



“Indiabulls Housing Finance Limited
Q1 FY2024 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2024 earnings conference call for Indiabulls Housing. We have with us on the call today Mr. Gagan Banga, Vice Chairman, Managing Director & Chief Executive Officer, Mr. Rajiv Gandhi, MD and CEO, ICCL, Mr. Ramnath Shenoy, Head IR and Analytics, Mr. Ashwin Mallick, Head, Treasury, Mr. Sachin Chaudhary, Chief Operating Officer and Mr. Mukesh Garg, Chief Financial Officer. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gagan Banga, MD and CEO. Thank you and over to you.

Gagan Banga: Thank you. A very good day to all of you and welcome to the Q1 FY2024 earnings call.

Banks and financial institutions failed not because of bad credit, but because of lack of liquidity to service dues or debt essentially an ALM management failure. This is true in the case of Lehman Brothers back in 2008 and it is also true of the recent bank and non-bank failures globally.

ALM risk is inherent and all the more acute for non-bank mortgage lending in India. That relies on wholesale borrowing, which is at best of three to four years average maturity, while the loans extended are often average maturity of seven plus years. After the default to IL&FS, credit flow to nonbanks without storied corporate parentage shrunk to a trickle. Some sections of the debt markets like those from mutual funds completely closed the tap.

Indiabulls Housing through these last five years has been trying and making attempts on three fronts. One is monetization of assets, refinance and funding to mobilize liquidity to service debt in a proactive and timely manner. Two de-risking the balance sheet especially from wholesale loans to builders who are suffering twin challenges of a weak housing market and the shutdown of credit flow from non-banks and the third was a building perspective business in an asset light mode such that reliance on large scale ALM mismatched borrowings is done away with. I say all this because at the end of this quarter, the July, August, September quarter, as a matter of fact, by the end of this month itself, we would have declared victory on all of these three fronts.

In this quarter, which is Q2 FY2024, we have total repayments of approximately ₹ 4,800 Crores, which comprises of domestic bonds, \$270 million of ECB borrowings, etc. For ECB repayments of \$270 million plus interest, we have liquidated the voluntary created FDs and have initiated the transfer of funds ahead of repayment due next week. We hope to have this account funded with the trustee at least one day prior, if not earlier, one day prior

to the due date. The fund movement of that has already started. Further, we have also as per our exchange disclosures today, year marked trustee managed FDs of ₹ 628 Crores corresponding to 50% of FCCB put option dues payable in March of 2024. Total outstanding of these FCCB are \$149.5 million while one is fairly confident basis the outlook on business that this option may not get exercised by bondholders, but as a matter of prudent ALM management, we have gone ahead and created 50% of the dues coming up in terms of deposits.

At the end of this month and a lot of the investors on this call are perhaps foreign investors. It would be of interest for them that at the end of this month, which is August 2023, we would have repaid all of the over \$3 billion of foreign currency borrowing we did in the last few years, What is very important to note is that \$2 billion of this \$3 billion has been repayed after the IL&FS default. We are now only left with quasi equity convertible bonds and \$100 million of dollar denominated borrowings done from Indian banks, so all the tense of foreign lenders, I would like to express my thanks to them at this stage and hopefully come next week, we would have parted this, perhaps temporarily, on a very good note with all of you having received all of your principal and interest in full. Thanks once again for the support.

From here on out and this is an important point to appreciate, we believe we have hit a key turning point for ourselves. Going forward, our debt repayments are only in the ballpark of ₹ 500 Crores a month, which will be more than comfortably covered by the repayments that we received regularly from the loan portfolio. Even if we have to assume some chunkiness of FCCB put options for which we are anyways creating FDs, even then the average repayment on a monthly basis from October 2023 will only increase to ₹ 650 Crores per month, against a contracted loan portfolio repayment receipt of about ₹ 850 Crores a month.

