



“Can Fin Homes Limited Conference Call”



SPEAKER: MR. SURESH IYER – MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER & DIRECTOR, CAN FIN HOMES LIMITED

- Suresh Iyer:** No, it is not compulsory, but we are doing it more for minority shareholders, we are uploading the transcript on our website for all the meetings, all the investor meetings including group meetings, we are putting it up on our website. It comes with a lag of four, five days, because we have to go back, then we have to give it to Chorus, but it comes and--
- Interviewer:** So, post the GST cuts, has there been any underground impact for your segment?
- Suresh Iyer:** See, it is too early I think to say anything, but because there are launches and all, you know, it happens, those that have happened have already happened. Maybe now people will review their position as to which segment or builders will look at that. It may be a different thing. But otherwise, I think there is no change. As of now, it is too early to say anything. But otherwise, we feel the segment that we are in, it is pretty good, quite strong. No issue. The demand is not a problem.
- Interviewer:** And how is the competition? Larger players have been facing higher VT outs.
- Suresh Iyer:** Even we for that matter. Even we for it, you see, in Q2, we had about INR 202 crore of pre-payment higher. We have been putting it in our presentation also. In Q1, our total VT plus pre-payments plus amortization was around 1499. Now it has become 1661. So, about INR 202 crore has been the increase in our total, of which about INR 120 crore is the loan closures where people have closed. So, I am assuming that would be also VT out. But the remaining INR 80 crores is where customers have pre-paid, but the loans are still with us. So, it is not only a matter of that competitive intensity is the reason for this pre-payment. Because otherwise the loans would have gone out. No lender is going to hard finance the
- Interviewer:** So, for us, I think PSU banks are not there in this segment, right?
- Suresh Iyer:** No, they are. PSU banks are also there, but not in the top three. Like today, if I have to list on who has taken over how much portfolio, where the loans have gone, the top three would be, you know, LIC, Bajaj and the PNB in that order probably. Then the banks would be there. There also, it is more likely to be PSU banks. That also one or two here and there. Not private banks.
- Interviewer:** Private banks, I think as a strategy, they have also gone slow on home loans because margins are very low.
- Suresh Iyer:** That after this, yes. Because of the EBLR thing and the rate trial, yes, possibly.
- Interviewer:** But we have seen improvement in the margin and spread.
- Suresh Iyer:** Yes, we had a good borrowing mix, if you see. Because we moved all our loans to, from MCLR link to the repo link. So, we got the full 100 basis points benefit. And if you see the last rate cut in June was a 50-basis point rate cut. So, that actually we got mostly in June itself, end of June.

And one or two, one, we had a leftover, which we also got subsequently. So, practically for the entire quarter, we have enjoyed a 50 basis point benefit in the borrowing.

Interviewer: And still there is enough headroom for to maintain such derivatives spread out.

Suresh Iyer: Definitely. Because if you see incrementally, our spread for the six months is 2.79. But separately for Q2, if you see, it is 2.91. Which means that in Q2, our actual leasing rate was much lower. So, that is one thing where if it continues at that rate, in Q3, we will have a slightly higher margin. In Q3 also compared to the 2.79 we have reported. Plus we also have a slight advantage that we have got an NHB refinance approval where the blended cost is going to be 6.83. So, whatever we borrow from NHB will also come at a lower cost.

Interviewer: So, we are planning to share any of the benefits with our customers?

Suresh Iyer: I think we will be. We are looking at 10 basis points. This month we will take a call. We had not done it because, you know, while we had said that we will look at it in September. But the bond yield slightly went up 6, 7 basis points. So, we said, let us hold and see where it is. So, now we are probably seeing something.

Interviewer: Sir, you mentioned NHB borrowing. So, what is the additional cost that we will get from the--

Suresh Iyer: So, NHB, we have INR 1,500 crore sanction which has come. And that will be from June to June. So, we got the sanction only in early October. So, we have got the board approval to raise funds from NHB in the last board meeting. So, now we will be assigning the portfolio. We will have to identify the portfolio. They will do a preliminary audit and then we will be able to raise the funds.

Interviewer: So, currently what is the NHB outstanding?

