology platform. So that is to answer your second question. I think I am able to answer you.

Moderator:

We have our next question from the line of Vikas Kasturi from Focus Capital.

Vikas Kasturi:

Hello sir, I had quite a few questions. So one is I noticed that the disbursement for this financial year was much lower than what we disbursed last year and the year before that. So one is please throw some light on that?

Then the second question is our GNPA numbers have actually gone up again over the last 2 years, and it has also gone up significantly over quarter 3. So again, please throw some light on that. And the next one is, it's sort of an observation and a request that, see, we have been having investor calls every quarter, and we did not have one last quarter. And so my request to you is that please for continuity sake, you please have this call on a quarterly basis because it also signals that the company is continuously engaging with us.

Normally, what we see is that companies go into a shell when the bad times start, right? So that is when we stop having all investors related to conferences and so on. So to signal that there is nothing happening in the company and everything is status quo and we are improving and growing as a company. So I request you to have this kind of outreach every quarter.

And along with it, the presentation that you have put out, you didn't put it out this quarter, but last quarter. Again, I request for some more granular information like, for example, the previous participant asked the loan-to-value ratio.

So you could provide information like that, what is the loan-to-value ratio, what is the ratio of new to credit customers versus customers who come with some sort of CIBIL score and the more granular kind of information. So it just gives somebody who wants to know more about the company more details about it. So this is what I wanted to convey, sir.

Kalpesh Dave:

Sure. Thanks, Vikas. So I'll take this question. Disbursement lower, yes, definitely, the disbursement has been lower in the current financial year. And that comes on the heels of liquidity tightening that basically was observed. And in my speech also, I have said that there has been a tightening of liquidity that happened in the -- it started in Q2 of the last financial year and well into Q3, Q4 as well. And that tightening was observed not just at Star Housing Finance, but across those players.

Vikas Kasturi:

I'm not able to hear you clearly.

Kalpesh Dave:

Am I audible now?

Moderator:

Yes, sir. You are audible.

Kalpesh Dave:

So what I said is that disbursement lower, yes, definitely disbursement has been lower. That comes on the heels of the liquidity tightening that started in Q2 of the last financial year and was well

entrenched in Q3, Q4. And I have said in my speech also that there was a tightening being done by the banks and the NBFCs while the big players might not have gotten affected that much or in fact, they would not have experienced any kind of a heat for that matter.

Having said that, smaller and mid-sized HFCs did feel that kind of heat on the liquidity side of it, and hence, the disbursements were affected. And you will understand and appreciate that for any housing or any lending company for that matter, H2 is very critical. H2 is where the ramp-up happens. In H1, you build up the capacity and in H2, basically, you fire on all cylinders. So that firing could not happen, unfortunately for us. And we are a part of the overall fraternity. So we are not the only one who got affected for that matter. So that's the answer to the first question.

GNPA number increase, I would tell you that's a numerator/denominator effect also that has come into place given that we have done -- executed a INR 55 crores DA transaction that basically reduces our overall base and hence, that number basically looks increased. However, having said that, that is one part of it.

Second part is the seasoning of the portfolio that basically we observed. Some of them -- in fact, I would go on to say that none of them were systemic in nature. It was one-off incidents that happened in some of the regions that we operated. Those slippages that were there that has been addressed in the month of April, and we are back on track for that matter on the GNPA number. So that's what I would want to tell you on the -- why this number looks a bit elevated.

Third, why we did not do the earnings call in the last quarter. See, you have to understand Vikas that we were in the silent period at that point of time. And hence, we did not want to come out for that matter in terms of the numbers. However, we did post the numbers and we did post the presentation for that matter. Once we came out of it, we are more than happy to interact and engage with all the stakeholders the way we are doing it right now. So that's the answer to your third question.

And the fourth question, definitely, this quarter presentation will be getting uploaded on to the company website. In terms of drill down, we will try to put in more details as well. You are more than welcome to come on to our office and have a one-on-one with any of the leadership team, and we will give you that kind of granularity which you need in case you don't find it in the presentation.

Vikas Kasturi:

Great, sir. And sir, if you could just throw some light on -- since you talked about the GNPA numbers. So what is the pattern that you noticed like 0 plus DPD versus the 90-day DPD? So is there like -- could you just throw some numbers, sir, if there is something that you can share?

Kalpesh Dave:

No. So there is no pattern as we see -- as you saw it. As I told you, there were some of the regions. For example, there was some kind of slippages that we observed in the Vidharba region, more specifically, if I talk to you about the location could be Buldhana for that matter, which we found that kind of slippage.