As at the end of June, our borrowing had shrunk to just about ~₹ 40,000 Crores, which will be down to about ₹ 36,000 Crores at the end of September 2023, which is about almost ₹ 80,000 Crores lower than what it used to be at its peak. When you see the detailed ALM on the liability side, which is borrowings plus securitization, liabilities, etc., the ALM stands fully matched and against ₹ 36,000 Crores of borrowings, we will have about ₹ 11,000 Crores close of cash investments and other assets plus around ₹ 42,000 Crores of loan assets net of securitization liabilities, translating to 150% cover over our borrowings with the borrowing being comfortably ALM matched. Excess collections over debt repayments, which would be in the ballpark of ₹ 600 Crores to ₹ 1,200 Crores a quarter and all incremental borrowings will now be available for asset growth. Here again, our asset-light model has fully matured and as we have been sharing in the past, we have co-lending relationships with 8 partner banks for each of whom we are a strategic relationship

contributing significant amounts to their total disbursal. Importantly, being asset light co-lending, we will not need to build large borrowings to support this and we can grow and earn on the entire AUM without building ALM risk.

Our de-risking of the wholesale book has been supported by a very buoyant housing market, which has turned around and is witnessing strong growth. Projects that had been problematic and sticky for a long time are either getting resolved or have already been resolved with us roping in partners, both development partners for project execution and partners for funding and refinancing.

We have thus hopefully been victorious on all the three fronts that we have been fighting on for the last five years and this fight while it was fought through an extended pandemic with complete lockdowns, etc., I hope we have emerged victorious and by the end of this quarter, we should restart our growth path and demonstrate strong growth going forward.

At the macro level, the economy has emerged very strong and resilient and the housing sector is seeing strong secular growth across price segments. Many longstanding industry observers and experts are unanimous in their view that this is the start of a long upcycle for the sector. Growing urbanization, nuclearization of families and a fast-growing economy and concomitant rise in incomes are factors that are always favoring housing demand in India. All of these are now playing out. For the company stability in profits, good recovery traction from, wholesale loans and receiving risks means that we are now on a good strong footing. Accordingly, the Board of Directors in their meeting held on July 28, 2023, recommended a final dividend of ₹ 1.25 per share, subject to the approval of members at the ensuing annual general meeting. While the amount per share is more a token amount, it was more a message that we wanted to send out to our stakeholders especially our shareholders that time for growth is back and hopefully going forward we should be able to get back to our strong driven track records, through which we have distributed over ₹ 11,000 Crores of dividends through our listed districts.

As businesses has now stabilized and the company gets back on the path of growth subject to regulatory limits, we aim to resume consistent payment of the dividends. There are now regulatory guidelines for NBFCs around this, so we will have to operate within that. After a period of consolidation through the last five years, it is now the management's focus to also besides dividends focus on ROE and I am quite hopeful that we would be a mid-teen ROE company over the course of the next three financial years.

In the near term, another priority for the company is the entire reorganization and rebranding exercise that we have been focused on for the last four to five years. The

company has over a period of time, transformed itself to a board run, professionally managed and diversely held financial institution. The company's Board of Directors exercises effective oversight over the running of the company through both constituted sub-committees with key committees chaired by independent directors. The erstwhile promoter, who is now classified as a public shareholder along with the entities he controls, had a shareholding of 9.77% at the time of the de-promoterisation. This has now declined to around 1% and as per my understanding, he is probably going to be completely exiting the company. With the completion of the de-promoterisation and we are also in the process of transforming and changing our brand identity. We have already gotten our board approval for this and we are awaiting regulatory approval, post which we will be going back to shareholders and getting shareholders approval. All of this should hopefully happen within this quarter and over the next 45 to 60 days, we should have a new brand identity for ourselves.

Gradual regulatory changes have been done away with any meaningful differences between HFCs and NBFCs. The entire regulatory framework is now scale based. We are in the upper level of NBFCs being amongst the largest NBFCs in the country and accordingly, since we do not get any advantage of remaining in HFC, we have written to the RBI to change our certificate of registration to that of an NBFC. That change should also happen along with the name change, hopefully within this quarter itself.