Suresh Iyer: It is about 17%. 15% to 17%. Yes. So, basically there is a limit on our net worth, a percentage of our net worth, a percentage of their net worth plus the allocation that they get from the government because they have to distribute to all of them. So, based on that they have their own policy. So, last year we had a INR 2,000 crore approved limit. And then there are every quarter we make repayments to NHB plus whatever increase in our and NHB's net worth. That is a result of INR 1,500 crores.

Interviewer: Sir, let us say from growth standpoint, the other larger banks or let us say the larger NBFCs so they are reporting slightly a higher growth even that AUM is on the higher side versus ours. Where do you think because the strategy that you had initially played out, right, where you were seeing 17%, 18% growth, it has not

Suresh Iyer: No, no, disbursement growth this year we are talking about 20%. AUM growth always will come with a lag. So, I mean this year if you are doing 20%, our growth, which was 9% will inch up to

12%. Next year again when we do 20%, it will inch up to 15%. So, this year we are looking at INR 10,500 crore disbursement. Next year obviously 20% growth means around INR 12,500 crore to INR 13,000 crore is the disbursement we will be doing. So, at that time, same way when our growth was static for NFI in 2020-2021, 2021-2022, at that time, obviously the AUM continued to grow at the same rate in spite of the disbursement growth not happening because that came with a lag.

Interviewer: Sir, this 20-20% disbursement growth rate, I mean still any geography you want to highlight a little bit more branch-driven or at least in branch still have some help from headroom to grow?

Suresh Iyer: See, there are quite a few, I think, options available. One is of course the branch expansion that we are doing. Second thing is, yes, there are definitely many branches where the productivity is a little lower. Then today also, the company has overall productivity is about five cases per staff per month. There are branches, 70 or 70 plus branches where the productivity is three or something like that. So, there obviously those branches, there is a possibility to improve. New branches are happening. Those new branches take 18 months. In the last three, 2.5 years, if you see, we have added 48 branches already. So, obviously those branches will take a little while to reach up to that level. So, these are the things that are definitely possible. And capacity-wise, I think we have already built in the capacity to deliver up to 12,000. We are already one year ahead, I would say, because the present capacity can do INR 12,500 crore disbursement.

Interviewer: Sir, in terms of branch expansion, is it non-South regions where you will be targeting, given that South you already have established?

Suresh Iyer: That is how we have done. Most of the branches we have opened have been in the non-South geographies. Karnataka, Telangana, we have not opened any branch. Tamil Nadu, a couple of years back, we opened Mayiladuthurai and a couple of such branches. So, out of these 49 branches, I think two or three would be in Tamil Nadu. Andhra Pradesh, we have opened some branches. Kerala, we have not opened branches. So, basically two, three branches in Tamil Nadu and about four or five branches in AP. So, that is it. Otherwise, all of them are in the West and North only.

Interviewer: And this e-Khata issue, is it still showing an impact or is it largely?

Suresh Iyer: It is still showing an impact because even now it is only the corporation limits where this has been resolved. The panchayat area still has not been resolved. The government has made some announcements but not yet started.

Interviewer: Sir, because Bangalore is also one market, some of the periphery regions are important for us. So, could that have an impact on growth?

Suresh Iyer: If the government is able to put something in place quickly, then yes, there is definitely a good upside of another INR 50 crores, INR 75 crores per month we can do from those geographies.

