



“Can Fin Homes Limited Conference Call”

December 08, 2025



SPEAKER:

Interviewee: In Telangana. With respect to Telangana, we have already made the improvements. In September month we did, we were able to do more than Rs. 100 crores of business. Even though --

Interviewer: That is for September.

Interviewee: September.

Interviewer: Okay.

Interviewee: September, for the month of September.

Interviewer: October?

Interviewee: October, October also we have crossed 100 crores.

Interviewer: Okay.

Interviewee: So, initially like before, our target was to do Rs. 160 crores, but we are happy with the levels of Rs. 120 crores - Rs. 130 crores. Because even though the Hydra issue is completely resolved, but keeping in mind our earlier experience of rise in delinquencies because of the Hydra issue, Hydra those things, we are trading little cautiously in Telangana.

Interviewer: Okay.

Interviewee: And because even though demolitions have stopped, but certain investigations or review of properties are still going on. So, thereby, we are going little conservatively over there as well.

Interviewer: But in the demolitions stopped two quarters back, no?

Interviewee: Yes. Demolitions stopped two quarters back. So, demolitions have stopped, but now also when we look, there are sometime there is some review or scrutiny of properties is going on. So, there is little, little skepticism in the market that sometime whether what will happen. These are all government policy related things, right. So, we never know.

But yes, we have started improving the numbers there. As I said, it is more than Rs. 100 crores in September and the recent month. And for Karnataka also as you are worried, so we have started.

Interviewer: No, not worried. I am just asking.

Interviewee: Yes, in the sense.

Interviewer: Momentum after eKhata has started.

- Interviewee:** Yes. So, eKhata is more or less settled now in Karnataka. There are many circulars and I think, now it can be done within one week and which is evident from the fact that we have done Rs. 270 crores of volume in the month of September in the quarter which we are talking.
- And we are confident that by the end of Q3 or definitely in Q4, we will be reaching that Rs. 300 crores per month mark in Karnataka. So, with respect to volume or disbursement growth, disbursement performance, so far in Q1 and Q2, basically H1, we have done well in all the zones, we are positive in comparison to our YTD numbers last year except Karnataka and Telangana.
- But in Karnataka, we will be positive in Q3. Because, if you recollect, the eKhata issue came in only in the Q3.
- Interviewer:** Last year, October.
- Interviewee:** Q3, there will be a severe dip, so we will be positive in Q3 by Q3 YTD numbers in the current year.
- Interviewer:** How are the spreads working out right now, the NIM?
- Interviewee:** So, NIM and spread, for Q2 alone, our spread was 2.92% and NIM was close to 4.02%. Let me check the exact number for you. It was 4.02% NIM for Q2 alone; and for six months, April to September, our spread was 2.79%, roughly and NIM was 3.83%. So, it has definitely helped us to achieve our profitability.
- Interviewer:** How is the trend going ahead?
- Interviewee:** So, going ahead, we are giving a guidance of 2.75% of spread and 3.75% of NIM.
- Interviewer:** Why is there decline in your guidance?
- Interviewee:** Because once the rates have bottomed out now. There will be little bit of, we will be seeing increasing trend. And it is even more so, because of the fact that we have, on the liability side, we have received all the benefits from all the lenders.
- Interviewer:** So, do you expect pressure on going ahead because of the competition?
- Interviewee:** Yes, just let me complete the first part. So, we have received the benefit from our lenders, and we are yet to pass out to the entire asset side. So, as of now, 59% of our book is on annual reset. So, gradually we will pass it on to our customers, another 10 bps. So, with that 10 bps thing and little bit of cost of borrowing will increase here and there. Because we are moving, slowly moving, gradually moving into that cycle where the rates will start inching up.

So, keeping that in mind, we have given a conservative target of, conservative guidance of spread of 2.75% and NIM of 3.75%. Well, we believe that we will be able to achieve more than this.

Interviewer: And what is your AUM growth was around 9% - 10%?

Interviewee: 8% quarter, Rs. 90 lakhs in H1. So, that is what. So, if you see our disbursement performance, it is a record Q1 and record Q2. First time ever in the history of this company, we have crossed Rs. 2,000 crores in Q1. Any of the Q1s of earlier years and same in Q2.

