



“Can Fin Homes Limited Conference Call”

March 24, 2026



Analyst: So how do we want to go about it? I mean...

Executive: One big question, my question answer.

Analyst: That's fine. Yes.

Executive: Sure, sure. Please.

Analyst: Maybe some commentary from your side, how have you seen business momentum, asset quality trends?

Executive: Sure. See...

Analyst: And the current impact basically, how it changes that?

Executive: I mean, I think the current impact, it's a little too early to say anything. But yes, in terms of the quarter, Jan and Feb was quite okay. We have, as you know, during the year also, each of the quarters we've had a sequential growth. And it's been a fairly this thing. Initially, we had set that we'd do about INR10,500 crores. And we were about INR7,200-odd crores at the end of the third quarter. So that means INR3,200 crores is what we were targeting for this quarter. We are almost on course for it. In Jan plus Feb put together, we've done about...

Analyst: Yes, please.

Executive: Yes, it's, we have just, we just started. Please come. So in Jan and Feb, we've done about, you know, INR1,900-plus crores, that's about INR1,300 crores that we require for this month. And we are almost on course. Maybe INR50 crores here and there. So INR10,500 crores stands as in terms of our target for this year.

And in terms of delinquency, we already had the entire year where from December '24 onwards, if you see, quarter on quarter, we've actually had a reduction in our delinquency levels. And that will continue in this quarter as well. We expect that on each of the buckets we might have a lower number in terms of delinquency in absolute value as at end of March compared to December as well. So with that being the case and with a reduction of about INR15 crores to INR20 crores that we expect in NPA in Q4 compared to December. So I think [inaudible 0:02:04] Regular tea. Good, good.

So delinquency as I said is coming down and with some reduction in NPA we might have a, I mean, either nil provisioning for Q4 or there might in fact be a reversal also to some extent. So overall, for the entire year, we expect that the credit cost will be below 10 bps. It's in fact, if, for the first three quarters put together we've had a total provisioning and everything to the extent of about INR39 crores.

With some reversal coming, probably around INR35 crores is what we will end, like, possibly. So in which case that'll be around 8 bps for the entire year in terms of credit cost. Delinquency is, as I said, will be further lower. We were below compared to this. So further in this quarter on all the buckets we expect to see some reduction. In terms of our AUM, we've had slightly elevated prepayments and takeovers in Q2 and Q3 and that has continued in Jan and Feb as well.

So Q1, we had a lower, normal prepayments and everything, but Q2 it slightly spiked and it was INR1,661 crores for the entire Q2, which in Q3 was INR1,691 crores.

And looking to the present trend and with March, where normally people try to do more prepayments, maybe we may end up around INR1,750 crores kind of a number for Q3. Which will be further higher from Q2 and Q3 also. With that being the case, we expect to end around INR42,100 to INR42,200 crores in terms of the AUM for March '26. That would be around 11% growth in AUM for the year. In terms of our spread, we've had a fairly, we had planned in such a way that we didn't have to raise much in Q4.

We had unutilized sanctions and even NHB sanctions we had at the end of Q3. So we were able to draw down from those unutilized sanctions. So therefore our cost of borrowing has not had much of an impact. So in fact our spreads will be almost same or might slightly be a one or two basis points higher in Q4 compared to Q3, but not lower. So that's the kind of thing. So in terms of spread also it is comfortable. In terms of our delinquency also we are comfortable. And growth will be there in terms of disbursement. We expect around INR3,200 crores for the quarter.

Analyst: INR3,200 crores -- INR42,000 crores closing basis are expected at AUM?

Executive: Yes.

Analyst: And disbursements you said INR10,000 crores?

Executive: INR10,500 crores.

Analyst: For the full year?

Executive: For the full year. So we were INR7,200 crores, so we required INR3,200 crores. I am saying we would be very close to that. Give and take INR50 crores here and there.

Analyst: So around 10.2% to 10.4%, going to 15%.

Executive: Yes.

Analyst: 10.2% to 10.4% loan growth would be there?

Executive: Yes.

