

“Janchor Partners Limited”

September 10, 2026



Management: Yes. Yes, good morning.

Questioner: All right. Good morning. Thank you for taking your time. It's -- I'm Jiten, and that's my colleague Ritesh. I think we met your colleagues earlier a few weeks ago.

Management: Correct. Correct.

Questioner: And, obviously, we wanted to now, I mean, we did more work and we wanted to speak to you as well. Just to give you a background about us, we're headquartered in Hong Kong. We're about USD4.5 billion AUM. We invest across Asia and all the capital, most of the capital is US and long-term capital. And we invest with a long-term horizon, like a 5+ year horizon.

And we also think of ourselves as investing in a business and the people running the business, and not necessarily investing in a stock. And we are not in a rush, in a short-term way. So, that's a bit of a background about us. And, obviously, we have tried to learn as much as we can.

We spoke to the ecosystem, if you will, to understand what's going on, ecosystem meaning competitors, as well as overall company ecosystem. And, obviously, you had a great illustrious career, and grew as a pioneer in what it did. And what got us interested is, really, to kind of see the path of Can Fin Homes, from where it was and what it can become in the next few years. So, that's the bit of a background about us, as well as the context for the meeting.

Management: Sure.

Questioner: So, so, how do you...

Management: And maybe -- Yes, go ahead.

Questioner: We'd like to do Q&A, sir. Q&A because the very first thing that we wanted to first focus on was on the operational aspect of the business. So, what I mean over here is that when we look at the branch construct, whatever work that we did in your branch construct, we see that there is this branch manager and say, maybe, I think, some branches have 3 to 4 people, some have 6 to 7 of them?

And in your call, as well, you have kept saying that you would want the productivity of say 5 disbursements per month per employee. Now, when we do our work, we see that most of the sales and underwriting or the key work for disbursement is being done by the branch manager himself. So, now, and most of the other staff is being involved in the other supporting activities?

So, we were just trying to think as to how do you really, as we've got more capacity at the branch level, because even if you keep adding more people, it seems that the bottleneck remains the branch manager. He is eventually limited in terms of the amount of time or amount of files that he can actually go through in a month. So, that was the primary first doubt we had. So, it's an obvious doubt, but it's [inaudible 0:03:20]?

Management:

Yes. See, actually, you are in a way, you're right. So, there are two things to it. One is as to why the branch manager is the most important kind of a person. Now, obviously, it's because the branch manager in our team structure is somebody who is at least in the grade of a manager. So, a manager means that would be Level 4 as officers, assistant manager, deputy manager.

So, by the time a person has become a manager, the person would have at least spent about seven to eight years in the system, or at least seven to eight years in the industry. So, there's somebody with a little bit of experience. So, below that, we will, obviously, not have the sanctioning power, we would not have the checker power. So, mostly, it will be the maker-checker. The checker would be the branch manager, or something like that.

So, basically, it is not necessarily the branch manager, it is a manager or above grade would be having it. So, if you're looking at some of the larger branches, then we have a set up where it could be headed by a Senior Manager, and the deputy could be a manager. Or it could be even larger branch, then that would be having a, you know, the third layer would be the manager, where it could be a Chief Manager followed by a Senior Manager, then a manager.

So, in the larger branches, actually, you will have more number of people who will be having the authority to do most of the activities that you are mentioning. But yes, below the level of manager, the rights are not given. That is first part of it.

And the second that I was mentioning, the second point that I said there are two points is, the second is that today, because our systems were a little old, because the old system that we were actually operating on was something which we had taken way back in 2011. So, there were a lot of limitations to the system, because of which 30% to 40% of the time of the branches was actually going into servicing of the customers.

And a lot of things, because of the limitations of the system, was had to be done like manually, had to be generated, all controls had to be done manually, there was. So, now with the IT upgradation that we are -- we have done, and it's in fact going to go 100% live by in the first week of October. We are already at 177 branches are on the new system.

So, basically once that happens, a lot of these things will get automated. There are a lot of areas where duplication of work will get reduced. So, our productivity can definitely improve from there, and we will be able to actually become a little more thinner. That was, in the sense that we don't need to have a structure where it is bottom heavy.

We can have a little more of structure where we can have add more people at the senior levels, and give more authority and power down the line, to those kind of people also. So, basically, these are the two things which will change.

So, we do expect that, like for example, I have been also saying that as soon as we are able to go 100% live, we will be able to pull out some people in our -- from our system to go on the field and do sales and stuff like that, because at the branches, we can have a little leaner staffing, who are -- who have to be compulsorily present and sitting in the branch, because the servicing aspect will be automated.

A lot of things will be either centralized because of our chatbot and all those kind of things, or we will get automated. We will be able to provide the user the access through login ID, password, and all those things to draw and retrieve all the documents, reports and all those kind of things themselves.

Questioner:

Right. Sir, if I may just, according to you, sir, obviously, disbursement growth, you've been saying will accelerate, I get that, but I'm saying today when you assess the system over the last couple of years, do you believe that the bottleneck was the sales or the files coming into the system, because what we understand is DSAs are a very active part of the system there is a lot of files that come.

Is that was that the bottleneck for growth, or was it actually processing of those files? Meaning, understanding credit and underwriting. That was the -- and, obviously, the manager also has to visit the customer, and so on. So, what according to you was that actually the bottleneck for growth?

Management:

See, the bottleneck I would say is, of course, the kind of time that is going into servicing was, as I said, 30% to 40% of the branch time was simply going into servicing, which meant that somebody always had to be sitting in the branch. Okay?

Plus, what happened was that, since it was entirely dependent with only one channel, which was DSA, so there was no effort to actually go out and kind of source business also, which now we have started. So, only depending on the DSAs means, you have to either appoint more DSAs and keep on getting more business from the DSAs. And then we can have that, or alternatively, we have to have our alternate channels.

So, we have started our sales team. The second thing is, we will now with this IT coming in, we will also have our digital channels also coming in. So, that will also add an extra funnel to the enquiries which are coming into the branches. And when we are with the DSAs, what happens is, whatever cases they bring, we can only -- the branches are only processing those many files.