Coming to the updates for the quarter.

In this quarter, we have disbursed retail loans of around ₹ 1,837 Crores under the asset light model. These loans have been disbursed in partnership with our banks. There is no concentration on any one bank and all eight partners are almost equally contributing.

To take you through the Q1 FY2024 numbers, please refer to slide 3# of our earnings update.

The net interest income is at ₹ 562 Crores, profits at about ₹ 296 Crores versus ₹ 261 Crores in Q1 FY2023 and ₹ 287 Crores in the same quarter last year. Retail disbursals, as I said earlier, stood at ₹ 1,837 Crores and cumulatively since FY2022 stand at almost ₹ 13,000 Crores. Net interest margin is very stable at 3% and RoA has marginally expanded again to about 1.7% from 1.4% in Q4FY23. It is on an upward trajectory. Gross NPAs and net NPA are at an 11-quarter low. Gross NPAs are at 2.87% and net NPA is at 1.69%. Our net debt to equity is now as low as two times and capital adequacy on a consolidated basis stands at 31.2% of which almost 27% is tier-I capital.

On a standalone basis, the capital adequacy is 23.46%. As part of the reorganization, if the path chosen is to consolidate the subsidiary, then the standalone would also go up to 31.2%. That is work in progress. We are engaged with various stakeholders on how to take this forward and hopefully through the course of the quarter or early next quarter, we should be able to give in more specific guidance on the reorganization plan and the organization structure, etc.

As I spoke at the beginning of the call, we are also undertaking a rebranding exercise. We have already shared the timeline for it. As part of our strategic discussions, a suitable name has been chosen, but I would like to emphasize that the company would remain a mortgage focused NBFC. It would still focus on home loans, loans against properties and via the alternate investment platform, small contribution or a core lending equivalent for builder loans. For Q1 and Q2, the focus is basically to scale up the retail engine and to do prudent ALM management. From Q3 onwards, we will have bandwidths to scale up the retail engine further and perhaps hopefully also scale up the wholesale platform with our partners.

Now focusing on retail lending which is our growth engine. Along with our eight banking partners, we continue to grow the retail AUM in an asset light model. At the end of Q1, 35% of our AUM is now funded through either co-lending or securitization, up from just 10% in FY2018. We have disbursed, as I mentioned earlier, almost ₹ 13,000 Crores of loan since last fiscal year and we hope to sustain the present 3% RoA that this incremental business is generating, so 1.7% RoA will steadily inch up towards the 3% run rate RoA that we are generating for the incremental business as the incremental book becomes larger than the back book.

We continue to invest in expanding our reach, building up trained manpower and keeping a key eye on the disbursement growth, which will result in opex remaining elevated through FY2024 and FY2025. By FY2026, the cost income will go normalized and that is how we will be able to get to 15% RoE by FY2026.

The de-risking of the business by running down of the wholesale book continues and it will only gather pace over the course of the next six to 12 months. A lot of capital has been put into projects where construction is going on and steadily these projects are getting completed and now we are getting into a situation where collections are increasing in the escrow accounts on a healthy basis. As this trend continues over the next six to 12 months, I hope to see this book run down at an even faster pace.

Now, can you please turn to slide five. We are sourcing now about ₹ 600 Crores ₹ 800 Crores of retail loans a month under the asset-light model. It is evident from the CIBIL

scores, which is the credit bureau scores and the average ticket size that the customer segment is prime. With strong demands both from end customers and our partner banks, we had invested in expanding our retail franchise. Our branch count is up 18% from last year and we have added almost 300+ employees in this period. We are now at about 217 branches and 5,166 people. We have also been working on the further digitization and integration with our various banks and hopefully as we complete that one by one with various banks, the scale up can be reasonably rapid since our sourcing engine is already in place. This is all to make sure that the RoA tends and trends towards 3% and the RoE trends towards FY2026. The growth should be evident from H2 of FY2024.