Analyst: This INR3,200 crores is after the IT impact, pre-implementation, which we were foreseeing in the fourth quarter, right?

Executive: So in terms of our IT, actually, LOS LMS we've had some delays from the OEMs side in terms of deliveries. What they had anticipated in terms of the customization actually has gone up. In fact, when finally they sat down, I think they miscalculated the customization levels. They had initially indicated around 85% to 90% of our product is readily available or just configurable kind of a thing.

Customization will be a little less. But I believe their cost and time estimation of customization has likely gone wrong. So they are still delivering. There are still some eight small components yet to be delivered, which in fact, they were to deliver yesterday or something. So if that being the case, we expect that it will happen in Q1 of next year only.

Analyst: So earlier it was to be implemented in third quarter, then we were expecting in fourth quarter, but now it looks like we'll be doing it in first quarter.

Executive: But other than LOS LMS everything else has already been done. In fact it is. So the HRMS component, the deposits, all aspects of security, infrastructure, everything has already been implemented. So in terms of our [SOC, NOC, in terms of our SIEM 0:06:25], in terms of our upgradation of Microsoft mailing, in terms of our moving all our servers to cloud, AWS cloud, in terms of our SD-WAN implementation, in terms of our HRMS implementation, our deposits, our document DMS solutions, desktop security, all those things have already been done. It's only the LOS LMS where slightly it has gone beyond. But of course that is the core of the whole product. So that one thing is there.

Analyst: Sir, in terms of this tech upgrade, you can just highlight, you know, you obviously joined the organization and then you brought in this whole tech upgrade initiative. So, how do you compare the processes, policies and practices that were pre this tech upgrade and after the organization upgrades? Overall, what all things we expect to change, what all benefits it can bring about.

Executive: See, in terms of the tech upgrade, we took it up in two phases basically. Some of it was possible in our old service provider itself, [inaudible 0:07:45]. So there we upgraded that itself. So things like Aadhaar integration, PAN integration, ITR integration, and CIBIL integration we implemented in the existing version itself. But in the new IBM, where IBM is a SI, system integrator, the things that we expect to see is of course our entire insurance module will get integrated, so it will be an online journey.

We will have online journeys for right from the customer capture, that is the lead generation, everything will be the customer journey will be online. And we'll be able to also offer digital mode of lead origination. The entire thing can also be digital journeys are provided. In terms of our processing, credit appraisal and everything, we have, of course, a lot of auto form generation, rule engines, all those things are getting upgraded. Deviation matrix, all those is getting digitized, gets into the system.

We also have our legal and technical modules, which we are now getting in terms of our new modules. So we have done a tie up with Velocity for our valuation purpose. We're also for our legal also we are doing certain things in terms of, we have entire servicing module for the customer that is, which was entirely manual where almost 30% to 40% of staff time was getting utilized in providing services to the customers.

That will be completely able to upgrade and move because we have also implemented a multilingual chatbot which will be able to provide the entire gamut of services in terms of like be it a statement of account, be it a income tax certificate, be it a address change, everything will

be able to completely provide through this voice chatbot. And that will directly integrate with the customers registered user ID, email ID and sending.

And we'll be able to push all the necessary documents to the customer. Be it a list of documents, statement of account, income tax certificate, all those things or an application form for making a prepayment or a form for doing it. Everything can be done through the online, using this chatbot. So that is going to be a major impact that is going to happen where the servicing will entirely move out, which will give our staff more time to actually be on the field and for business generation. So that's a major thing. Document management is of course there and all those, so these are majorly the kind of things that we'll be able to do.

Analyst:

Got it. And sir, just a generic comment, like from a, you are a practitioner but from an outsider perspective if we have to, let's say, do a peer benchmarking versus let's say a Repco or LIC at one end and maybe, other, Bajaj Housing at the other end. So in that spectrum, with these upgrades, where we will reach?

Executive:

See, once we are able to implement this, then another six months for stabilization plus some of the other things like, we have done this voice chatbot thing. But I guess it will still take another six months for all the customers to register themselves, start using it and adapt this in an entire manner. But once that is done, I guess we would be very much in line with probably the Bajajs or the HFC kind of thing, who are considered to be the leaders in terms of the tech stack.