But now when you have a team which is also sourcing business, you also have leads coming in from alternate channels and through the website or from the lead aggregators or things like that, which are getting processed. So, you will have a bigger funnel to also do.

And to support and to ensure that they get converted, or they get eventually appraised and decided, we will also be able to free the time of the staff from this routine activities of servicing, so that they can also attend. So, now today, if the funnel comes and we don't have people ready to do it, or available to do it, that will also become a bottleneck. So, we are freeing up that time also, and at the same time, we are adding the funnel also.

Questioner:

Sir, just to elaborate a little bit on my point, what we are trying to understand is because of the tech changes, are there any steps that the manager, or the person who has the authority to basically, you know, the checker, as you were saying, any steps of his which would either get reduced, or they get centralized or taken away, so that, in the amount of time he has, he can now review more files? So, any changes around that?

Management: Yes, we have First of all, the disbursement, we have centralized. The CRM now, we started the CRM, but then now CRM is becoming 100% it is there. We'll get slowly, depending in batches, we are moving the CRM also to the centralized, so that review will also become an additional process. That's the credit review monitoring. So, before the sanction, the comfort in terms of the documentation, paperwork, okay?

Then now we have added, because of our IT we have added some API integrations and we've added some extra partners, like we've added this [Valocity 0:10:02] as a partner, we've added [Maatrum 0:10:04] as a partner for our Valocity for valuations and Maatrum for our legal vetting.

So, that activity also which was some of the things which was the branch managers were doing, but could have been were not necessarily their forte. We have tried to kind of detangle them and give it off to this. So, earlier the branch manager had to also do credit, also had to check all the paperwork before they are put into the file dockets and went to the storage. They also had to do the 100% valuation and check all the valuation reports, and all those things.

Now what has happened? The reports themselves come in standard formats, we have mandated everything correctly, there is a little bit of AI also which is brought into the reports through this Valocity platform. The out -- the checking of the documents before they're docketed are going done through Maatrum, so that activity also is there. So, now the branch managers can focus more on processing the files and sanctioning.

Questioner: Got it, sir. Sir, just one more thing. I mean, we've heard what you said about the tech part. Okay? But I'm just saying at a more fundamental level, the role of the branch and the people in the branch versus what the role at the central level, how has that evolved over the last two, three years? Maybe take us two, three years back, and then see can you can just help us understand how it has evolved so far today, and how it may evolve over the next year or so?

Management: Okay. So, like for example, I'll tell you. I'll start with first, even within the branches, three years back if you see, it was a two-layer structure. There were the branches, and there was the head office. Head office used to do the policy, everything was done at the branches. Okay?

There was no -- so, everything depended on the branch manager. If the branch manager was weak, that would the branch would have a problem. The branch manager was not aggressive enough, business would get affected, and that was the whole problem, because head office had no role to play in those kind of things.

Now what has happened is, we have added one additional structure which is a zonal structure. So, there is a zonal office. So, there's a, you know, Karnataka is one zone, Telangana is one zone, Tamil Nadu plus Kerala is one zone, West, North, and East. So, that way we have six zones now. So, there is a zonal office.

There is a zonal office is provided with sufficient staff, almost eight to nine people in a zonal office. They are pushing everything, plus they're also ensuring a control in terms of the quality and everything. So, that additional layer has been has been put. So, that is first point of thing.

And they become, therefore, an extension of the head office. Therefore, there is a little more visibility of the branches, there's a little more oversight on the branches from the head office through the zonal office structure. So that is the first point that has changed.

The second thing, as I said, we have brought in a lot of things through additional third-party vendors, who are more qualified or more of this thing, and specialized in particular activities, like I said the Valocity, the Maatrum.

The third thing that we've done is, some of the activities which are absolutely not required at the branches to be taken into account, we have completely pulled out of the branches, like for example, entire vendor payment is now out, entire utility bill payments, everything which the branches were doing in the past three years back, everything is now either through the system. Even reconciliation is completely through the system. Okay?

So, all those things which were, I would say less productive work, or work which was necessary, but were not the core competency of the branch managers are the branches are now removed and pulled out from the branch. That's the third point of difference, where the all these things, including the disbursement, check preparation, check writing, delegation of powers, all those things have been completely removed from the branches.

The fourth thing is, we have introduced certain departments in head office, like, we have now introduced this CRM, credit review monitoring. There's a litigation department, or a or a part of the legal department, which is supporting in SARFAESI for all the branches and liaising and all those things. That branch has been added. So, like that, we have added a few more things.

In the head office, there's an operations department which is handling all the KYC, Re-KYC, the CERSAI, the CIBIL, and the payments, and all those kind of things, all that has been centralized. So, some activities, therefore, have also been centralized.

So, one is centralization of activities. Two, third-party vendor solutions for specialized activities like legal and technical. Fourth is removing the activities like bill payments and everything. And fourth is the zonal or the separate additional layer which is there to have an oversight, support, and all those kind of things.

These are the -- some of the things which are kind of fundamentally changed in the last three years, which are adding to this. Plus, another thing which is happening is now we have put a structure around the branches. In terms of the manpower, now we are -- it is all depending on the AUM of the branch. The branches are classified as small, medium, large, very large, extra-large. And depending on the size of the branch and the -- or the location and potential of the -- of that branch, the staffing also is there.

So, as I said, a very large and extra-large branch will have a Chief Manager to head it, will have a senior manager as the second line, and will have a manager as the third line. A large branch will be headed by a senior manager, will be having a manager as the second line. And then, this medium and small branches which are having a smaller AUM in much smaller in AUM that they handle, will have a manager to head the branch, and will continue as old.

So, now today, if you look at it, we have almost close to 100 out of the 270 branches which are either large or this. Therefore, there is a succession planning also already there in the branches also, to have a continuity. So, that structure has also been put in place. In the last three years, we have ensured that either through lateral hiring or through faster promotions or identifying talent and giving them a scope, we have brought in that structure also.

Questioner: Good. Any -- coming to the manager role, any change in the incentive structure that you are able to do? Because whenever we interact, what we have noticed is that, such full variable pay is not a significant amount in the total compensation.