Some of the slippage happened in the rural areas adjoining the Udaipur office. And these accounts were seasoned. It has a vintage of more than 6 to 7 years, even long before the company went on the trajectory which it has envisaged. So these are the two locations where we kind of saw some

of the slippages happening.

Just to tell you on the Buldhana front, we have been able to get back on track. Hopefully, we should be able to resolve it completely in this -- if not in this quarter and in the next quarter itself. And rest of the locations are on track. So I don't see any kind of an issue in terms of the slippages as you mentioned.

Vikas Kasturi: Okay. Sir, if I may ask, pardon my curiosity, sir, I'm also a shareholder in the company. My question was also that how much of the NPA is contributed by the legacy book, sir? And I mean, the pre-housing finance days, whatever business we had, so how much is that contributing to the NPA? Some light on that, sir?

Kalpesh Dave: Anoop, do you want to answer that question? How much was from the legacy and how much from the new?

Anoop Saxena: Yes, sure. So approximately 70% of our total gross NPA numbers are coming out of legacy book. To drill down more on to legacy book, so if you are aware about our journey, more than 60% of legacy book, which we inherited at that point of time, we as in the new management team inherited at that point of time back about 5 years back.

Approximately 60% of that book has been run down partially paid or fully paid. So that is there. And we are -- by going more down on that book, we are sure that in a year or so, in approximately 2 to 4 quarters, we will be able to completely close that book.

Vikas Kasturi: Okay. And you're saying that is the book which is contributing to the majority of the NPA, sir?

Anoop Saxena: Yes, that's right.

Vikas Kasturi: Okay. Sir, again, because I also study other companies and they put out their presentation. So there is at least one company which, for example, has had similar issues with legacy book and so on. And then they actually provide that how many -- what is the NPA contribution from the legacy book versus the new book, which has better underwriting standards and so on. And then as an investor, you get a granular view of where the NPAs are coming from.

And it also tells you that, okay, the pain will remain for, let's say, 4 quarters more or 8 quarters more or whatever. And then you will start seeing the rundown of the legacy book and the new book taking over. So that kind of communication and clarity is presented in the presentation, sir. So I would just request you to sort of give us also that kind of clarity. It would be very helpful.

Kalpesh Dave: Point noted. Thank you.

Moderator: We have our next question from the line of Prathamesh, an individual investor.

Prathamesh: Thank you team for update. I have two questions. First, what are your portfolio at a risk number? And how do you see them panning out in current financial year? And my second question is, can you tell me something about your ALM profile and liquidity for the year ahead?

Anoop Saxena: So I will take the first question. Second question will be answered by Natesh Narayanan, who is

CFO of the company. So currently, our portfolio at risk is at sub 5%, which is well in line with the industry standards. It is slightly higher as compared to last quarter, but that increase is on account of, as detailed by Kalpesh Dave, that is the case of one certain pocket wherein we have seen some sort of issues. Those issues have been captured. And you will see better portfolio risk numbers in the upcoming quarter. So that is on the update on the portfolio at risk side of it. So Natesh, you would like to give some light on ALM?

Natesh Narayanan:

Yes, Natesh here. On the ALM side, we'll be happy to state that all individual buckets are meeting their respective -- there are no negative gaps till 3 years. That's the first point. Second, the fact that as we start the year, we are sitting with the undisbursed sanction, the sanction that we have received that we have not disbursed from NHB, that is there.

And besides the fact that the direct assignment gives us a good clear runway for the next 3 to 5 months of clear disbursement runway. So ALM is robust. It's fairly enough in a very good position to take care of our liabilities. Cash position as in our liquidity position is good enough to take care of our disbursements as well.

Moderator:

We have our next question from the line of Anil Rajwan, an individual investor.

Anil Rajwan:

I would like to thank the management for the update. So my question is, do you have any intent to have any inorganic growth in terms of buyout or anything else?

Anoop Saxena:

Kalpesh, would you like to answer it?

Kalpesh Dave:

Yes. See, we do not have that kind of intent as of now. You have to understand that we are investing in capacity creation, be it physical infrastructure, manpower or technology for that matter, okay? So the thought process is very clear to have an organic growth through our branches. This company yet to have an operational leverage getting kicked in.

So we are pretty much focused on developing that kind of operational leverage, which would see increase in productivity, improvement in productivity levels. And hence, whatever funds basically that we receive, that would be deployed towards creating a fresh book, organic book rather than having an inorganic kind of a thing. So not on cards at this point of time.

Moderator:

As there are no further questions, on behalf of Star Housing Finance Limited, I thank everybody for attending the FY 2024-'25 earnings call. In case of any further queries, please do get in touch with Star Housing Finance Limited Investor Relations desk. Thank you, and take care. Bye.

This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes responsibility of such errors, although an effort has been made to ensure high level of accuracy.