We would be able to almost match whatever they are able to do in terms of, because we have a lot of native AI capabilities also in the kind of OEMs that, or the products that these OEMs are bringing in. So we will be utilizing all those native capabilities also, plus some of the other things also that we are done like this voice chatbot or something for a legal where we are using some AI tools. So all those things will also bring in a lot of. So we should be very much in line with the best in the industry.

Analyst:

And sir, will this upgrade also at some point in time give us the capability. But so far you've said that we are not into assessed income. But if at all we want to move into -- or do you think that is not a tech given thing, that is more a distribution and underwriting a different mindset that is required? So it will require a different level of focus from the management layer?

Executive:

No, I guess it's the latter where it's also a mindset issue from, because for example, I'll just tell you, we did launch a product almost a year back called Canfin Vishwas, which was for assessed income, but based on the UPI transactions of customers. Or based on the GST returns that are being filed by, where customers may not have necessarily have a ITRs to show.

But that product didn't pick up because our branches are more comfortable with the standard assessed models, assessed income models based on documented income proofs and all. So those kind of things only are stuck. So it's more of, it's also a bit of a mindset issue in our case. And that therefore will take a little longer time for us to launch or offer assessed income or surrogate income proof based products.

But yes, what this particular thing, the IT implementation that we're doing will definitely support all those things. Because we'll be able to integrate with the GST returns directly, getting it or

account aggregator also provides, we have integrated with account aggregators, so getting the bank statements and checking the UPI credits and all those things. All those things will definitely be supported by this tool.

Plus, even, as I said, some of the other AI tools, like being able to do the geo-tagging of the customer's location, the ability to monitor all those things, all those features are possible in this new module. So we should be able to support the branches, but eventually it has to be a mindset which has to change for the branches to be able to do the assessed income products.

Analyst: Okay. And sir, we have a large part of the customer base which is a salaried kind of customer base. So, and given that we operate our home state is a Karnataka. In the salaried, what will be the proportion of employees which are dependent on the IT services?

Executive: See, our IT segment, this thing has been almost, just about 6%. Basically our IT percent. 6% is IT. Of course, there could be some customers who are working with some IT related thing but they are in the private salaried is a little more. For us, about 51% of our customers are private sector salaried.

Analyst: Sir, couple of [inaudible 0:14:58] transaction, whatever we will be available to spend, from when we can expect that operating leverage benefit, which can occur, at least from the first quarter onward of FY '27...?

Executive: I would say from the third quarter. Because first quarter, the implementation will happen. There will be some teething issues. The adoption will happen. And as I said, the maximum benefit that I see from this whole thing is going to be when we'll be able to move our entire servicing to online.

And today 30% to 40% of the staff time is getting lost in just servicing the existing customers. So the sooner we are able to do that and our customers log in and register in that chatbot and give their, all those things and start using it, that is when we will be able to see more adoption and more time of our staff getting released for other activities like business generation.

Analyst: Just now you mentioned about the growth of INR42,000 crores [inaudible 0:15:56] so for the next fiscal year FY '27-'28, the run rate will be higher than the current run rate?

Executive: Yes, yes, correct. Absolutely. So, three years back if you see, we started -- our branch expansion had almost stalled. We started the branch expansion. Then the year, last year we started in June '24, we started our sales team also. So today if you see, both these steps that we have taken are bringing in good amount of growth. And we still see that the full benefit of this is yet to be realized.

Like, for example, we've opened about 54 branches in the last three years, net. Those 54 branches are still not entirely into the full capacity. We still have some benefits which are yet to happen plus the fact that we are continuing to add more branches this year. Also we'll be adding 25 to 26 branches in FY '27. So that is something which will continue to give us some growth.

The sales team, we started as an experiment. Now we are able to do that, and this year we increased the staff strength, the first year it was only -- we started from zero in June '24. By the end of the year we were just about 35 to 38 people -- 34 or something if I recollect at the end of -- as on March '25. And they had contributed about INR100 crores.

