

Recording (17)

Questioner: Thanks a lot for your time. I think you must have interacted from Aditya Birla, one of the guys Dhaval Gala. He could not accompany today because he has some other meetings. So I thought because I didn't interact with you in the past. We had meetings many a times but it was not possible.

Management: With Dhaval, we had almost regularly every..

Questioner: Correct. I just wanted to understand. See, from a Can Fin also, I am also basically -- the franchise I also looked at not very recently. It's been 1.5 years, when I was with Girish sir, I have seen that entity. So I have a little bit background. So what I am just trying to understand that when I am looking at the numbers and all, now what I see, even FY20 period, there was a period when we are doing INR2,000 crores of the disbursement.

And currently also after four years, we are currently broadly around the same. So if you can help me understand, because I'm sure you must have faced after a lot of operational challenges, a lot of bandwidth has occupied in fixing those challenges, strengthening the compliance audit processes, I'm sure, plus. So I'm sure.

So ideally, the idea is to understand where you wanted to take this franchise, any step backs which you have taken and made any changes around it, which is causing this sort of disruption, and how next three, four years, I should be measuring the performance from that front.

Management: See, first of all, till about '21, if you see our disbursements were roughly in the range of about INR4,600 crores or something was the disbursement we had in FY21. Thereafter, that, that was a period and before that it was around 5,000 just before COVID, it came down to around 4,600 or something in '21 post COVID. And then there was a sudden shoot, sharp uptick in the disbursement from straight INR4,600 to around INR8,000 plus crores.

And that was a time when also, we had till about 2020, around that time, we had almost a 50%-50% direct versus DSA sourcing. And then in '21, the direct sourcing shot up tremendously and it went up to almost 80% straight from 50%, DSA sourcing. It shot up and we touched around 80% around disbursement through the DSA channel.

Then '23, and for two years, roughly the disbursements in '21, '22, '23 were around the INR8,000 crores kind of a mark, between INR8,000 crores and INR9,000 crores. Then, I took over in March '23, immediately after -- before that we had one issue where once a fraud had happened in '22. And that was a time, some cases, complete Canara Bank carried out the audit and we had to slow down and things happened.

And again, in '23, we had this issue where from '21 onwards, there was some reconciliation issues were not happening and there was a reconciliation problem pertaining to a particular branch at Ambala. So, I think while there was a sudden jump at the same time, there was also some kind of, I would say, slight kind of lapse or you could say a little bit of attention shifting from internal controls and everything that was there.

So, there was a definitely a need that, while this 5,000 crores had shot up to 8,000 crores and 8,000 crores, 9,000 crores, there were some internal controls, which were not, the sudden growth did not come with the necessary kind of controls and all.

So, '23 onwards, we had almost spent -- had to spend one year or so in completely reinstating the controls, internal controls, strengthening the assurance functions, we had to bring in a lot of third party vendor solutions and everything to streamline our operations and bring in a necessary control. So, that was done. And that almost took away 1 year -1.5 years or something like that.

Then in the beginning early this year in H1, H2, if you look at it, our growth again picked up and we were doing INR2,000 crores. And then this one-off issue of Karnataka has come in because of which last quarter, Q3, we lost almost about INR350 crores to INR400 crores of disbursement. But for that, our disbursements were almost, in this year, almost at a kind of a 18% growth was there, which we had recorded in Q2 also.

So, that is the kind of a situation. And again, it is this particular Karnataka issue is a temporary issue. But at least one good thing is, that pause of one year that we took, we have at least ensured that the internal controls are put in place. In terms of our onboarding, we have tied up with a third-party solution called Karza, wherein we are now verifying Aadhaar, we are verifying PAN, we are verifying income tax returns from the portal.

So, that is introduced. We have introduced for valuation, we have tied up with again a third-party vendor called Velocity, wherein now all the valuation reports are coming in uniform formats through this portal, this app that has been provided by Velocity. And all our panel valuers are onboarded onto this platform, and they are given a uniform, plus the platform itself is able to give us some additional inputs in terms of what is the last five transactions done in the same PIN code, what is the general trend, which is of the price valuation in that particular area.