And there is not too much of a difference in the variable pay of one person versus the other, depending on the performance. I mean, it's a narrow range. So, we're just trying to understand that how do you really drive the people to strive for growth, and how do you really motivate one person versus the other, if you have, sir?

Management: So, first thing is for chief manager and above, like in November '24, we introduced this ESOP plan. The ESOP plan today is only up to the chief manager and above levels. That is the first incentive. So below the chief manager level is where you will have the regular incentive plan, but for chief manager and above, it is a ESOP plan which is there.

So, that definitely is one thing. And that ESOPs are given every year, and of course there is a vesting is over a four-year period, but every year new ESOPs or additional ESOPs are given, depending on the things. So, that is one thing. The second, while the incentive per se, which is part of the salary offer or the CTC that we offer to the staff, is a little less in size, but we do have a lot of R&R programs and contests that we keep running.

So, they basically have a lot of such programs which keep happening, and that is something which keeps motivating. And that is something we are able to drive more a short-term kind of targets that we want to achieve. Suddenly, we feel that we have some new issue has come up. Like for example, today we have this prepayments and additional part-prepayments have slightly increased.

So, we are slightly giving more incentive for some of the -- those things to drive and bring importance to those things. So, those are the kind of structures we do. So, target so these kind of R&R programs and rewards programs are also there, which is used very aggressively.

Questioner: Was this R&R always there, or it is a new introduction then, after three years?

Management: So, it was there, but now it is increased. And second thing is earlier it was more of, I would say, head office heavy, but now almost any R&R program means 70% of the people have to be from the branches. So, we are basically driving the R&R program more for the branches and less for head office. So, basically, that's the difference in the last three years.

Questioner: See, other thing I would want to understand, see, when you came into this role, and with other kind of changes that you have elaborated on in the last few minutes, you have consistently mentioned a lot about more controls, more four flights there's a zonal layer which will have then,

adding to more control over the branches. Any reason you feel that this controlling mechanism, strengthening the controls was a lot more important, and was it -- why was it so important to you?

Management:

See, first thing is, control, I don't say is negative, in the sense that control doesn't means you're wanting to slow down the business. The whole idea was, we are adding those controls in such a way that branches can take a call. Otherwise, fear that if something happens first thing is when you have everything at the branches, people are scared to take a call.

You would -- so, now what is happening is, there is a lot of things are there to support the branches so that they can run faster. That's how we always say that the brake is not to completely stop the vehicle, it is only it's also to ensure that you can drive fast. And whenever required, you have a brake to stop you and avoid an accident.

So, that's how we always say -- talk to the branches, that these controls are more to help you take run faster, and get the fear out of the mind, when they know that there is a CRM which is looking at them from the sitting at head office without hampering our business. There is a -- some of the activities are completely done at head office.

I don't have to worry about it. I have to only focus on this thing. The focus and this thing will come better. Branches are also in a position to take a call and run faster, because they know that it is only not -- because otherwise what happens, when everything is only on the branches, any wrong thing happens, it's always the branch manager who gets sacked, which is not the case now.

There is a complete chain, so there's an accountability at every level. And it's not and the branch manager can need not always be scared that I every time I will only be made the scapegoat. That is the whole point about this.

Questioner:

Right. Sir, if you can elaborate a little bit about what is the role of CRM, and what is the role of the manager for credit underwriting? And maybe if you could add if there are certain calls that need to be taken, which are the right calls, how does it happen in this system now?

Management:

So, right now the CRM is only a kind of a somebody who is just looking at the whole controls, not the one taking the sanction. CRM will not sanction the case, the branch manager has the sanctioning of power, of course, within their limited DOP of whatever they have. So, the branch manager takes a call and sanctions the loan.

But once the loan is sanctioned or is this thing, the CRM simultaneously will be able to see all the documents, because everything is now available on the system, there is no file movement or anything, directly online they'll be able to check everything. The CRM only double checks and sees that there are certain -- there are right now seven no-go items that if any of those things, like if the KYC is not in play, of course here that we've done and automated, but it for the remaining 100 branches also, it is still this thing.

So, what happens is, those kind of things, or if there is a deviation, wrong scheme selection, or something like that, they will just immediately point out and this thing. Otherwise, the CRM will point out these are the points that you have to cover before the disbursement, or these are the things you have to take care.

So, it is more of a support to the branches. The sanction is done at the branches. The CRM will check all the thing at the background, this scheme selection, the right product, the assessment of income, that the collection of documents, the legal, the technical, everything is clear and all. That support will be additionally checked and will be reported to the branches.

And it all happens within 24 hours of the sanction. It is just sanctioned, within 24 hours the CRM is able to give the go ahead. So, that is how it happens. So, CRM is more of a support to the branch manager. It is like your -- the CRM is telling you that, okay, you are going from a green to a red zone in a in your speedometer, or there is a -- some vehicle which is coming too close, or you are shifting the lane and the beeper will go off. So, those kind of things is what the CRM does.

Questioner: Got it. But let's say in the speedometer example, it goes from green to orange, not red...

Management: Yes.

Questioner: But actually, when you look at closely, it's actually like green. The deviation is okay, and there are that is the reason, because you obviously don't do what a bank does, when you do something which is obviously slightly more, why don't you take a call? How does that happen in the system?

Management: So, one case, there is a deviation, no branch manager will seek an explanation, the explanation comes, that is there, no problem. But if repeatedly some branch or something happens, and the CRM will then highlight those issues, that this branch repeatedly we are observing these kind of issues. So, therefore, either it could be a training issue, or it could be something to do with a -- where we feel that this is right. In that case, either we may look at either reducing the sanctioning authority, or we may increase the scope of audit or with the number of audits, or something like that we will do to see that the things are -- beforehand something really goes wrong, we have some control. That's it.

Questioner: When you say deviation -- sorry, can you just elaborate what do you mean by deviation?