This year, we increased the strength to 90. And we did in the first half itself, so the second half entirely we are getting the benefit of this. So that 90 people this year are likely to contribute or bring in about INR800 crores to INR850 crores of business. So, you see, next year we are planning to increase it further.

And the sooner we are able to adapt to this voice chatbot and move servicing out and all, we'll be able to have more people available to do the sales part of it, which means we will be able to -- so our plan is this year from 90 we plan to expand it to about 150 people and probably in FY '28, we will take it to about 250 people of the sales team. And on an average, if you look at it, our team is contributing on an average, some doing better, some doing less, but on a blended basis about INR1 crores per staff per month.

Analyst: INR1 crores per staff per month.

Executive: So like, for example, now we have about 81 people to be exact, who are on the rolls in the sales team, they are doing about INR90 crores to INR95 crores per month in terms of disbursement.

Analyst: Is there any additional yield to that sourcing?

Executive: No, but what we have observed is the ticket size of the business that they are sourcing is slightly higher than what was originally being done. So I would say it will be closer to 28 lakhs to 30 lakhs is the average we are getting from the sales team.

Analyst: These are BT out customers or fresh customers?

Executive: These are both. But mainly from the new customers. Like we have this year already got about 260 APFs. We had indicated that we plan to have about 250 APF projects by the end of the year, but as of 28th of February itself we are already having 260 APF projects approved. Now those projects are also starting to get us some business. So our teams are also spending time...

Analyst: Have we already started to do construction finance?

Executive: No, no, we are not doing construction finance.

Analyst: Without that, you are...

Executive: We are only doing the approved projects. We are giving the legal and technical approval for these projects. And we...

Analyst: Without giving them construction finance loans, we are getting leads from that sense.

Executive: We are getting some leads. Of course if we do construction finance, even a small support, we may be able to get more business from them.

Analyst: How are we looking to look at the same with high prepayment rates and BT out rates?

Executive: See, one reason we noticed was in, at the end of the Q2 was that while 50% to 55% of our loans were in the annual reset, but 80% of the prepayments were coming from annual reset customers because they were not aware that the rates have moved and they have an option to come and opt for a quarterly reset, and therefore get the benefit of the lower rate of interest. They had to normally wait till the end of the reset period whenever that 12 months get over.

So proactively, we have called all of them and we have kind of sent messages and all, please convert, you'll get this freely. So I think that should help. Once all those customers move to the quarterly reset and their rates come down, because on an almost 25 it will impact our yield by around 25 basis points without hurting our spreads, of course, but it will still -- that much of an impact is going to be there. So you can imagine that 50% of the customers who are on annual reset are going to get a sizable amount of reduction in their rate of interest which should probably slightly reduce or help us in managing our prepayments.

Analyst: What kind of entities are on the other side who are driving this prepayment range?

Executive: I think LIC is very aggressive. We have found that they have been very aggressive because they are offering at 7.15 and things like that. But, of course, what is happening is they are offering this as a special rate to the customers and after one quarter, they move up. So actually, from the customer's point of view, it is just a one quarter benefit that they are getting after which the rates go up.

But at least that kind of communication -- so we are now trying to inform the customer that fine, you are offered this rate but have you checked is it a permanent rate you are getting or is it just a one quarter offer rate that after one quarter it'll you'll again go back and you'll find that you made a mistake moving out from us?

Analyst: At what rate are they on your books?

Executive: Today our blended rate as I said is 9.8. So a good customer today in our book would be around 8.25 or 8.5, the best customer with a 775-plus CIBIL score, 800-plus CIBIL score.

Analyst:

Analyst: But your average yield is 10%, right, roughly? And the best customer will be at 8.8%?

Executive: 8.25%.

Analyst: 8.25%. And that will be a private salaried white collar customer,

Executive: It will be a salaried customer taking a ticket size of more than 50 lakhs, right, and who would be getting a CIBIL score of 775-plus.

Analyst: Sir, how are we able to -- see, the whole thing is that you can get in these customers, but retaining them will be a very difficult job for us, right? Because there are many other competitors who are

targeting these sort of customer cohorts. And for them the threshold of profitability will be much lower, like PSU banks operate only at 1% ROA.