So, all those things they are able to give, which is bringing in an additional control in terms of the valuation also. Plus, we introduced the control of centralized disbursement. Thereafter, we have also done a vendor payments, we have entirely centralized. We have also centralized the reconciliation portion, which is now auto reconciliation is happening.

So, all those controls in terms of this thing has been implemented in the one year. So, now the growth that is coming is with a little bit much more additional controls, with much more checks and balances and a lot more of monitoring, which is also happening. So, that is the thing that is happening. Once we are able to -- this Karnataka issue gets solved.

Today, our north zone is growing at 20%. Tamil Nadu zone is growing at 20%. West zone is growing at 15%. Karnataka was growing at around 20% in H1. Q3, because of this thing, has dropped from INR275 crores to INR150 crores per month. And this quarter also, it has January and February, we have been able to do INR200 crores, but still it is less than what we were doing last year.

So, definitely, this quarter also, we will be around INR200 crores-INR250 crores loss of business will happen because of this e-Khata in Karnataka alone. So, that being the case, we've had to, Karnataka would probably come back to the same level as last year. Last year, we did INR2,640

crores in Karnataka. We should end with somewhere around 2,675 or there about INR2,650 to INR2,675 crores disbursement in Karnataka. So, this is the situation.

So, once this problem of Karnataka gets resolved, even Karnataka will push, come back to the 20% growth levels that we had already witnessed in H1. So, now it's a matter of consistent growth. But now, we need to have, one more issue is we need to slightly reduce our focus on DSS because from 50% it suddenly shot up to 80%-85%. And that is where some of the problems also, we got exposed in some of the internal controls and all those things because this sudden shoot from 50% to 80% has also exposed some of our internal control issues, which now we have plugged.

Questioner:

Sir, can you really help me understand from this INR8,000 crores number, from this INR8,900 crores, if we really wanted to get back to the path of 15% to 17% growth, we really need close to INR12,000 crores of the disbursement, closer to. So, what do you feel that will help us, any gaps which you identify, which you still wanted to fill up, either from a geographical point, either from a turnaround point, from branches?

So, basically, what is your plan, basically, in the next 2 to 3 years to scale, basically, you have to improve the disbursement growth at a much faster rate? I agree that in 6 months, Karnataka problem will get solved. This is one of our core geographies. This is not you only facing, this is what most players are facing. Only thing, it depends on whose concentration.

Now, the focus is -- but the bigger picture is, from what we are also evaluating, not just from Karnataka, basically, what will take you or what you will do to take this disbursement from INR8,900 crores towards INR12,000 crores, INR13,000 crores?

Management:

Sure. See, first thing is, pre-COVID, we used to have a branch expansion, which was happening on a consistent basis. Just a second [Personal conversation 0:09:23-0:12:26]. Anyway, sorry, coming back to this. So, there are a couple of things which come for growth. One is branch expansion.

Branch expansion immediately after COVID had kind of stopped. Normally, the branch expansion, if you are regularly adding branches, branches over a period, they reach a kind of -- within 2 years, they become kind of profitable and they reach that breakeven point and do it. Now, that has been restarted last year.

Last year, we opened 14 branches. Now, those 14 branches which opened mostly in Q3, Q4 of last year, in this particular Q3, this year, like around 12 months down the line, have contributed about INR30 crores. So, 14 branches, INR30 crores in one quarter is about INR75 lakhs per month per branch.

And an ideal branch of that size, which is about 3 people, should be doing about INR2 crores per month. So, this going forward in the next year when we look at it, those branches would be fully reaching that point where they will be contributing full-fledged.

The branches that we have opened in this year in Q4, again in next year when we look at Q3, Q4, they would also have reached the level of about INR30 crores they would be contributing.

So that cycle, once it starts and becomes kind of on a regular basis, that will kind of bring something which now has started from last year. That's point number 1.

Point number 2, while the DSA sourcing suddenly shot up and we had to then see the contribution coming from DSA is increasing substantially. Now, it has kind of stagnated or it has kind of reached a point where it is steadily contributing an equal approximately INR6,000 crores-INR6,500 crores, every year it is contributing.

We are not doing much on additional DSA expansion and everything because already the contribution from a single channel is very, very high and it obviously comes with its own slight risks that they push business, sometimes wrong cases also get coming in. Plus, most importantly, there is always a BT out risk once it comes from the DSA channel.