Management: Like for example, if we have some scheme selection happens, or if there are cases where valuation every time is coming, and the valuers are giving a valuation and it's too many. So, it could be a lot so something like that. Too much of self-employed cases are running too fast, or the percentage is becoming higher, or suddenly there are too many cases of, one particular product happening. So, those are the kind of things that they will just want that please keep an eye.

Questioner: Got it, sir. So, just specifically, sir, how does the valuation of the property happen? Is it outsourced to that Valocity thing, or it's done in-house, or what is it, sir?

Management:

So, we have -- so, Valocity basically is a tool. It is not this thing. Valocity is a tool which is -- brings in a standardization in terms of the valuation report. All the valuers who are empanelled by us, external valuers, they are basically put through the training by Valocity. They have to download this Valocity app, and everything has to be uploaded and entered into that app.

So, one, it brings in to this the standardization, because we know these are the standard things. Without entering this, the valuer also cannot go ahead. Like for example, without giving the north, south, east, west, this thing, they cannot go ahead. Without giving the nearby location, or without adding the geo-tagged photograph, they cannot go ahead, without adding the details about whether it is a G+1 property, whether it is a -- so, all those kind of things are mandatory into that tool.

So, all the valuers have to necessarily use that tool and enter this thing. Now that tool has a lot of additional information, or a lot of analytics which is already brought in by that tool. Like for example there are people who are uploading and then changing. Now if they have uploaded a valuation report and for some reason they have changed it, it gets recorded. So, we know okay, these valuers are repeatedly changing.

Now in a particular branch, if a valuer has repeatedly changed the valuation, it means that there is something not right. So, either we have to look at the branch, or we have to look at the valuer. So, these kind of analytic analytics is what comes out from that tool. Like for example, if the valuation is given by the branch, okay, there is a large variation.

We will come to know, okay, where is our valuations for this kind of construction, cost of construction that our valuers are giving, vis-a-vis the market, because they will not, they have a -- the same tool is being used by lot many other competitors. So, therefore, they will be able to tell us that here the valuation is slightly higher than the competition, but in just many places our valuation is lower.

So, we know these are the places where maybe we need to be a little more careful. So, these are the tools that we come to know from the Valocity tool, which earlier, obviously, was not there. It was purely. Now, we are able to get these kind of things. So, valuers are all empanelled by us, but they have to necessarily be trained on the Valocity tool, and they have to 100% use the Valocity tool to upload any kind of valuation reports onto the system.

And then it has its own controls, like if the valuation is more than -- the property value is more than about INR50 lakhs in our case, we there's a rule that policy that we need two valuations. The system will say you need two valuations. All those triggers the system will be able to tell. So, basically, some more controls and.

Questioner:

Understood. And the auto-assigning of valuers was always the case, or it has been...

Management:

No, it is something new we have started. It is something new we have started, so there is a equal distribution, and there is a independent. So, the allocation is not no dependent on the branches. This tool will just allocate the cases to the valuer. So, that is -- the specific DSA cannot say that my cases will only done be done by this valuer, or the branch manager will not say all the cases

have to go to X valuer only. So, those kind of things now system will do. The same now we're going to replicate for our -- this LSR, that is the legal reports also.

Questioner: Right. These are all very new, is it, this Valocity thing?

Management: This Valocity we started about 2 years back, but this auto allocation we have started about 6 to 8 months back.

Questioner: Okay. Sir, if I may, look, the whole system, I mean, we kind of do decent amount of work on the ground. So, the whole not talking about Can Fin, just the whole building industry, I mean, industry keeps evolving. DSAs keep getting smarter and smarter, and they have a way to know that how I should get things done at this particular company to get an approval, right?

That's the hard part. So, the hard part is striking the right balance. We, obviously, don't want something that we don't want, but we also don't want to lose business in the ones that we could have got, right? So, and in this system, there are two types of systems, one is a centralized system, and one is a decentralized system.

So, you're more of a decentralized system. And then there are incentives, not internal, but could be external incentives that can be there with the DSA, or the branch manager. There could be potential fraud and collusion, and so many other things. But moving too much to one extreme means we lose business, moving too much to other extreme means we impact asset quality, and that we don't even know immediately, it comes only after a certain number of years.

How -- and that's probably the most important question. How are we able to balance this without moving too much in one direction versus the other?

Management: See, that's something -- like for example you're very right that the industry that we are in is something where, day in, day out, 365 days of the year, there are, attractions, and people can fall prey to it. We have to always; therefore, the culture is most important, and we also try to see that the culture, right kind of culture is set in the organization.

We have been -- to be very frank, in fact, we didn't have a vigilance department till some time back. We didn't even have an RCU/FCU. Okay? Again, we now have an RCU/FCU, we also have a vigilance department, and it is more that to see that we, whatever we come across, we are tough when it comes to any kind of thing.

Like for example, '23-'24, we -- whatever was there, we actually had almost close to INR20 crores of frauds or irregularities that were there, and we have reported it in our annual report also, over and above the Ambala issue which was there. So, basically there were tough calls taken at that time, and it was whatever corresponding action the staff or staff action, DA matter that had to be done, we have done that also.

And since then, we have consistently been kind of sensitizing the staff on the importance of all those things, getting the right culture, that is one thing. Second, as I said, this incentives that we

are giving to the staff, it is that if the staff knows that there is enough and more to be officially got from the company, then they would not go out and do it.

It's something like I -- this the example I keep giving, in a signal, you will always have about some people, if there is no red -- there is no signal everybody will break the rule, and they will just keep driving as it is. If there's a signal, at least 50% to 70% of the people will stop if there's a red light. There will always be a 10% people who will break it.

And if you have an additional policeman, then another 30%, 40% people will look at it and see that, okay, there's no policeman, I will stop -- I will still go. So, basically, it is something like that. So, in our business, we have to keep on doing it. There will be 5% to 7% people who will anyway break the rule, even if you have a policeman, even if you have a red light, and all put into the system, but at least we have to see that, you know, we have -- we are trying to introduce those signals, so that and incentives, basically, if you are saying, people will say that, "Fine, I'm everything is here.

Why get into anything wrong and do something? So, that's one of the thought process that we have, that rather than that let people be happy here. If they're happy here, they would not want to do anything wrong.