Executive: Yes. But today if you look at the number of customers who we are doing in that 50 lakhs plus is a very small one. Our average blended yield is still around 9.7% to 9.8%, incremental?

Analyst: So, let's say there are some customers who are at 11% or between 10% to 11%. And what is the highest rate we do?

Executive: 11% for SENP non-housing LAP.

Analyst: Okay, got it. So then like, where we get ahead in terms of competition to get that customer income...?

Executive: See, where we get ahead is because we are the ones who fund in the upcoming developing areas. Now once they come into the corporation, once they come with all the amenities, then probably the banks won't be interested in that. But if you go 40 kilometers away from the main city area, the banks may not be so very keen to do those kind of loans, frankly. Because for the banks, if you look at it, they have a reach, but the targets for the metro and Tier 1 towns branches is different.

And when it comes to -- you go into deeper geographies, those branches have a target more for agri loans, more for SME loans, and more for deposits and all those kind of things as against the metro branches where the target is more on retail loans, car loans, credit cards. So therefore, the focus of the branch manager over there is more on meeting the target for MSME loans and things like that.

Analyst: Got it. And sir, like, if these customers stay for us who are giving us 10% to 11% yield, are staying with us for one or two years, then after that banks start to look at them more favorably?

Executive: I don't think it's more of that. It's more of the location, whether the banks have become aggressive in that location or if the locations get merged into the city limits, then those areas banks would be looking at all those things. But otherwise, if we are still in a remote place and it is still a small town and we are doing the funding over there, I think we can still be able to hold on to the customers.

Analyst: Got it. And sir, what are the targets in terms of growth for next year and next to next year?

Executive: See, next year, that is FY '27, we are targeting INR13,000 crores as disbursement. And current year, if you see, we had about INR1,661 crores as procurement amortization, part procurement and everything in Q2; INR1,691 crores in Q3 and probably INR1,750 crores or whatever in this quarter. Normally, the first two quarters is a little less, then it picks up. So even if you assume that next year the run down including amortization, part prepayment and everything is around INR1,750 crores every quarter on an average, and comes to INR7,000 crores, then also we will have a INR6,000 crores net addition to the book. That is what is our goal that INR6,000 crores should be the net addition to the book in the next financial year, FY '27.

Analyst: 14% growth roughly.

Executive: Correct. That is correct.

Analyst: Earlier, we were expecting a little bit above around 20%?

Executive: No, this year we had said we will do about 12%. But then because of the prepayment, it has gone down because when we had originally planned last year, if you see, we were targeting just about INR6,000 crores as the prepayment. But now our prepayments are likely to end somewhere around INR6,600 to INR6,700 crores. So almost 1.5% of loan book growth has been taken out because of the higher prepayments.

Analyst: Overall, what I see of the housing space, it seems to be extremely high level of competition. On the affordable guys from -- other affordable guys and new people coming into the prime side mostly from the PSU guys. In this environment, are you getting more growth from the same set of customers and same set of geographies, or are you pushing deeper into the sort of higher-yielding affordable, if I may call it that, or deeper geographies? How should I look at it?

Executive: See, in our case, we have a mix of all three things. Like for example, last year we had done about INR8,560 crores, of which our new branches which we had opened in '23-'24, '24-'25, had contributed about INR110 crores kind of a contribution. The sales team was still new, they had also contributed about INR100 crores, assume INR250 crores. So out of INR8,560 crores, INR8,300 crores was sourced by the older branches in the regular geographies. The sales team and the new branches had contributed about INR250 crores.

This year, the sales team alone will do around INR850 crores. The new branches which we had opened in this year plus the ones we opened last year are contributing INR750 crores. So that INR250 crores itself has jumped to INR1,600 crores. The old INR8,300 crores, if we are looking at it, they have added a little around INR8,900 crores. That's how we will be reaching around INR10,500 crores. So the existing branches in existing geographies maybe a little bit from the ticket size increase or whatever has resulted from 8,300 to 8,900. Whereas the new branches and the sales team has contributed to a larger chunk of this.