So, keeping that in mind, we are okay with this kind of INR6,500 crores-INR7,000 crores number. But then additionally, what delta we want to bring, we want to bring through our own internal sales teams, which we have started from June onwards and we have just about 35 people. But those 35 people in Q3 contributed about INR60 crores of business approximately, 3% to 3.25% of the incremental business came through our own sales team of 35 people.

And that we want to strengthen, we want to add to it and we want to -- this year, we will probably add another 30 to 40 people definitely to this channel taking it to about 60 to 75 people. So, that also will kind of slowly bring in. Next year, we expect this channel to contribute about 7.5% to 10% of the incremental business.

So, that is another thing that we are doing to bring in some more growth part of it. The third thing that we are doing is the APF team. APF, the same sales team that we have set up is also tying up with developers for the project.

Questioner: What is that team called?

Management: The same sales team that is doing, they are also tying up with builders for APF approvals, project approvals. Now, this year we have already done about 70 project approvals are done by March end of this month.

I think we should enter 75 projects will be approved by us. Next year, we want to take it up to around 250 projects. So, once that channel also tie-ups are in place, we will also start getting slightly higher ticket cases from these projects also.

That is also now almost the 70 odd projects that have done, almost 30 odd projects we have started getting cases also. Once you do the tie-up in another month or so, when the projects get launched, cases come in, we put our people in place, we do the hand-holding and all. We start getting one or two cases also.

So, almost 30 odd cases, projects we have started getting some business also. So, that also will start bringing in some business. So, one is our DSA's channel will continue. Additionally, sales team is also bringing direct business. The APF tie-ups that the sales team is doing is also getting

business plus the branch expansion that is happening is also slowly adding some delta to it. So, this is one thing which we want to do.

And obviously, once we are able to demonstrate that the sales team is able to bring in some good value and is also profitable compared to the DSA channel and we will once again go to a board with a proposal for adding a proper team. Because compared to other companies which are operating, they all have either a subsidiary setup which is bringing in doing the sales part of it or they have a DST or DMEs which we do not have.

So, this is one thing which is absolutely necessary to take it to the next level. And otherwise, our existing branch cannot operate more than 15, 20, 30 kilometers from its existing setup. So, there is a geographical limitation if you do not add more people.

Questioner:

So, the point here is, if you want to keep the DSA concentration limited, now assuming you source from 6,000 to 6,500 miles plus whatever the branches, because currently a lot of the branches are currently occupied in doing the leads which are generated or sent by DSAs in their way basically. So, you have a very limited branch sales team strength which are doing. The point here is, in the next year, even if you have a 10% business day, your maximum number will be around INR700-INR800 crores.

You will do a branch expansion, whichever branch you do, it will materially contribute after two years. But after two years, because they will also have a very limited. The point here is, we have to break the path towards INR10,000-INR12,000 crores disbursement to reach even 15%-16% AUM growth ambition. For that will have to arrange a big staff, what I can basically because the rest the people have a big DST team, Connector team or on field, they don't have. So the point here is if we our DSA concentration limited then how will reach there?

Your point is very valid that our reliance has increased so much and to top five partners, that we are doing a lot of files in their pressure or anything, which will help even in curtailing the asset quality risk and also arise. The point here is, your point is very right?

Management:

So, if I rephrase your question, are we being overcautious in trying to limit?

Questioner:

No, I am not being overcautious. The point here is, what we should do, because if I have to think that in the next two years, this INR12,000 crores number has to reach, then how will it reach? Because whatever the measures you are taking, because you also have a limit constraint, the maximum number of 1,000-1,500 contributes. We have to scale towards INR4,000 crores of the number over a period of two years. How will it be done basically that I want to know?

Management:

No, we have to add people. Once we are able to demonstrate this to the board, we will have to take more feet on the street. Either it will be in our regular roles and we have to increase the business, because today our teams are doing almost a productivity of five cases per staff per month.

Almost 4,000 to 4,200 cases we are doing. We are around 800 to 900 people on ground. So, we are doing about five cases per staff per month. Now, compared to competition, I think this would be one of the best, probably, productivity levels.