Now that the ALM has been managed, the repayments are in the process of happening. A lot of it by the end of this month should be behind us, we should start utilizing the surplus of repayment inflows and that is how the entire fund strategy would be working towards growing the AUM.

Now our little bit on asset quality.

As of the end of June 2023, our gross NPA stood at ₹ 1,886 Crores, which translates to 2.87% and net NPA stood at 1.69%. We are fully compliant with the RBI circular on NPA rectification based on daily DPD days this past due and these NPA will not be regularized unless all over dues are repaid. Between the provisions we already carry and our conservatively estimated recoveries over the next three years and some other releases, we carry imputed provisions of ₹ 6,385 Crores, which is 12% of the loan book and covers our gross NPA 3.4 times.

The engagement with the rating agencies continues to stay positive, we are AA rated and I believe given the rapid deleveraging that the company has done and the high capital adequacy, the ratings have a reasonable amount of support, especially given the stability on the balance sheet also, which has been witnessed over the last four quarters as well as the earnings and the improving asset quality.

All in all, I think it has been a tough five years. We have come to the end of the very tough period. By the end of this quarter we would have done perhaps even India proud in repaying such large amounts to international investors. We have certainly done the company proud and the management is again extremely thankful of the support given by international debt investors. We will continue with our engagement and hopefully we will have a good transaction soon stitched up, which will help us grow our business. Engagement with investors continues.

On the equity side also, I believe once growth is back, the company's valuation, etc., would improve. As a gesture of stability and growth being around the corner, the management and the board declared a small dividend, which should get confirmed in the AGM. Equally importantly to all of this is the entire reorganization where a lot of strategic initiatives are being taken about the group structure, the ownership structure and so on and so forth and what is really happening is the fact that we are significantly smaller to what we used to be. Our borrowings have shrunk significantly and the large shareholders now are all financial institutions, both domestic and international and therefore can work very closely with a well-managed board, which is extremely mature and a management to come out with structures, which are long term good for the franchise.

On this note, I will end this call and now we are open to questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi: An apology for sounding actually blunt here. Just had a question, we have been sort of highlighting the companies distancing from the erstwhile promoters, but the leadership team has obviously been with the erstwhile promoter and a loyal to him for a long period of time and also in the case recently where the erstwhile promoter had actually existed in real estate business. There were some illegal lawsuits, which have come up with the embassy with regards to some loan repayments and stuff like that. Just want to understand how should we be thinking about going forward and how independent really is it and are there any potential in liabilities, which I think could arise that which we are not aware of it?

Gagan Banga: Sure, that is a very relevant question and I would like to put it on record that Indiabulls Housing and its erstwhile promoters have no financial entanglements. He owes us nothing; we owe him nothing. There is no recourse that either party has on each other for any open transaction of even a single rupee. I hope this is as transparent as one can get on this right.

On your other question about the leadership team being loyal, the leadership team is loyal to the company, which is why through a period of extreme stress where all of us as management are fiddly little shareholders. We have decided to stick together as a group and manage this crisis. While if you look at practically all the NBFCs and HFCs of similar size, smaller or larger through this period of crisis on the NBFCs. Practically each of them whichever survives has seen a change in leadership, so that just indicates that this period of turmoil has taken a toll on professional managers such as myself and my colleagues, but because we are more loyal to the company than to any individual while we individual has

exited, we have not. It is a situation which is not witnessed in any other NBFC. In other NBFC typically the owners continue to remain the same. The managers have changed and gone. In our case it is the opposite, so the way I think of it is I have given personally my best to make sure that the company in the first place survives, then transforms and hopefully we are now at the cusp of growth. This is the best that we as a management team could do. My appointment is decided practically every other year by shareholders. If they feel that I am doing a good job, they will allow me to continue otherwise in a company which is as diversified owned as Indiabulls Housing is shareholders have ultimate power, right and and there is no one group, which can block anything that shareholders do not want to happen. I do not want to be negative about this. This is a time of perhaps not celebration, but time where one can at least take a step back once this quarter is through and say okay five tough years, now let us get started with something else. That is what I am focused on that and that is what the team is focused on. We keep our heads down, work every day to make sure that we continue to repay our lenders and continue to take care of our employees and of our customers and frankly that is the best that we can do.