Questioner: Right. I get that, sir. But this is a day-in, day-out problem. And the other people, the outside people are just far more motivated to do this, and it's always easier for the terrorists than for the people of stopping it as an example, right? Like you've been giving so many analogies, I thought should give that analogy back.

Management: Right.

Questioner: So, that's the hard part. That's the hard part. That's one. But then you have an additional challenge over and above most other CEOs, which is your employees may go to the other extreme saying, "Forget it. Okay, I'll not do anything wrong, but I don't want to grow. So, I'm okay." Like, "Fine, I'm not doing anything wrong, but why should I grow at 20? I'll grow at 10%," or whatever, right? So, that's very hard for you in your system. So, how do you do that?

Management: No. I understand.

Questioner: Because I don't think you also have free hand with incentives, right? Like you are...

Management: No, I get what where you're coming from. Basically, your -- the fact people will be more content doing 10% and rather, and why not grow when the opportunity is there to grow at 20%? And at the activities...

Questioner: Correct.

Management: If from the management side, too many controls, additional controls are being added, then it only further slows down the system. So, I understand from where you're coming.

But the incentives that we're saying is not only for -- is obviously linked to targets, linked to achievement of certain set criteria and all. So, obviously, what they're doing is they -- there is an incentive to do this.

Plus, when it is linked to 100% through DSAs, then there are more interventions possible from external parties to do something. But if you have at least that number is know we have 40% coming from other channels, there's a enough of alternate things available to catch these things also.

Questioner:

So, the question is that the managers have been used to doing business in a particular way, and saying certain set of files is what they really have the expertise, and that's the continuous thing. The DSAs will give this business, and they do it. Now, when you put in so much of the right controls in place, it could mean that you have to work extra hard to go out there in the system and get those relevant files.

Also, then, what is I mean, if you want to have the controls in place, but you want to do it the right way, how do we decide what's the correct growth rate, right? Like, why shouldn't it be 20%?

Why is the system, in the first place, actually capable of 20%, or the growth rate should be something quite different? How do you come to that conclusion, right?

Management:

Okay. So, the first thing, you know, all the changes, in the sense that you're changing the system, or changing a certain policy or thing, these are the easier things to do. The toughest, obviously, is to change the culture. Okay? And that is something which does take a little longer time.

And if you if you just go back in time and see, if we 3 years back when we gave a, you know, this thing that, "Reinforce, Rebuild and Reach Higher." And if you see, consistently we have said that, the first thing was to reinforce the control aspects, basically the assurance functions, the risk, compliance, audit, and legal.

Then we said it has to be on rebuild, basically rebuilding in the sense that structurally, whatever changes have to be made, we look at those kind of changes so that the foundation is properly built. And then we look at something like reach higher, where once the foundation is strong enough, then we can look at running fast. Now if we were to push the accelerator without these controls in place, I think it could have been a disaster.

So, basically, in it is the reinforce, then the rebuild, and now we are with the system also coming in for -- I mean, going live in by next month 100% across branches, we will be in a position to really drive it, in the sense that with the proper controls in place where we can push it.

And, obviously, during this 3 years, we've also worked on the culture part of it, where we have tried to instill the right kind of value system. We've also kind of introduced vigilance, RCU, and all those kind of things, so that there is a little bit of the policeman is in place to stop.

And then now we are trying to push the growth, where we will be definitely with additional channels of digital, with call center, our tie-ups that we have done with for allied, for lead aggregators that we are going to add, all those things will now get more funnel also. We'll widen the funnel so that we can do more business also.

Questioner: Right, sir. So, as you rightly said, culture is the hardest to change, right? And this organization is pretty old in that sense. It's been there for many, many years, so changing that is not that easy.

Second, so, therefore, I wanted to understand, what is the degree of freedom you have? You already mentioned about the ESOPs, at chief manager and above. You sort of talked about R&R. Is there a possibility for you to go to the Board to be able to change the incentive structure a little bit more, or that's just not possible, it's impossible?

Management: So, two things. One, we did change the incentive structure, which was when we introduced the ESOP program, we at that time, once revised the -- is the entire incentive structure also. Second thing is along with that, we also went in for a compensation benchmarking, which was last year.

And from April 2025, we actually reviewed the entire salary packages, and there was a good 22%, 23% increase which across on a blend, so that where minimum was around 16%, 17% in one of the grades to some of the levels, and the highest was almost up to close to 40% in some grades, where the compensation benchmarking exercise helped in kind of aligning the structures.

So, that was a something that we have done. So, definitely the Board has supported in all these endeavors and no doubt we have been able to do this. Plus the fact that you have also the Board has approved a INR300 crores, project, a Project Tejas for the entire IT overhaul, IT transformation.

That itself is that the Board is also completely aligned and supportive of this whole thing, so there is no question. So, if required, even if it means we have to go back to the Board and discuss, definitely there is no problem about it. I mean, no issues.

Questioner: So, the one point on the incentive and the culture, sir, one is, obviously, the degree of freedom you might have versus others maybe a little bit lower, I mean, in terms of the variable pay and so on. And they are both pros and cons in some sense, right? But the other is the promotions itself.

That -- is that completely up to you, or it's more tenure-based? Can it become far more performance-based promotions and transfers to, like, good versus not-so-good locations? Do you have that full freedom, or not really?

Management: See, freedom in the sense But that that could be another way to change the culture, right? You know, freedom as in, I'll tell you. See, performance, I don't need to have the freedom to be able to do it. The system has to be strong enough to be able to do it.

And therefore, the system is all about, you know, we have also brought in a 360-degree kind of a review. So, not entirely the system, in the sense at least, for example, when it comes to the departments, when it comes to the zone, and when it comes to this, we have one.

So, when the branch managers are being rated, it is not only the immediate boss who gives the 100%. So, of course, there is -- there are 75% of the weightage comes purely on the basis of performance.

So, if the numbers are delivered, if the targets are achieved, that numbers will speak for themselves. The remaining 25% also is broken up into 15% to the immediate boss, or to the so the branches will be ranked by the zones, the staff will be ranked by the branch manager, and so on. And the remaining 10% comes from the other side.