- Interviewer:** Why is IT employees or IT companies asking people to leave job hirings? Obviously, Bangalore is a big market for us. Any impact in terms of asset quality or let us say the future growth? Have you seen some?
- Suresh Iyer:** Not much in terms of our customer base because we have a very small customer base related to IT. But if it is in a major scale, then more than this, I would be more worried about the property prices because property prices today are going the way they are only because of the IT and the double income, high incomes and their ability to be able to purchase those properties. I would be more concerned about the property prices and the sale rather than on the job because for us that is not going to hurt us because we do not have too many IT people whom we have financed.
- Interviewer:** Do you have sizable salaried?
- Suresh Iyer:** We have salaried but mostly it is government and private sector which is non-IT. We have only about 6% of our customers who are linked to IT jobs.
- Interviewer:** And sir, when you highlight let us say INR 12,500 crore of disbursement next year, in FY'27, any state-wise break-up if you can?
- Suresh Iyer:** I can give you the current break-up and the rate at which they are growing. So, that will probably give you an idea. North today is doing about Rs.135 crores disbursement and the last couple of years consistently they have been growing at around 25% plus. So, next year definitely I am quite confident they should be able to easily achieve about Rs.150 crore plus or Rs.160 crore on a consistent basis. West zone, in fact, growth is now beginning to show because West last year did not grow as much but this year because four states in the West, we first were able to streamline and turn around Rajasthan and then Gujarat. Now Maharashtra only this year we have been able to stabilize. So, next year in fact the growth in West also should be 25% plus. Therefore West also should be easily, today they are also doing Rs.130 crore per month. That should also go up to Rs.160 plus. Tamil Nadu is consistently doing Rs.160 crore. We have not added branches in Tamil Nadu because at least in North and West we have been adding branches. So, actually North and West should be able to do about Rs.180 also because the branches we have opened also should start delivering some numbers. Tamil Nadu has been doing about Rs.160. So, I am sure about Rs.180-Rs.185 they can kind of touch. Anyway between Rs.180-Rs.200 crore they should be able to touch. Karnataka today is doing about Rs.250 on an average you can say. There if these numbers, this e-Khata issue is resolved, I am sure Rs.300 could be easily possible. Telangana is doing now consistently. Last two months they have been with a change of team and all this. We have been able to now cross Rs.100 crore consistently three months in a row. But still I would be a little more careful in Telangana. So, I would be happy even if they do Rs.125. Although in the past they have done Rs.160 also per month. And East where Andhra Pradesh, there is also another positive state. A lot of positive sentiment now after the change of government. And all this Google's investment and everything I guess that is going to be positive. So, there also should be able to do. Today they are doing about Rs.70 crore a month. That is the

smaller zones we have They should easily be able to do Rs.100 crore plus. Because there we see a good amount of potential.

Interviewer: And sir let us say South and West growth which we have seen. Is it all might not be the new right? Maybe we have taken loan from some other lenders.

Suresh Iyer: Takeover our BT in strategy is not there. We do not have as such a BT in strategy. So, there would be BT in no doubt about it. But I do not think it is going to be large.

Interviewer: Sir you are new to home loan. I think sometime you mentioned it is 80%.

Suresh Iyer: It is very high. Yes, that is true. 70% to 80% because 80% I mean if I look at my lab and everything. Then all that is good. Our housing portfolio itself is about 86% today. So, I am sure 75%, 80% would be first time buyers.

Interviewer: And sir also as a strategy lab and self-employed should gradually see an uptick in terms of contribution.

Suresh Iyer: Yes.

Interviewer: Now that on the margin fronts we are very comfortable. Is it mainly because to push the growth that this will be a key strategy?

Suresh Iyer: See as a strategy way back in 2023 itself we said in vision 2028 we wanted to have a five year strategy. There itself we said we want to change the mix a little bit so that we can slightly improve our yields. So, that was already a thought process. That is why we had said that in FY'28 we had that slide also where we said our housing non-housing which was 89:11. We would want to take it to 80:20 including CRE housing including CRE. Our salary rate and self-employed was 73:27. We said we want to take it to 65:35. Our South versus rest of India was around 73 or in fact it was incrementally even more than almost 77%, 78%. Kind of 75% plus that we said we will make it to 60:40. That is the kind of thing plus and the fourth one was the sourcing channel. DSA was 87%. We said we will incremental sourcing we will bring it down to 60%.

Interviewer: But sir let us say this change is right. First is all points towards a high yielding kind of customer moving from salary to self-employed. So, how do you then towards more of a lab. Then there is a cultural change from South to non-South. Underwriting how should we look at it? Have we kind of stringent have we build a capacity to do such kind of customer profile is changing now?

Suresh Iyer: See one we have not changed that we are still not doing appraised income or surrogate income. It is still based on ITR only.

Interviewer: Even in the lab cases also.