Riddhesh Gandhi:

Got you and we appreciate all the efforts and we are reasonably confident that like how the issues came up in that case of Indiabulls Real Estate we have sort of scrapped through each of our accounts to ensure that there are not any potential skeletons, which will has come out of the closet?

Gagan Banga:

I am putting it on record here in this call is recorded and is up there for the rest of my life that between Indiabulls Housing and the erstwhile promoter group, there is no financial entanglement. There is not one rupee that either he owes us or we owe him. It has been a smooth transition. As a matter of fact, he has been fairly graceful in his entire exit and has been supportive of the company, so I doubt that there could have been a more graceful exit in this. With that said, there is also a lot made about this whole de-promoterization, etc. The quality of the portfolio is if one takes a minute to reflect on it, one could not have paid ₹ 1,50,000 Crores on gross basis and ₹ 75,000 Crores on next bases. That ₹ 75,000 Crores has come from the portfolio. It has not come from heaven. I am not the central bank. I cannot print money. It has come from the portfolio, so that is best reflection of the portfolio quality, which has been built, which should hopefully put any such concern at rest and as a financial entity, we have also gone through a fair degree of rigorous inspections and audit. Just the other day I was taking stock with my risk and compliance team. In the last four years, we have gone through 32 regulatory audits and inspections and compared to what was being alluded to at times, I think we have pulled through with practically no issue at all.

Another thing, which may not be of knowledge to the wider audience is that since October of 2019, the lenders of the company have started a process of a concurrent audit where

every rupee in and out of the company is compiled and reported back to the lenders. There are only one or two collection and disbursement accounts that we have, which the banks have complete control over, so all of these plus the fact that now we are an upper layer NBFC and therefore there is tremendous regulatory oversight, which is all extremely good for the long term. That is how the sector and all of you will get greater confidence and hopefully these questions will never be asked again, but this is all that we have to let us say actions speaking louder than whatever I can assure you why.

Riddhesh Gandhi: Sure and last question I had was is there any indication as to it given the valuations we are trading at and given effectively the growth in front of us that, with the promoter, I can understand that if he is not going to be operationally involved, any sort of indication as to the reason you will be sort of existing at these prices and an as opposed to potentially exiting the private equity? You could sort of come in and bring some instability just sort of exiting in the public market and sort of thoughts around that and I understand obviously you guys are not the promoter, but I am sure there will be?

Gagan Banga: I am not the promoter. I cannot speak for him. I can just speak common sensically. As I said, this is a company that he started. He took it to a large size and he continues to remain fond of the company and in a situation where you are not a promoter, but you are still the largest shareholder, it becomes very difficult for the management to go out there and propose any sort of a strategic transaction. With such a large shareholding still vested in someone, who is not involved in day-to-day management and therefore will not be in a position to give any sort of commitment to the wider market or the strategic partner or anything of that sort. I think we understood that this situation was neither here nor there and if the company had to move forward, the situation had to get resolved and he voluntarily chose to help the company resolve the situation and today put us in a position where we can have more meaningful and consequential discussions with only institutional investors having any sort of meaningful shareholding, otherwise the shareholding is extremely widely spread out so. He has only facilitated the progress that the company needed to show on multiple number of fronts including being well diversified in terms of its ownership and I appreciate his gesture.

Riddhesh Gandhi: Thank you and appreciate all of your responses here. Thank you.

Moderator: Thank you. The next question is from the line of Craig Elliot from NWI Management. Please go ahead.