So, it is not even that -- the one person or anybody can actually make a change and say that, okay, I will have the full power or control on anybody's promotion or things like that, but the system has been put in place where this works.

And, of course, yes, tenure-based? Yes, it is tenure-based. It is tenure-based, but again, come back -- coming to that, in fact, we have also enabled that the tenures have been revised even downward for some of the people, for some of the grades. So, that also we changed when we went for the -- which we changed when we went for the change in the incentive structure here.

Questioner: And, sorry, just putting in another way, if somebody does not perform, say repeatedly, 1 year, 2 years, is there a disincentive?

Management: We have -- yes, there are two, three things. One is that a PIP, we have a system where now we do put people into PIP, they have to be given three warnings and they have given a time to change, they are given -- there are interventions, trainings, and all those things also done. That is one thing.

Second thing is, for people who, depending on the rating and depending on -- so there are certain controls, in the sense that if some -- there has been something where some staff action has been taken for some lapses or something, then they will miss a -- they will not be included for a promotion in one -- they will have to miss a promotion for a year or so.

If they have this, they will not be eligible for incentive, bonus. So, those kind of things have also been put in place in that structure.

Questioner: And today out of your 270 managers, how many of them, like, are completely new to the system? Committee and above?

Management: Manager and above, I think I would still say I don't have the exact number, but I would still say, at least 277, I would say probably 175 to 200 are old guard who have been there. And some of the newer branches, obviously, we may have added people on the field.

Questioner: Got it. And when was the CRM like fully -- now that fully rolled out across all the zones? Comment on the CRM.

Management: CRM has been completely rolled out, but not all branches have a pre -- meaning, they have a -- there are some branches where they are also -- it is a mandatory CRM before that disbursement, but that part is not 100% for them, because wherever we feel there is a comfort, we feel okay, fine, it's there. Some of the branches, they have been one level higher where they CRM has to give a pre control before it is there, because as I said, some small things are there, maybe the people are new, they are till they don't cross a particular comfort zone, we don't give that the branches at all.

Questioner: So, in this kind of scenario, like how should one view the disbursement growth, because there are so many changes happening at the same time. There are the tech changes, then there are the control-related changes, then there are adoption of tech by the people, which also takes time, for example?

Management: See, I'll just give you the branch, five branches went live in the month of July. Okay?

Questioner: Yes.

Management: So, in the month of July, there was a dip. In the month of August, they have come back to where they were in June. So, that 1 month, or rather I would say, 15 days of time gap or a slight impact is there, whenever the branch goes live. That is definitely there.

But immediately the next month, they have come back. And I believe -- and the second lot of branches which went live in the month of August, there was a dip in those branches in August, but in September, they will definitely be back to your July numbers, the way they -- because, that is so, basically, the tech impact is not going to have such a large impact.

There will, obviously, be some impact, I'm not saying there won't be, there'll be zero impact. So, but what we have observed is within the next month itself, they are back to the old numbers and there is not much of an increasing. So, for the full year, we are still strongly holding on to our INR13,000 crores disbursement target. No issues about that.

And I think that 20-20% disbursement growth target is something that I think in the next couple of years or 3 years, 4 years, we are definitely, I think, achievable, because there are enough and more, you know, what do you say, avenues available to us to kind of support in terms of expanding the funnel, in terms of expanding.

So, geographical reach is one, sales team enhancement is another, digital channels is going to be something which is going to be a third, okay? Plus, we will also look at some more as we move on.

Questioner: How much of that could be coming from ticket size, sir?

- Management:** See, ticket size, I believe, we have kind of whatever alignment we had to, we have done. Now, I think whatever ticket size enhancement will happen will probably be a kind of inflationary increase, so 25, 20, because, frankly speaking, we would still love to be below the radar of the brand banks, so that we have that that's been some space where we are comfortable.
- Not to mention that we will we are getting now with the speed and everything, we do get large-value cases, and you would have seen that above INR30 lakh also is increasing for us, it's not that way, but that's more because if you see our branches in Bangalore and all, prices, Bangalore, Hyderabad, Pune, Bombay, you don't get less than a crore in any. So, that is definitely the thing. But yes, by and large on a blended basis, I think it would still be, you know, sub-30.
- Questioner:** Now that's not -- sometimes it's good. Sir, the tech part, that would be like around 10% new branches every year, which will not be to 10%, obviously, more in this, was not maybe it's like five or something. Is that fair?
- Management:** That is fair, I think, that's correct, 5% to 7% of new branches.
- Questioner:** So, 5 would come from new branch expansion, the rest has to be taken by the existing branch, which one I mean, that are new initiatives on sales, you know, more sales people and more digital channels. So, that will add some, and then there's some ticket size increase. Is that the way to think about it?
- Management:** That is correct.
- Questioner:** But over the longer term, when we think about this, as we keep enhancing our ticket size, we also have mentioned, right? There are these banks, because we run very close in some cases in terms of ticket size, as well as in terms of the profile of these customers. So, over a longer term, how should one really think about some in some cases, even the banks are trying to come down, sometimes not slower, and maybe somewhere we'll have to cross customer base.
- So, are we thinking that, to go a lot slower? I know you've got a trend to increase our SENP proportion, but at the same time, how do we will either have to increase our underwriting skills, or what will we do?
- Management:** See, to one is we have the newer branches, most of the newer branches that we have opened are in the Tier 2 towns. So, that way, you know, while we are having some high-value pieces coming from the bigger cities, we are also adding more branches in the Tier 2 segment, so that average ticket size-wise, we are still well-balanced.
- The second thing is we will -- I think, now with additional, all these controls in place, RCU, FCU, with CRM, and all those things, I think slowly we can kind of look at other products maybe, which are better yielding, which will have to be looked at, because I think now, we are at a rock bottom when it comes to the cost of borrowing.

And going forward there's only a possibility that, our yields will get impacted if we don't. So, it is the I think, before something like that starts happening, it is best that we start looking at how we can further improve.