- Suresh Iyer:** We are going on based on ITR or based on salary slips only.
- Interviewer:** I mean in terms of self-employed how do we assess?
- Suresh Iyer:** ITR. We only have one small product which is where we do some amount of business which is called the NIP. Okay no income product wherein cash salary is there. So, there also the ticket size is limited to you know to do an all match or something. So, basically there also we do not have much of a business happening.
- Interviewer:** So, the underwriting
- Suresh Iyer:** We have not relaxed and presently whatever is there I think should not be a problem. Only thing is you know like we started giving a little more you know active attention to this products lab as well as this. Like internally giving targets to people doing that how we do it. Then talking about it internal posters. So, basically those things only. We have not actually done any major like launch a separate product. Change our norms to get a new segment of self-employed.
- Interviewer:** Is it because let us say because we would like to maintain our return ratio like ROEs and ROAs. Is it because the parent also wants you should maintain such profitability and hence we are moving such slightly riskier segment. Though there is I do understand process and systems are in place but still at the end of the day still a riskier segment.
- Suresh Iyer:** See, the original plan frankly was that you know we were doing almost INR 20 lakhs, INR 22 lakhs as average ticket size. And it was a little more into the panchayat areas and all those things. The original idea or the new strategy was clearly that we want to slightly move up a little bit in the ticket size ladder. We would like to take it up to around INR 27 Lakhs, INR 28 lakhs by FY'28. Because that gives a little better quality of portfolio better quality of housing. And we can move a little more internal rather than go more deeper into the geographies. So, that was the idea and if we go there then we will have to be a little more competitive in our pricing. And therefore we said we will do a little more of this so that we can offset the pricing. That was the basic idea that we started off with. And it has in fact helped us because the way we have been going the rates have also come down. So, that has helped us in terms of bringing down our cost more. So, the increase in spread has been more because of that. Otherwise you know we were always talking about a 2.5% spread only. All the last two, 2.5 years if you see our focus was only 2.5% spread 3.5% nib. Our guidance was always that but this you know repo rate cuts which have come have definitely helped us in doing this. That is basically the benefit.
- Interviewer:** And sir let us say in the repo rate cut of 100 bips how much we have reduced our yield?
- Suresh Iyer:** We have done 25 bips to our customers existing as well as new. There is another scope for another 10 without compromising on that 2.75 guidance. We can do another 10 bips to our customers. We were originally saying that we might look at it in September. We delayed it so that scope is definitely there.

Interviewer: All of this is floating.

Suresh Iyer: As I said everything is floating.

Interviewer: No securitization?

Suresh Iyer: No securitization, no BA.

Interviewer: Sir on the cost front this year how much should be the growth we should factor in? Because in line with your guidance I was checking it should be around 20%, 25% plus.

Suresh Iyer: In terms of?

Interviewer: Cost growth FY'26.

Suresh Iyer: Cost growth I think you know what is there in Q1, Q2 I think that is what will sustain. The real increase because of the IT transformation will happen next year.

Interviewer: And there will be no disruption as such. What we have seen in past because the user interface changed. The sales people were not.

Suresh Iyer: There will not be a disruption, but some impact will be there. We initially factored that we will have an impact in this quarter because the implementation was scheduled for this quarter. But after our board meeting after earnings call the team Pennant basically came and said that customization is a little more than anticipated. So, we may have to push back by two, three weeks. So, we are also accordingly revising our guidance to 2800 in this quarter and 3200 in the next quarter. Because if it is going back then we will have that much more time in this quarter to push for business. So, 2800 and 3200 is what we have.

Interviewer: Sir let us say going to the start of the conversation. This 100 bips decline in let us say the rate. In general the enquiry level has gone up at least for this housing segment or still you say it is still what was seen?

Suresh Iyer: The demand you are talking about?

Interviewer: Enquiry level it might not get converted.

Suresh Iyer: See enquiries have definitely been very strong. The pipeline is also now quite good. We do not have that kind of a challenge today. Consistently if you see we are doing INR 650 crore per month kind of a disbursement. That is why we are doing about INR 8000 crore today. Consistently April to September month on month on month there has been an improvement in the disbursement numbers. October in spite of almost 10 days of holidays one would expect that the business would be yes. It is a little less than September but it is definitely more than July and

August. So, this month also we have done 800 plus kind of disbursement in spite of so many holidays. So, the pipeline is good. Confidence is definitely there to deliver these kind of numbers.

Interviewer: So, sir for us I think the stage 2 is relatively on the higher side. So, is it the business model which we operate that it will remain elevated or?