Craig Elliot: Good evening and congratulations on great results and taking a step back on these, as you said, several years of transformation, we have always believed in you and you have always

delivered so thank you. We look forward to the next five to 10 years. On that note, there is spectacular promise in the macro and in the housing up, what do you think is the smart and target range for you to grow book just very broadly let us say over the next few years or beyond?

Gagan Banga:

Thank you Craig. You have been amazing supporters through this transformation and both as financial investors as well as giving both moral support and advice, so I really appreciate NWI's help through this entire period. On the growth path, I believe that through the next five years, which should have a reasonably buoyant residential real estate cycle and therefore the underlying business will have momentum in home sales and stability in home values, etc., to be able from where we start FY2025 in terms of monthly disbursements, which should be in the ballpark of \$200 million a month. We should be able to grow that at a steady rate of around 18% to 20% every year for the next five years, so by the Q1 of FY2025, which is April to June 2025 is to be considered the base. Wherever we are at that time and the estimation is \$200 odd million a month we should be able to grow that disbursement base at about 18% steadily for the next many, many years, so that is the broad guidance. Obviously, it needs to be caveated for interest rate movements. Real estate historically has been a step inflation asset class. Home should not become unaffordable, etc. If things are to move more in a logical manner both on interest rates as well as home prices, this is the kind of growth one can expect.

Craig Elliot:

Thank you. Have a nice evening.

Moderator:

Thank you. The next question is from the line of Kenny Lee with Vontobel. Please go ahead.

Kenny Lee:

Congratulations with the good results. I just have quick question for me. I see we have built out \$270 million in the escrow to repay the ECB and also 50% of the FFCB, can I get the sense in terms of the social funding? How do we do that? Do we use raise more debt to replace those then?

Gagan Banga:

No. The leverage and the reduction in debt indicate that all of this is happening through collections. There would be some debt, which we have raised and some securitization that we have done and money is fungible, so I cannot say that every dollar in a practical way comes, but a large portion of these repayments or the repayments which have been happening over the course of the last five years have all been happening through our customer collections.

Kenny Lee:

Excellent and can I ask if we are going to do similar structure where we try to do the escrow for the September 2026 FFCB as well?

Gagan Banga: That is something, which I first want to get this quarter done and then basis how is the engagement with rating agencies and other stakeholders. The ALM now is extremely smooth. This was all done in order to give confidence to stakeholders that they were chunky periods in some months and quarters and therefore we prepare well in time for those chunky periods in order to not have any last-minute pressure on ourselves and that if you go through our ALM, I mentioned this in quite a bit of detail. The monthly run rate, even if you were to assume that the put gets done, is only about ₹ 675 Crs, which is roughly \$80 million a month, which is insignificant and therefore these kinds of steps may not be required, but I do not wish to rule it out. It was well-thought-out plan along with the board. Let this quarter end and then we will certainly group back with our board as well as our domestic lenders, since most of the money is only of domestic lenders and reconfirm this back to you. With that said, it is managements endeavor to make sure that we keep doing proactive ALM management, so if it is required we will certainly walk that path, but I do not want to put myself on record here and then later not do it because what you will appreciate is that all of this has a tremendous negative carrying cost on the company and as with granularize our asset book and as we retailize it more, the earning power of the company will obviously continue to take a hit. We cannot keep putting more and more pressure on the earning power of the company and still expect the same kind of profitability return on asset, etc, so it is a measured call to be taken. It is also as the situation to transforms both at the macro and micro, different times required and different actions. I will be able to confirm this to you by next quarter.

Kenny Lee: Okay. Thank you so much. That is it from me.

Moderator: The next question is from the line of Shaurya Chaplet with MUFG Bank. Please go ahead.

Shaurya Chaplet: My question is related to the voluntary reserve fund for the \$270 million so as per March 2023 results you had created 50% of the fund, so I just wanted to know that as on date have you created 100% of voluntary FDs, which following the liquidation has been initiated or is it like 50% of the voluntary FDs that were created with this plus 50% volumes will be balance sheet cash and also the balance sheet cash which is around ₹ 5300 Crores does that include the voluntary reserve funds as well?