And another point of view to way to look at it is, today, in terms of credit cost, I think there is no scope for further improvement. We are almost at 10 basis points, so I don't think, below that will be possible.

In terms of opex, yes, there is a scope to further improve, but immediate future, because of this IT info transformation, we have we're going to actually have a, slight increase only in the opex, not a reduction. So, that benefit will start coming after two, three years. So, now the only other way where we can, either improve our ROA, ROE, and this thing is, one is ROA is will be only if we are slightly able to improve our yields.

So, that is where I think we can now, and with all these additional things in place, I think we can slowly look at either some small avenues where we can look at slightly higher-yielding products.

Questioner: Because even in SENP, when we do our checks, we see that we do like really simple like ITR based, salaried only. That there's no surrogates, or any no banking programs, nothing at all like we have. So, are we looking to add some of those products, and then how will we really, as if like, the branch manager how do you think that'll be done?

Management: The very well rightly said, in fact, you mentioned that we are very close to the banks in terms of the ticket size and in terms of the profile. In fact, more so in terms of the profile, we are almost like a what the banks are giving. You are absolutely right.

So, we will have to look at, something. Now we will see how we are going to implement it. Maybe we will start with select branches on a pilot basis, maybe the ones where, as I mentioned, we have not two and three-tier structure in the branches, a chief manager, senior manager, and manager, or a senior manager and manager.

Those kinds of branches probably we will start, and we will start looking at, some products for those kinds of branches, where we will, on a limited basis, even if we are can start with a 2%, 3% target for that kind of a product, that'll start helping.

Questioner: But culturally, sir, going back to the same point, this kind of lending requires a very different mindset, different type of capability. So, is it too much too soon for the system, or you think we can evolve?

Management: No, absolutely right, because that is why, three years also down the line, I we have not started affordable housing, which is what my entire background is about. So, the thing is, we take, as I said, this is also part of the culture change. You know, for somebody, we did, let me tell you, we did start with a product for based on GST returns.

We did introduce a product, but it has not taken off, because again, it's the same mindset. You know, the people in the system are very comfortable doing, the kind of products that we have done for so many years. So, the acceptance of these kind of products is a little bit of a problem.

So, so this will that's why I didn't even say 5% or 10%. I don't think, that will be a reasonable thing to say that, we would like to make it a 10% of our book will be from affordable housing. I don't think that is, you know, if we do that, it will be only suicide for us. Even if you do it, it'll have to be, on a small basis.

We'll have to look at it. Maybe one paisa, two paisa is what it'll add to the yield, but even then, that will be a good start, because it is not about what we do in today, and it has to yield results today. What we start today, probably even with a what we want to reach maybe 10 years down the line, five years down the line, is what we have to start.

Questioner: Can we have a completely different independent team for the affordable housing initiatives? I mean, completely different set of managers, and because it's a very different mindset, different location, customer, everything is different, right? Maybe in the fourth segment.

Management: I don't have the answers right now, because we ourselves are deliberating on all these points, whether to have a separate team and all those things, but we are deliberating on this. And I guess, once we will definitely, but we are definitely thinking of on these lines. How we go about it is what we are deliberating internally, and I guess right now I don't have an answer for it.

Questioner: Sir, when you, when we look at that, one of the risks that we think about, apart from asset quality, is you know, the banks, both private and public sector, all of them are good. Tech helping them tech and data availability helping them to underwrite what you underwrite today, right?

The reason they don't do it is because the opex is high for a lower ticket size. But it's with more data that gets available and easily accessible through APIs, and so on and so forth, if they can do it at a lower opex, there is no, I mean, they will probably try. They're already, I think, doing it at the at the margin. So, do you also feel that as a big risk, or maybe I am exaggerating this for our business, our company?

Management: No, I mean, I think, any such advantage is we have to look at it from the point that today if, you know, we also will be able to get advantage of those kind of things, and we also have to start taking advantage of data points and API, API integrations, and analytics and everything to drive our business.

In fact, post this IT transformation, I think this is definitely going to be something we also will have to look at. In fact, we I would rather say that we are on the better side of this particular change, because we have the size and the capacity to adopt all these things faster.

Questioner: Right. Maybe another example at your GST related product that you executed, can you elaborate as to what was the key issue? I mean, why it couldn't get off? So, one is you've spoken about the people, but anything more if you can elaborate, what was the real issue over there?

- Management:** Well, the issue is, first of all, as what we discussed very early part of our discussion, the DSAs and all already know which kind of cases to push where. Now they are already comfortable pushing those kinds of cases probably to somebody else with whom they've already built the thing.
- So, therefore, we continue to get the same kind of cases. So, again, the point of whether we should have a separate channel for it, whether the same branch managers can continue what they're doing, and we set up a separate set of branches for the for doing these kind of products, so that basically is something which we'll have to look at.
- Maybe it'll have to be a different sourcing channel, as well as a different sanctioning channel for this product. Otherwise, this will not go, because this has not gone in the last two years that we've had this product.
- Questioner:** Because normally, every time what we hear in the DSA channel that they come to Can Fin because we are the lowest rate, compared to any other NBFC outside, right? Of course, higher than the bank, but we are actually at a state where that no other NBFC would actually offer the rate of interest that we do. We are we are much lower than the other.
- Of course, there are some competitors who come in like Bajaj Housing, who also have mentioned. But we're just trying to understand, so even when they introduced this product, is it that our rate of interest for this GST kind of product was equivalent to what others were giving in the market, and that is why the DSA didn't want to give us the case, because normally, the DSA will be more than happy if you're giving lower rate of interest, they'll push the case to us?
- Management:** See, because we had a rate advantage, okay, fact of the matter is we have not, therefore, had any corporate agents, we have not had, therefore, a higher payout in terms of the DSA channel.
- Questioner:** Okay?
- Management:** And that is something which has worked for us. Now for this particular thing, I, you know, if the rate, even if the maybe even if you were to be say, 0.5% lower than what the market was doing, but if there is a higher payout in the market, maybe they would they are preferring that. That is what I understand is the challenge over there. Because the payout for this kind of product in the market is also quite high.
- Questioner:** Got it. Got it. Sir, for DSA, the payout that we do, and the rate is low, do you see any risk of that increasing over the medium-term?
- Management:** See, I don't think that is a we will be increasing it, even if at all, it'll be maybe five paisa, because anyway that is there. But I don't think it'll go up much. But what we are doing, why I'm saying these five paisa is also, because we are churning out our DSA in a much more aggressively, because a lot of people who are not really contributing, but are just adding to the numbers.