Questioner: There is no more than four or five?

Management: And if you say four or five, it is excluding the DST, DMAs. So, today, without any DSTs, DMAs, if you are able to do this kind of business, I think it is still among the highest in terms of productivity. So, beyond the point, I think more than five, six, it is even otherwise not possible. So, the only way out is to, we have to add staff. That is the main part of it. So, that is what we are also doing.

Questioner: Do you have any big plans around the move to like, can the fleet on street, which is around 800 people, can this double in two years time frame?

Management: See, if we want and once we get the approval, I think this is definitely possible. We have to, first only thing is have a kind of a, we have to demonstrate to the board that yes, this model is working. This is actually better for us because in terms of the payouts, if you are looking at it, it is a 0.43% payout that we are giving to the DSTs.

So, roughly, if they are bringing about, INR1 crore per business, they are getting about INR43,000. Now, if the kind of staff that we are having, what is the kind of payout that, if they are able to cross, roughly, our entry level salaries are roughly around that much only. It is about a little less than that, it would be around INR35,000 to INR38,000 would be the starting level salary.

So, if you are taking at that level, then whether we are able to reach a level where they are able to contribute more than INR1 crore per month. If they are able to reach that, then I think the board will be quite satisfied that yes, it makes sense to add more people to this. That is what the POC we are working on and we will be taking it forward.

Questioner: But how the board support in terms of, because post you are joining, how do you evaluate because your two years, whatever you asked, demanded or requested the board, have you got the full or you believe? Obviously, the board also had certain limitations around basically so how?

Management: I would put it a little differently. See, in the last two years, if you see, in fact, a lot of cleanup has happened and I think the board has been very, patient in that and has supported all the endeavors in terms of the cleanup that has happened.

One has in terms of strengthening the processes, in terms of, the strength of the assurance functions, bringing in the additional technology. And I think the biggest thing is, the board also and we also understand and realize that, till that time, the technology is not changed because what LOS, LMS application we are having, it was implemented way back in 2011.

So, I think till the time that does not change, getting in the efficiencies in terms of the, productivity in terms of strength, getting in third party solutions and all those kind of things is always going to be an issue.

Of course, we have introduced a lot of third-party solutions once we upgraded our current setup also. But still, it is a 13-year-old system that we are running right now. And definitely, that is one thing that needs change.

So, post 2025 November when the new things will be implemented, definitely we can look at, major changes happening. Because that is when we will be able to incorporate, all these CRM solutions, all those things which currently is just now being introduced.

Questioner:

Sir, do you still believe that how do you, what is your plans on your tech upgradation processes LOS, LMS. So, in terms of the tech journey and all, because rightly, because if you look at most affordable housing players who are recently growing a good path, they were very latest CRM solutions, LOS, LMS, many people have moved to the sales force as well, where the productivity also, productivity measure leads what comes, able to deliver the tech, that has been very, very meaningful. How do you say, how one should evaluate the tech upgradation so far in the franchise and how do you plan over the next 12 to 15 months?

Management:

Yeah, so that IBM solution that we are bringing in for which, we signed the contract in Jan, Feb, okay, last month and all, they are bringing in for LOS and LMS, they are bringing in Pennant, which is already running in Bajaj and in LIC HFL. So, in terms of the volume that they are already able to manage in these, both these franchises, I think is much, much higher. So, basically, the new LOS, LMS setup will definitely be able to cater to these kind of volumes, okay.

These are also latest, Pennant, in fact, if you recall, Bajaj has actually taken a stake, 25% stake in the company also. So, that goes to show the kind of, team and the kind of software that they are delivering in the market, because of which a player like Bajaj is also invested 25% in them. So, that is what we are getting as a LOS, LMS. The new solution, it also has, DMS, it also has updated the new gen DMS. We have, this deposit package and we have this basically, we may not have the sales force, which is kind of the flavor, kind of the latest flavor.

But otherwise, we have everything which will be there, will be provided. In terms of technology also, in terms of availability zones, in terms of backups, in terms of on time, it is all on the cloud. So, in terms of redundancy, we will not have to build in the redundancy into our infrastructure, into our, servers and all those things, because it is a pay as per use.