Gagan Banga: Yes, it does include the voluntary reserve fund and since then all the FD's have been liquidated. We are something like six working days from transferring the money and it requires that much time and we have two holidays in India, so as it requires that much time to move the money, convert it, move it to the trustee and so on and we usually if you have been an ECB holder for a while, you would realize that we usually try our level best

depending on working day, etc., to try and credit the money one day in advance, so given that as we speak, the money movement is in motion.

Shaurya Chaplet: Thank you.

Moderator: Thank you. The next question is from the line of Nischint Chawathe from with Kotak Institutional Equities. Please go ahead.

Nischint Chawathe: Thanks for taking my question, but just not small point if you could sort of remind us of what is the max proportion of CLM or sell downs that we can have in our AUM.

Gagan Banga: The max proportion is 100%. All the disbursal that we do, we do with an intention of co-lending. A couple of quarters ago I had shared this statistic that almost 98% of what we had disbursed in the past 12 months, we were able to successfully co-lend so that is the kind of a track record we are trying to maintain and as we speak we are at similar numbers and our goal is to just lend in the background or being able to co-lend it quickly with the bank within 45 days or so and there is no limit so if we see like I indicate to Craig that we should be touching a \$200 million of run rate on disbursals that \$200 million by April of 2024 and that \$200 million would all be with an intention of being co-lending. Eventually we will end up holding \$40 million on our balance sheet and the balance \$160 million would be going onto our bank balance sheet.

Nischint Chawathe: Got it. When you are saying 35% of the AUMs are funded by CLM and sell down then what we are trying to say that these 35% is the gross amount of 100, right and 20% is what we have in the balance sheet.

Gagan Banga: Yes.

Nischint Chawathe: Okay, got it. Thanks a lot.

Gagan Banga: We will take the last question now, please.

Moderator: We will take the last question from the line of Rishikesh from Robocop. Please go ahead. We seem to have lost the line for Rishikesh. We will take the next question from Nitin Garg from Aviva Life. Please go ahead.

Nitin Garg: Thank you very much for taking my question. I have two small questions. First of all, did you have any discussion with the rating agencies on this change of this status from HFC to NBFC?

Gagan Banga: Yes. We have kept our rating agencies and all stakeholders updated and there is no consequential change in anything as a result of the company's ability to lend or borrow or service its debt or grow its book, does not in any way get either hindered or improved by this. This is more technical and this basically enables us to do as much co-lending as we would like to do rather than holding assets onto our balance sheet, which is what a classic HFC would require to do. The rating agencies have been assured that the business model of the company is not going to change. We are not going to become a NBFC, which is going to be doing personal loans or gold loans or commercial vehicle loans. Mortgages are our area of focus and whatever we have been doing for the last 16 to 17 years is what we would continue to do and I believe therefore there should be no concern out of this transition.

Nitin Garg: Okay and secondly, can you throw some light about that recoveries out of those impaired or written off assets? Anything happened in the last quarter?

Gagan Banga: We had meaningful recoveries of almost like ₹ 400 odd Crores and as I said we will try and write back this amount significantly. We will continue to carry higher provisions, so that is what we have done. We have written back an insignificant amount and we have just used other loans to continue to carry those provisions, but as the recovery is a track record. If not every quarter every other quarter you can expect ₹ 500 Crores to ₹ 1000 recovery.

Nitin Garg: Yes, sure. Thank you very much for taking my question.

Gagan Banga: Thank you everyone for joining in and I hope that by the end of the current quarter, this entire period of struggle and trouble ends and from H2 FY2024 we can be back to reporting to you steady growth. Thanks for your support through this period and thanks once again to all the foreign debt investors who supported the company over the past 10 years

Moderator: Thank you very much. On behalf of Indiabulls Housing that concludes the conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.