Suresh Iyer: There is a little scope to bring it down and that is how we have been working on it. You see consistently for three quarters our absolute value of delinquency has been coming down. Percentage of what I am saying absolute value has been coming down. So, there is a little more scope. We went for a strategy that first we will cut from the bottom. So, our first quarter our entire benefit war reduction happened in the SMA 0. Obviously with that numbers reducing we were able to focus more on SMA 1, SMA-2. Now there the numbers have also started slowly coming down. So, there is a little bit of scope there to reduce definitely. Which we are saying in Q3 again we are hoping the number will come down. The way we are planning and the way we are working I think in absolute value it will further come down.

Interviewer: So, is it because generally the banks start reminding before the EMI is due. So, why is it that for us this portion is very high but by the time it goes to 90 liquidity comes down very sharply? So, do we start collecting aggressively after it moves into the initial market SMA 0?

Suresh Iyer: We also send reminders before the dates. We also start calling as soon as there are check bounce or NACH bounce happens. We are also following the same practice. But see there is already a pool which is there in SMA-2. Once a customer reaches that bucket you know putting it back is not so very easy. That is the only thing because if you look at it our IRs are almost about 40%. I know if somebody is getting say INR 1 lakh salary basically what they get in hand would be around INR 80,000. And we are giving 40% of INR 1 lakh so INR 40,000 is the EMI. So, you can imagine one miss means next month they have to pay their full salary which obviously is not so easy. It is difficult. So, then it becomes slowly we have to slowly cut little bit and instead of 40 you take 50 and slowly bring it down.

Interviewer: On the direct selling we had seen we started setting up a team. So, how is the traction there and are we happy with the progress which we are seeing?

Suresh Iyer: We are definitely happy. In fact we were 37 people in 39 people in first quarter, and they did about INR 101 crore business. We added another set of people. Obviously the first month the new team also takes time to get accustomed and also the productivity dip. But by the end of September again the productivity has come down. So, like in the month of March, we had about 39 people. They did about INR 41 crores, which is little more than INR 1 crore per staff per month. Up to June also we were almost you know kind of a similar kind of a level. Because you know three months the same team 37 odd people did about INR 101 crores. Almost roughly about INR 19 lakhs to INR 1 crore per month per staff. Then we added people. The productivity dip to about INR 60 lakhs. But by if you look at September month alone 90 people did about INR 77 crores which is almost like INR 80 lakhs. They have again brought it back to the

productivity started going up. So, definitely that team is doing well. It is clear that you know in Q1 we had a target of INR 750 crores for this year to be sourced from this team. Q1 the team has sourced about INR 101 crores. Q2 the same with additional staffing has done INR 185 crores. This year we are looking at about INR 250 crores to come only from this particular team. And if I look at October alone we have done INR 69 crores just come from there. So, we will be looking at definitely more than that.

Interviewer: And on the builder types part there how is the progress?

Suresh Iyer: There we want to touch about 250 APF projects. We are right now as of 30th September about 115 projects. So, there we need to push a little bit. But I think that is not because now we have started getting the team and other team is also there. So, we should be getting something.

Interviewer: Sir North side in which particular state you are going in terms of expansion?

Suresh Iyer: We opened in Punjab. We opened in UP. Particularly in North UP, Saharanpur, Bulandshahr and Bareilly. So, that is the kind of thing we are looking at. We are looking now in Gautampur Nagar and that also. So, then a little bit around Jaipur. Between Jaipur and Delhi so we opened in Alwar, then Churu, Sikar, Kotputli. So, these are the kind of sites we are looking at.

Interviewer: Is there a difference in asset quality of let us say Karnataka or let us say Tamil Nadu versus geography in your indexes?

Suresh Iyer: Not really. In fact as I said earlier the North market particularly there we are getting a much higher percentage of salaried segment. Whereas when you come to Rajasthan and Gujarat the self-employed is little higher. That is more of a state specific, geography specific profile.

Interviewer: Sir then your tenure, when is it due for renewal?

Suresh Iyer: This March '26.

Interviewer: And you will like to continue because we have seen a lot of changes happening.

Suresh Iyer: My tenure is originally for five years. I am there for five years. So, 2 and a half are over. It will be due in March. I have no problem.

Suresh Iyer: We have pledged it.

Suresh Iyer: It is on the board. I do not know what they will be doing so. Because obviously if it has to be done in March it has to start now. That it has to be put up and you know an RBI approval. Once the board approves an RBI approval will be required. Then it has to go to the shareholders.

Interviewer: Once you go to bond market it comes for three years.