So, even like month and when the peak load is there or the year and when the load is higher and all those things will be provided and will have to pay as per, as we use kind of model is there. So, there we do not have to build in redundancies, it will all be, the cloud service provider is, they have a tie with AWS. So, that is also something where it can be upgraded or, stepped up as and when we require it.

So, in terms of infrastructure, in terms of security, we will have a lot of other solutions like which will help us in improving like mailing solutions is going to be upgraded. So, all those things will also be there which will bring in efficiencies as we move to this.

Questioner:

In what duration of this time frame do you expect that most of these investments will be implemented?

Management: At what stage these are? Like these have all been signed up and there is a 12-month implementation phase, but the plan that IBM has given to us, we have scheduled everything to be implemented in two phases. One is in August, some of the modules will be implemented in August and then the remaining ones will all be implemented in November 2025. So, maximum by end of this current year, we will all be implemented.

Questioner: So, we can see the more productivity gains or more better efficiencies would be the function of reflection in the next year?

Management: And in this year anyway, we have this, APF tie-ups will be increased, we will also have a larger contribution from the existing sales team and all which will also therefore we can, showcase to our board and get the approvals for moving ahead with a higher team strength for sales.

Questioner: Sir, can you just help me also, where is the sweet spot lies from a customer standpoint for you? Reason because many affordable companies operate in a very different, either they have concentration, two-three states where they predominantly focus, they are deep in the rural, something basically. Some players are in the periphery basically.

What are basically from a sweet spot, not from a job report, from a customer and is there a way to get into like, when I see your tickets is around 23 lakhs. Now, if for example, if we are in the top Tier 1 locations but in the outskirts of the Tier 1 location, there is always a restriction also which happened because of the asset price inflation that is also leading. So, I am just trying to more understand is there a sweet spot for you, is there enough opportunity exist on these periphery also currently what we are focusing or is it like we really need to move and diversify as well?

Management: There is a scope even in the periphery areas because growth, all cities are expanding horizontally, barring Bombay because there is a limitation of the space. But other than that, even Bombay for that matter, if you look at it, it is continuously expanding and is moving closer to Pune, it is all merging with Pune this side.

Across the cities, the growth is happening. So, it is not that our sweet spot if you look at it is exactly as you said, not the main metro cities because that is the place where the tickets is either way beyond where we can afford or what we can give at a competitive price. We are not in that 8.2%, 8.4% rate of interest segment. And therefore, this core geography which is the metro within the corporation limits and all is not much where we do.

What we do is in the developing areas on the outskirts of the city and in the panchayat or the rural areas, that is where our core strength is. Going forward, we are also looking at Tier 2 towns, the likes of Ujjain, we open Ratlam, then Indore towards the airport side, they said Pali, you have Bikaner, you have Saharanpur, you have Mathura, you have this Faizabad. So, these are the areas which are all developing and small pockets where a lot of development is happening. And this is the kind of towns that we will be looking at where the ticket size is also roughly about 30 to 40 lakhs, we can get a very good property.

Questioner: Correct. I mean the reason I am asking that, for example, if I look at [inaudible 30:51] all these from Tier 3 to Tier 6 location, they are going deep in the rural area basically. Now, players like

you because you have a very long standing 37, initially the competition in this space is also like, what happened in five years, six years, so much competition is coming from affordable housing that wherever you are present, if you look at the outskirts, there are five, six more basically open.

Now, point here is, first of all, internal competition. Secondly, what the periphery which is a sweet spot for you, maybe five years back, may not be because here the ticket size is inching up. The moment we get into higher, slightly higher tickets, we also start facing the competition from the banks.

Management: Absolutely.

Questioner: So, is there a way because I am thinking that Can Fin has a very good sweet spot where they have done very phenomenal growth as well. Competition was less, players were less, now competition is increasing so much and as we are getting into higher tickets, we are also facing the competition from the banks as well. So, is that limits Can Fin from a growth standpoint, do you believe that?

Management: See, today if you look at.

Questioner: I hope you got my question?