Now this year we will be further adding from 90 to 150 people in the sales team. From the existing branches where we still have a little more scope to improve, plus the 26 branches we are going to open in FY '26, they will also contribute. So I guess what we are looking at around INR750 crores coming from new branches, I think next year there should be around INR1,200 crores coming from the new branches.

Same way the sales team which is doing around INR850 crores this year should contribute about INR1,500 crores next year. So that is how the thing will go. So it's something we'll have to keep on doing in terms of this -- the growth came off because post COVID, branch expansion completely stopped. So, obviously, as long as this continues, we will continue to keep getting the benefits of this.

Analyst: How is the direct sales team distributed, I mean more North, South or how is it?

Executive: No, it is both, but more so in the North, West, and in Tamil Nadu. So Karnataka less...

Analyst: FY '27, how much we should consider new branches, number appropriately?

Executive: Number of branches, we should be around 275 end of FY '27. Currently, we are 249.

Analyst: And this overall will take your spreads are still quite healthy relative to what we see from your prime [inaudible 0:31:07]. Will spread be a lever to grow faster or do you think you can maintain that spread?

Executive: No, I think we would like to maintain this 2.75 spread. We actually had started off with 2.5, but we obviously got the benefit of the lag effect; and therefore, we were able to slightly do it. Plus last year, with repo rates we're moving to complete repo rates, we were able to take that advantage also. So we would like to maintain that spread.

Of course, that opportunity to slightly compromise and still push business is there, but then that is a never-ending thing. I mean, you cut down, somebody else will cut down further. That's a negative spiral. I think we would like to grow more by virtue of our sales team, our deeper penetration, wider geographical presence, those kind of things we would like to do it.

Analyst: You were mentioning around 12,000, that is INR13,000 crores disbursement, INR6,000 crores run rate. So your AUM is crossing around INR48,000 crores, which is around 15%?

Executive: 14% is what we are looking at actually. INR42,000 crores something plus 48,000. So INR6,000 crores net addition on a INR42,000 crores book would be slightly less than 15%.

Analyst: What is the incremental cost of borrowing?

Executive: Incremental cost of borrowing. From the banks I think we are getting below 7%; 6.9% to 7% is what we are getting from the banks. In terms of NCD, it has gone up, but the last we raised was in May '25. After that, we have not raised NCD. But today we are getting rates around 7.45% to 7.5% is what we are getting in the market. CPs, of course, also at 7.10% is what we are getting. The last we did only one CP in last month which was at 7.1%. I guess that's it. NHB would be lower, but we have exhausted the NHB limits this month. We had INR1,500 crores sanction. We have exhausted that entire amount. For next year, we will have to again make an application and we'll have to see how much NHB sanctions for us.

Analyst: So, overall, what is the increment...?

Executive: I guess, first of April, our blended cost of borrowing will be around 7%.

Analyst: And on incremental?

Executive: Incremental, as I said, only NCDs are slightly higher, otherwise everything is 7% or below. NHB is below 7%, banks are around 6.9% to 7%. And NCDs are higher. So if we are able to maintain, we'll be able to maintain at 7%.

Analyst: For banks, this is what rate? This is three-month floating, six-month floating?