Suresh Iyer: We used to come for three years. Now we are moving to five years because we did not have five year paper. We have just started last year only. Earlier it used to be all three years only. ALM is fine. We do not have an ALM problem. Because, one is we have 16% anyway. It is a normal requirement. Other than this we have bank term loans. We are getting 7 and 10 year loans. The average tenure for which our account stays in our books is little more than eight years. So, basically the bank term loans are fully matching. NHB refinance is back-to-back. So, that is also 10 years that we get. So, 55% bank term loans plus 15% of this. That is also all long term.

Interviewer: We are getting higher **(Inaudible) 30.38** the loans than the rest of the markets.

Suresh Iyer: No, we are actually getting little lower than the market. There is a part payment which is happening where we get it. But still, it is not higher than the market. In fact, affordable housing companies are much higher. Even PNB has higher. Even LIC is almost the same as us. Bajaj is also higher than us. So, their recruitment is higher. So, today our average tenure is about eight years. For them probably it will be seven or 6.5.

Interviewer: This is coming to a self-employed category which is around 30%. So, how are the stage 2 numbers over there like these? How is the trend?

Suresh Iyer: See this quarter whatever reduction we have seen is in the self-employed only. Traditionally yes self-employed has a higher, even in our books today, self-employed has a higher NPA. But otherwise what we have been seeing in the incremental book it is not the case. Some of it is also because we have lot of cases done somewhere in 2017, 2018 and all which are still coming in that portfolio. That one period of a couple of years we had more of NPA. But other than that I think it is not so much. It is a little elevated, no doubt about it. But not as much.

Interviewer: Sir, you mentioned about higher for the builders. Is this for the home loans?

Suresh Iyer: Only for home loans, not for project payments.

Interviewer: Sir for a self-construction even now I guess it should be around 55% right? More than 55.

Suresh Iyer: Yes, more than that. Self-construction when you are talking about within the home loans?

Interviewer: Yes.

Suresh Iyer: Yes, it will be more than that. I think it was 65% last that we, 65% was there no?

Suresh Iyer: Construction was 61%.

Suresh Iyer: 61%.

Interviewer: So, maybe if the builders tie up that instruction so maybe it might come down there.

- Suresh Iyer:** Depends because basically that also will not be on computed property. We will be giving to people under construction and pay as per stage wise construction plan only.
- Interviewer:** Sir, but we would not be funding the builder that is a clear strategy for us.
- Suresh Iyer:** Not at the moment, we are not looking at any funding. We do not even have frankly speaking, we do not have the capacity to appraise and monitor those kind of loans. It is a different kind of thing, monitoring with RERA, compliances with RERA, whether the 70% has to be deposited in a separate account. Then you have to see the sales matching with the projections and whether the money is every month coming. So, all those kind of things I think we need a separate skill set to monitor it. We do not have the team right now.
- Interviewer:** I think the regulation is now clear, right? A parent can also have their. Now there is no risk of stake sale of Can Fin?
- Suresh Iyer:** No, that has been withdrawn. I think this last policy they have made it clear. I think even in the listing of Canara Robeco and Canara, HSBC Life, the DFS as well as was very clear, the objective is to have a market presence, listed entity will have a better governance structure, will have an independent board to look after it. Therefore, the regulatory requirements and because the listing and everything will also be higher. So, I think that itself is a mode of comfort factor. So, it is not that, it is the unlisted entities which are where they are a little more worried about. If it is there in the public domain, I think their government is okay with it. That was the kind of messaging also. Because Secretary DFS also made a statement at that time, now that Canara has done this listing, it is very clear. Other banks also should start listing their subsidiaries.
- Interviewer:** Bank merger?
- Suresh Iyer:** No, there is rumors of merger of banks.
- Suresh Iyer:** No, that I think will happen. I guess. There are also names floating who will merge with whom and all. But of course, I think that will happen.
- Interviewer:** No, but size is, this part of the size is very large. Like everyone has size, business size. If it is INR 30 lakhs, then it is quite a balance sheet.
- Suresh Iyer:** Unless top five are there.
- Interviewer:** Then AMC, life insurance companies, other companies. If merger happens, then these subsidiaries will also merge.
- Suresh Iyer:** Yes, that is there. They will have to see. But right now, if you see the top five, maybe it will still be written. Others will probably get merged. Like for example, I am sure SBI, PNB, BOB, Canara, Union Bank are the bigger ones. Others probably.