Management: I got your question, I will just explain with a little bit of figure work and all. Like banks today, their average ticket size is around 35 lakh, 40 lakh and above 40 lakh kind of things. If you look at private banks, probably it is even higher than 40 lakhs. If you look at PSU banks, it is around 35 lakh to 40 lakhs. Now, these are the large players like SBI, HDFC, ICICI, Axis, BOB for a little bit, where they are able to offer very-very fine pricing and their ticket size is this.

Now, today we are in the radar, we are a little below this segment, we are around 25 lakhs, that is one thing. Secondly, if you look at these bigger players, they are all mainly in the metro cities and for the last mile connectivity, what they are doing is they are tying up with other companies, they are buying out through DA transactions or they are doing co-lending where the origination is happening with the other players.

They are not having too much or very extensive presence and extensive focus in the Tier 2 towns or in the smaller areas, that is one. Second, if you look at the areas where we are operating slightly below the radar of the banks, then in that segment, today we are picking up the choice customer which is the salaried segment, we are picking up the customer where the IT returns are being filed. Why?

Because the competition in those places are the NBFCs, they are the smaller HFCs and players like Bajaj, LIC and PNB HFL. Now, that is where, if you see the players like LIC, PNB, Bajaj and us fall because we are having a slight rate of interest advantage over there. Therefore, we pick and choose the customers and that what is left out is what will go to the smaller HFCs because they start with a rate of 12% and above.

Whereas our rate is starting from maybe anywhere from 8.5 where LIC is offering or maybe Bajaj may be offering and in 8.95 is us, maybe 10.15 is PNB HFL and that is where the range

happens, but our rates are roughly in the range from 8.5% to around 11% whereas all the other smaller HFCs start from 12%. So, we pick and choose the customer, we pick and select the customers we want and what is left out will go over there.

As a product differentiation, what the smaller HFCs do is therefore is they are now coming out with products which are like appraised income segment which is also a huge segment. So, definitely they are able to capture that segment where we are not present.

Questioner: Correct. It is also like because many of these HFCs also the model of self-employed where they have more on the cash flow assessment of the world. That is where our focus is more on the salary rate which has a pie basically, which is a pie and maybe because where we are not present, we are catering to a specific segment. We are also bank, although probably we can say our competition is more from banks rather than these HFCs.

Management: Yes, if we want to go too high in the segment, then definitely our competition will be banks and we will not probably be able to stand a chance against them because of lower rate of interest and also because in terms of the simple muscle power, they have definitely much more muscle power in terms of the availability of funds, direct sourcing, direct CASA benefit and all those things.

Questioner: Sir, why do we not move towards self-employed cash flow assessment model?

Management: We are.

Questioner: Is it strengths are limited or you can say is it our strengths are limited and that is why?

Management: Two things. One, we did not have a product for that matter which we are now introducing because earlier we were not doing at all for people who are not having IT returns, but now we are looking at a product. In fact, we got a product approved two months, three months back, but unfortunately that was a time when the RBI came up with a clamp on personal loans and MFI. So, we said that was not the opportune time, otherwise all those cases come here.

So, we said let us hold, we have got the approval for it. So, that is some product we are looking at, we have got a board approval also for it, where we will be looking at people who are having UPI based income, where most of it is coming into the banking channel through UPI transactions and all those things, which is a much more better source of appraising rather than just going on a cash flow base and without any supporting, at least here there is some supporting. So, we are looking at that segment definitely, yes.

But second problem over there is we do not have a team which is very much well versed with that segment. So, we will have to look at it on a small basis, we will have to start and we will have to build the internal capabilities to assess this segment also.

So, we are starting this segment, we are looking at that segment where we will also get a slightly higher yield plus at the same time we will be able to cater to a newer segment which so far we have not touched at all. So, that is something we are trying.

The second thing is, in terms of segment, we have never had a builder tie-up. If you look at it, our tie-ups have been purely, earlier it was direct sourcing maybe up to 2018, 2019. Post-COVID, it is purely been DSE driver where we have not had a tie-up. Our presence, our local presence in terms of awareness, in terms of presence at the builder sides, in terms of the new project launches that are happening was not there.

If at all a builder gets a case from one of those projects, it was what was coming to us. So, it was more of a rather than this thing, whatever was coming to us was being done by us. Rather than we choosing the channel or we choosing the customer or we choosing the segment that we want to cater to.