Today, 1,460, if I look at it today, 1,400 to 1,500 number of DSAs that we talk about, hardly about 500 to 600 of them are actually delivering numbers, the remaining are just being there and not doing it.

So, we are being a little So, now what'll happen, the ones who are performing and are probably doing the 50 paisa, 60 paisa payout thing, will remain. And the ones who are just doing one or two cases and giving 45 five paisa will get eliminated. So, the good ones will remain, and so to some extent, it may go up only because of that this thing, but I think it's a more of a correction rather than a change in the structure.

Questioner: One industry question, nothing to do with Can Fin, just overall on the housing, because it so well. I just want to understand where are we in the cycle, because, on the one hand, yes, housing pricing has gone up. But on the other hand, there has just been so many companies with a lot of equity funding, as well as support from various investors, who have come into the market, which only which most of them just want growth.

Most investors also just want growth, which leads to potential moral hazard in terms of, more higher LTV and so on and so forth. So, where at an industry level, where are we in this? How like as a industry veteran, how should I think about, I mean, how would you think about this?

Management: See, the attraction for the industry is if you are able to keep the costs low, and if you are able to keep the generate that high ROEs and on a consistent basis without So, yes, there is a lot of attraction because of the affordable market, and because of the high interest rates, and all those kinds of things.

But frankly speaking, if you mean my take on this is overall, the regulators are also becoming very careful that these kinds of very higher rates are not is not good for the industry. So, how long these kind of rate, because see, you can always charge 1 percentage higher, maybe you'll find a market for it.

But what is happening is, keeping the cost the same, the rates are not increasing. The rates are increasing, the costs are also increasing, going up. Tomorrow if the regulator starts regulating the rates and saying that 18% and 19% is not feasible and not in the interest of the customer, the costs are not going to come down, right? And that is where I think, the so it's going to hurt.

Questioner: And what about asset quality cycle? What's your view on the industry level, not at the?

Management: See, asset quality, I think, everybody is now become a little careful. Most of the players, even the once who are taking some risk on this thing, there is a fair amount of sense, they're quite conscious about it.

Plus, if you look at it, the tools in terms of the collection tools available, plus the early warning signals tool that is there, this EWS tool has already been introduced now by the regulator. So, all those kinds of things, plus compliance controls that they are bringing, I think the regulator is also playing a big role in in ensuring that the quality remains good.

So, unless somebody does a real, you know, intentionally this thing for some short-term gain or anything, otherwise, by and large, most lenders or I would say, are very conscious. So, I don't think interest, I mean the credit costs are going to be so very high.

Questioner: Sir, one or two questions from my end. We are operating at 18% to 19% ROE, right? Is there a scope that we bring down the ROE a bit, but then we can also have higher growth, because 18%, 19% like is really, really huge. Thank you.

Management: See, today we have demonstrated in the last, couple of, two, three years that we have sustained our ROEs.

Questioner: Okay?

Management: But our in fact, our ROEs have improved, but our gearing has come down. Today, if the growth picks up, and if you are able to consistently do it around 20% kind of growth, our AUM will start, now no, probably not this year, but next year we definitely will be having an AUM growth of more than 15%, based on what we are targeting and how it is.

So, if you at that rate, slowly our gearing will also start will have to go up. And we have a scope to take it up from the current 6.2 to up to 7.25, 7.5 before we start thinking of anything, because up to eight, I think the rating agencies will be okay. Beyond that, I think the rating agencies will not be comfortable, and it could impact.

But up to, therefore, at 7.25x, 7.5x, we can definitely go, and once if the gearing also improves, then with the kind of ROA that we are able to maintain, I think it will only So, I don't see that as a that as a too much of a risk. Maybe in this current year because we have our, you know, this cost is increasing because of the IT, it may slightly offset, or something of that sort, but otherwise, with gearing going up, and maintaining ROEs, we should, I don't that's not a problem.

Questioner: And, sir, one last question is, as a subsidiary of Canara Bank, what are the mandate from Canara Bank for Can Fin? What is that they expect from us?

Management: First of all, we are just 30%, so not technically a subsidiary. We are a group entity, because we are a part of the Canara Group. But yes, being the promoter and the largest shareholder, and with, good of this thing, part of the group, I think, Canara Bank itself has been a very conservative lender, and therefore, the same thing is that we it has to be a sustainable business, it has to be a long-term business.

I don't think Canara Bank or Can Fin wants to do anything which is in the short-term just for short-term gain. It'll always be keeping the long-term. So, today, whatever structural improvements we have done and everything is because, even the board, even Canara Bank has been very patient to, while this whole transformation has happened, IT side, as well as on the rest of it, very patient to see the whole thing, because, the gains are more long-term.

Questioner: And sir, lastly, in terms of the tenure of MD, is there It could be more than five, and can it carry on, or is there something that limits it to five? I'm not aware, so I'm checking.

Management: Current, my current when the offer was offered, it was for three plus two, but that is no reason to say that it cannot be extended. So, there are other group entities in the where the MDs have gone for even 10, 12 years. So, that is no There is no, I mean, constraint that it has to be five, but obviously, the first offer that was offered was for three plus two. That's why it is currently up to three, and now additional two, up to March '28.

Questioner: Perfect. All right.

Management: Thank you. Great talking to you. If you have any questions for us?

Questioner: No, I guess Anything that we didn't ask you?

Management: No, I think this is -- I think you I already had a discussion on most of the numbers and all those things with the team and today it was a little different kind of a discussion. So, I think I have covered everything.

Questioner: All right. Thank you.

Management: Thank you. Thank you so much. Pleasure talking to you. Thank you.

Management: Pleasure talking to all of you. Thank you. Bye.