- Executive:** No, this is linked to repo rate. We are linked to repo or linked to T-bill. There are some, I mean, today we have an 80-20 mix, 80% linked to repo, 20% linked to T-bill. All external benchmarked, yes.
- Analyst:** And bond would be at, you mentioned...?
- Executive:** 7.45% to 7.5% for a three-year NCD. Five-year, as I said, we have not explored. We earlier had one of the ratings was at AA plus. So after that in December I think we got the upgrade in that also to AAA. So now all our ratings are AAA. So post that, we have not gone to the market, but I believe five-year now should be possible, but let's see.
- Analyst:** So interest rate matching you do via your bank funding given that mostly of your lending is floating. So on the bank side you pick up effectively more floating rate if anything and the bond side remains somewhat done, which is...
- Executive:** Yes. But now bonds, we have that requirement that at least 25% of the net incrementally we have to get from the market. So for that we will have to continue doing some raise in terms of a three-year or five-year NCDs. But otherwise, we go for banks. And on the asset side, we have 100% almost is floating.
- And earlier, thankfully, the rates are held up so they only gone down and the reversal has not happened. So we have been able to during this period itself, plan and shift most of our loans to quarterly resets, so that the matching is a little more closer. Otherwise, if the rates started going up then we would have been negatively impacted because we had a higher percentage on the annual reset.
- Analyst:** Sir, in the growth targets that you have given, factored into account there will be some displacement required in LOS, LMS?
- Executive:** Yes. In fact, internally in January itself, I had indicated that even if in February we were to get the LOS, LMS done, we may postpone it to Q1 because Q1 is a soft quarter. And during that time if you implement it, the impact will be a little less. So what we are expecting I s around INR200 crores to INR300 crores in terms of disbursement impact would be there. So next quarter, if you would look at it, our endeavor would be to do about INR2,500 crores disbursement, which will be considering the impact of about INR300 crores of disbursement because of the IT implementation.
- Analyst:** So this 6.9% to 7% bank borrowing rate, this has hardened by 15-20 basis points for us? And after that this is the rate.
- Executive:** Yes. Because before all this happened, in Q3 probably we would have borrowed at around 6.8% to 6.85%.
- Analyst:** So our credit cost guidance is still around 15 to 16 basis points or it can be lower also?
- Executive:** Current year, it will be lower.
- Analyst:** Current year, it will be lower because we're expecting the write back.

- Executive:** Yes. So it will be around 8 to 10 basis points or lower than that also. Next year also, we don't see any major issue on our credit side and our borrowings. So whatever will be for growth, we will have to make some provision because our book will be growing. Plus stress wise, we don't see much of an issue. So I guess next year also guidance will be 15 basis points, but we expect to probably keep it below that.
- Analyst:** And sir, on the opex, if you can just guide us?
- Executive:** Opex, as I have been indicating that there will be about -- so whatever even the labor code that had come, we didn't have much. Whatever is there has already been there. So all those things is not going to impact as much. But going forward, there is a net INR40 crores additional impact because of the IT. Because FY '27, we will have all the -- the project implementation period is over. The support period is over. So whatever during this period has happened, we have capitalized it. So now the AMCs will also start kicking in plus the depreciation also. So that way we would have a net additional cost of about INR40 crores. So about 1 percentage increase in our cost to income ratio.
- Analyst:** Everything included, INR40 crores annualized additional...
- Executive:** Yes, because of the IT impact, yes. Other things, of course, branch expansion, a little increase, a little bit because the staff increase, all those things are there but I think that would be in line with the growth. So that would not have a negative impact on our cost to income ratio, but this would probably be an additional thing.
- Analyst:** Sir, unfortunately but whatever -- like when I see the ROA from an analyst perspective, spreads will this year versus next year maybe there is some downgrade. Opex, there is some downgrade and credit cost also maybe similar, or maybe I don't know what you're guidance, but the ROA levers seem to be running out for us when we look at it from FY '27 versus FY '26, right?
- Executive:** So, actually, if you see, Can Fin has been roughly operating around 2% to 2.2% in terms of the ROA. Last year, we had this advantage of our spread slightly improving because of this rate scenario. So we have actually moved from a 2.2% to around 2.4%. Now next year, yes, cost to income will slightly increase but credit cost I don't see much of an impact. And if spread is maintained at 2.75% I think we'll be able to at least maintain the kind of...
- Analyst:** 2.2% to 2.4% ROA would be maintained?
- Executive:** 2.2% to 2.4% would be maintained.
- Analyst:** And FY '27 credit cost will also likely be similar to...?
- Executive:** Pretty similar, yes.
- Analyst:** And which is the year where we expect that it will be like a 15, 20 basis points...?
- Executive:** Presently, there is not much of a pressure. In fact, what has happened is we have intensified our legal. So some of our older loans where we have not worked upon much, we might be able to recover some from there. And we have already started seeing some very, very old loans also

turning around and kind of payments coming from there or closures coming or OTS is happening and all. So that way, we have certain opportunities in the NPA pool also for recovery. So I guess I don't see much of a pressure.