With our own team, we will be able to do that. That is why we have now done with at least 75 projects we will be doing this year. Next year, we will be taking up 250 projects. So, that is something which we will slowly start building and having our own presence, having our own visibility in the market.

Questioner:

Sir, throughout your career, you have worked in various, basically a very vast experience and you understand the spaces very well. How do you place Can Fin currently from a tag perspective versus the peers? Is that a lot more scope for improvement, do you believe? So, basically the idea is to understand because you have worked in various, you have seen [GRUH 38:26], you have seen basically other HFC...

Management:

That wise, I do not think there is a problem here in Can Fin. One is when 80% of the business coming through DSAs, they already know our system, they already know what customer will come and be approved by us. So, by that time, the customer comes to us, it is almost ready. So, today our TAT is I think very, very quick. We are able to do better than banks, PSU banks, we are able to do faster because when the case comes to us, it is already readily available.

In fact, in 2 to 3 days, we are able to give the sanction and disbursement obviously is linked to the documentation and the stage of progress of work. So, I do not think in terms of that, even the way the customer complains or interactions that are happening, I do not see a problem with the TAT, customers do not have a problem with the TAT.

In terms of efficiency, yes, there are still a lot of processes that can be further improved. Like for example, earlier our PAN verification used to be manual, Aadhaar verification used to be manual, ITR verification used to be manual. Our field visits and everything used to be without any.

So, now what has happened, our Aadhaar, PAN, ITR, our bank statement, everything is automated. We are able to do it directly through our Karza linkage that we have done. In terms of our segregation selection of approval of this thing, it is almost we have created a new layer of zonal office.

So, now all cases do not even have to come to CPC. In fact, we have moved to the huge amount of delegation of powers to the zonal offices. So, hardly any cases come to the CPC. So, basically we have moved the sanctioning closer to the customer, closer to the branches that is also helping. So, all those things have definitely happened.

Now, what we see is once we do our sales team, we will see the real things where how we can that is where the TAT will be validated whether we are doing this. But I personally believe as of now we do not have much of an issue in terms of the TAT.

Questioner:

So, sir, can you just basically because in the interest of the time also I think you also have a next meeting. I need 5-10 minutes to pick your brains. Do you believe the audit function processes improvisation which can make a lot of checks and balances which are required that the problems are fully solved?

Now, the focus is now your bigger focus is on two things. One is building the internal team, reducing the dependence on the TSA and increasing the field on the street. And the second is next 12 months the focus is more on the improvisation of the LOS and the LMS. So, that because you are still working on 12, 13 years old basically CRM tools and all which will also enhance the productivity is that the two major focus areas which can take this franchise back to 15%, 16% growth path?

Management:

Absolutely. In fact, you kind of put it very rightly and today the audit function now is much less earlier, because most of it was manual there had to be a complete check on everything. But today now if you see the onboarding KYC, income verification, bank statement verification everything is automated.

There is no manual intervention or anything required. So, therefore, the role of audit in that or the chances of anything where going wrong in that is almost minimized. Then when it comes to valuation, when it comes to document management, managing the docket or the property ownership papers, title documents and everything that also we have introduced additional controls checks where it is all streamlined.

So, in respect of that also in fact the audit function will the requirement or the challenges faced by the audit department has been considerably minimized. When it comes to, so now basically the audit department will function more on thematic audits, more on specific areas or purely like risk-based audit.

When there is a sudden increase in business then maybe something is going wrong, whether there is a sudden particular trend which you have seen, reconciliation, vendor payment, everything is automated and centralized. So, even on that aspect there is no issue that is there.

Now only exception report based you have to do the audit. So, audit function, the value addition that can come from an audit function is now completely different. It is a different kind of this thing because the basic controls were just looking at the basic ABCDs of the audits that are all been taken care.

Now you can look at a much from a more of a higher plane you can start looking at the audit and look at more of trend is what is happening in all. Challenges as you very rightly said, one is having our sales team, building the sales team so that we can take it to the next level and two ensuring that in the next 12 months our IT implementation happens very smoothly so that the disruption part of it is taken care.

Questioner: Sure. Thank you sir.