Interviewer: But sir, last time when there was consolidation, in that life insurance where it was--

Suresh Iyer: Instructions were clear that you sort it out. Took time.

Interviewer: I think, sir, we would not face any challenge. Even if there is a merger. In terms of regulation.

Suresh Iyer: For us, we are just an associate company. Because they only got 30%.

Interviewer: Correct.

Suresh Iyer: We are not a subsidiary. We are not a wholly owned subsidiary or even a 51% plus subsidiary.

Interviewer: Because I think in insurance, that complication is there. A promoter cannot have more than two investments in two separate companies.

Suresh Iyer: Yes.

Interviewer: They have that challenge.

Suresh Iyer: So, basically, PNB has Met Life as well as by virtue of Oriental Bank of Commerce. Oriental Bank of Commerce, they had 23% in Canara.

Interviewer: But it does not classify as promoter either.

Suresh Iyer: No, it is not. Because promoter is Canara. Because Canara had 51%, which now I think is 36%.

Interviewer: Sir, your initial tenure was for five years, right? From April 2023.

Suresh Iyer: It was five, three plus two only.

Interviewer: Three plus two.

Suresh Iyer: Because even at that time, it was total five, three plus two.

Interviewer: Okay. Sir, because I think the opportunity is there in the market. I think investors have that concern, the way stock reacted.

Suresh Iyer: No, I cannot. I mean, I can only say that I am clear.

Interviewer: Investors are putting pressure on the board.

Suresh Iyer: I know that. As of the moment, I have no such plans.

Interviewer: Because even in the HFC specific, there have been a lot of movements. CEOs have moved from one company to another.

Suresh Iyer: No, I think last quarter also when immediately after results the bigger talk was that only. That is why I am not even applying. So, I think that should settle the matter.

Interviewer: For us, I think profitability is the best compared to other HFCs. So, only growth is one area where we have to kind of like, hopefully, that should get resolved soon.

Suresh Iyer: Basically, I agree. That is one thing. Because on the liability side, we are comfortable in terms of the profitability, consistency in terms of our spread, our credit cost and everything as a very stable franchise. It is only the growth, which now is slowly coming back. We consistently grow at 20% in terms of AUM. I mean, in terms of our disbursement, we will next year should be able to touch about 15% and then maintain that.

Interviewer: Currently, sir, your worry is if property prices will kind of take time, then we might have some issues.

Suresh Iyer: That is the only thing because for us job losses will only mean that people will rethink their decision to buy more properties.

Interviewer: Sir, I mean, North moves direct competition head-on basis. And over there, I guess, because we are moving from DSA thing, right? So, how are we doing in the non-South region? Maybe the North part?

Suresh Iyer: See, in North, I think across the biggest would only be, across all the geographies is LIC.

Interviewer: LIC. It is surprising. Their numbers do not come.

Suresh Iyer: But their pricing, they give sometimes surprisingly aggressive pricing.

Interviewer: But we cannot see the growth sir, it is only 6% growth.

Suresh Iyer: We have taken on the soft base so for us, it is there. But for them, it is a huge number. They are INR 3 lakh crore. So, they are almost 9x us.

Interviewer: Sir, Aditya Birla Housing is also growing very fast. Is that coming up as a competitor?

Suresh Iyer: I mean, the rates are a little higher. So, not in the immediate competition.

Interviewer: And sir, how is the sourcing in the North region?

Suresh Iyer:

See, this sales team that we set up, our pilot may be set up in North as well as in Tamil Nadu. These are the two geographies, extreme North and South. So, we have quite a bit of sourcing happening through our team also. And one of the reasons was to test on both markets. Our highest DSA sourcing was originally happening in North. That is why we said, let us try North and see how it works. And South was our lowest DSA penetrating market. So, we said, let us try both. In both extremes, we tried. In between Karnataka, Telangana and all that, in between highest penetration and lowest penetration, we tried both. It was successful. Now, we have done a cross. So, now also, in fact, we are slowly, you know, the percentage is coming down. Earlier, it was 90% plus in North DSA. Now, it is, I think, below 90%, 88%, 80%.

Interviewer:

Thank you.

Suresh Iyer:

Thank you.