- Analyst:** Got it. Sir, what percentage of our book is yet to be repriced on the annual reset or quarterly?
- Executive:** Annual to quarterly is about 1.2 lakh customers would be there.
- Analyst:** In terms of loan book?
- Executive:** In terms of loan book, I think that would be around 30%.
- Analyst:** 30% to be repriced downwards by 25 basis.
- Executive:** Yes.
- Analyst:** 7-8 basis points of impact.
- Executive:** No, our yield itself will come down from 10.06 to 9.8. But our cost of borrowing, as I said, opening itself will be around 7%. So we are 2.8% kind of a spread will be maintained. When we had passed on the rate, we had factored in that this is going to happen.
- Analyst:** Got it. And why would we say that our ROAs would be at 2.2 to 2.3? I mean our opex will obviously go up by 1 percentage point. So our cost to income will inch up basically.
- Executive:** Cost to income, yes.
- Analyst:** But even then our ROA should come down because of this reprising?
- Executive:** Little bit, because INR40 crores additional will be having some impact.
- Analyst:** And spreads also you...
- Executive:** Spreads we are saying we will be maintaining at 2.75%
- Analyst:** Okay. So basically your ROA is coming down from the FY '26 level?
- Executive:** Marginally.
- Analyst:** But any changes in the low credit side or cost of borrowing considering the whatever crisis is or still we remain confident at least we will grow by 14%, or it can come down to 12% next year?
- Executive:** I think 14%. As I said today, our sales team we will be able to put more people on street. We'll be able to grow more branches which we have already identified also. FY '23-'24 and '24-'25, unfortunately, we had a backend branch opening. So we actually didn't get the benefit of the branch opening in those years. But last year, we changed the strategy. We opened all the branches in the first six months itself. 14 out of the 15 branches we opened, and the 15th also we opened in October or something. So, basically, we have got six months of runway here.

Same way, next year also, we will plan to open all the branches for which, therefore, we have already identified the branches and some work has already started. So we will be able to open all this 25-odd branches in the first half itself. So what we've seen from the new branches, we have seen about INR750 crores. Probably next year, we expect around INR1,200 crores from these branches.

- Analyst:** Where are you hiring this direct sales team from, these people coming from?
- Executive:** So last year, we did quite a few experiments. But I think what has worked for us is people from the market who are already having either working with some DSAs or working as DSTs with other companies, I think those are the ones who are...
- Analyst:** DSTs with which companies? Prime companies only?
- Executive:** Not necessarily. Prime also and this also. In fact, we have got a couple of -- some people from the small finance banks also. So we would prefer to take small finance banks.
- Analyst:** Any change in our attrition rates?
- Executive:** Sales -- because of the sales team, slightly it has gone up because we actually did an experiment, we took from the campuses. We recruited 18 people, 16 people left. They didn't even stay for 6 months or whatever, 6 months to less than a year.
- Analyst:** This was in the direct sales team?
- Executive:** The direct sales team.
- Analyst:** So they never INR1 crores of productivity.
- Executive:** No, before that they left. So basically, that was the reason why they couldn't achieve that, some of them also didn't have the stability. So that has resulted. So actually last year because of our sales team, our attrition rate will be slightly higher from that normal 11% that we used to have, I think it is this year around 14%. But otherwise, it's still well within our control.
- Analyst:** And what's the average pay for this direct sales team?
- Executive:** See, we don't take the DST concept. So it's not like we pay that fixed 15,000, 17,000 or whatever. We take them on the rolls.
- Analyst:** On rolls, what is the...?
- Executive:** On rolls, the starting at the officer level, the starting salary is around INR38,000 per month.
- Analyst:** Sir, any impact we have seen on this war internally...?
- Executive:** I think it's too early. But there could be some impact if it continues for long on the smaller ticket cases.
- Analyst:** But since we don't do assessed income, it should be...

Executive: Less.

Analyst: Thank you so much.

Executive: Okay.