First time we have crossed Rs. 2,500 crores in Q2. Despite that fact, despite this record volume performance, it is not getting translated into AUM growth, because of certain BT-out issues and certain early payments.

So, we have witnessed that not just the foreclosure or the pre-closure were there, there were some excess payment or early payment from the customers as well. So, if you see in September itself, we had received Rs. 200 crores of early payment out of that suppose Rs. 100 crores is foreclosure. We are not bifurcating that foreclosure into BT-out or normal foreclosures.

But apart from that also, we see that Rs. 90 odd crores were early payments. Like customer had excess liquidity and they have made some extra payment. So, we have to pass on the benefit of interest to this customer like for the extra payment. We have also reduced from the AUM, from the portfolio side.

Interviewer: So, what sort of growth do you see for '26?

Interviewee: For '26, full year that is FY '25 - FY '26, we will have 11% of AUM growth. For '26, the current financial year, we will be having AUM growth of.

Interviewer: So, that is like 12% - 13%

Interviewer: 12% to 15%.

Interviewer: Yes.

Interviewee: Yes, so that is right. 11% to 12% you can --

Interviewer: Now you are saying 11%, so like guidance is being reduced.

Interviewee: No, guidance is being reduced. I am saying 11% - 12%.

Interviewer: And for '27?

Interviewee: For '27 it will be 15% to 17%, we will be in that kind of growth, because we will accordingly adjust our disbursement. We will increase our disbursement volume in order to achieve this AUM growth. So, as I said, this 11% - 12% guidance is there because even though we have a significant disbursement growth, we are facing this BT-out. We will address that and also that there is an IT transformation going on.

Interviewer: Yes. I was about to come to that, IT transformation is.....

Interviewee: So, initially after our earnings call, we have advised that our IT transformation was supposed to be completed within December in Q3 itself and the goal was planned somewhere in Q3, like last week of November or December.

But after the earnings call, we got an update from our IT consultant that in some areas of LMS, we need more customization, in the LMS system. So, maybe 8 - 9 areas, which need to be tested again and needed some changes. The system which we are using is parent system, which is an industry wide used system. I think many of the computers use this system.

So, there is not a major change in terms of what we need to do, but certain kind of integrations with the vendors which we use. So, there we need to require this thing.

Interviewer: How much time will it take, sir?

Interviewee: So, it is delayed by Q3.

Interviewer: Expectation was of Q2, so how late it will be?

Interviewee: Now, it will be in 2nd week of January. So, it is delayed by 10 days to 15 days. So, accordingly, our earlier guidance for disbursements for Q3 was Rs. 2,500 and for Q2 was Rs. 3,000. Q4 was Rs. 3,500. But now since there is no IT go live in Q3, we have revised our guidance. We will catch up little bit of volume in Q3 itself.

The revised guidance is Rs. 2,800 crores for Q3 and Rs. 3,200 crores for Q4.

Interviewer: Rs. 3,000 crores? What, what percentage on what? Ideally what the number is? Rs. 3,200 crores?

Interviewee: Yes, Rs. 2,800 crores for Q3 and Rs. 3,200 crores for Q4. Overall disbursement target for the year remains around Rs. 10,500 crores. Out of which Rs. 4,500 crores we have achieved in H1.

Interviewer: So, this Rs. 3,200 is a minus Rs 300 from earlier target?

Interviewee: Yes. And Rs. 2,800 crores is addition of 300 from the earlier target. Just because of time shifting.

Interviewer: What is the percentage you are looking for BT?

Interviewee: 4%.

Management: 4%.

Interviewee: Which is lowest in the industry, but still it has dragged our AUM growth a little bit. So, that is why we are planning to monitor it.

Interviewer: If 50 bps we see by the end of that, so how much is 50 bps rate cut we see that, then how much your BT can be in FY '27?

Interviewee: No, no. If 50 bps rate cut, we will also pass on the benefit of the rate cut, right? So, it is not that we are not passing. We are the first ones to pass on the benefit to our customers.

Interviewer: If that is rising BT, the impact of lower rates. Competitiveness has been increasing.

Interviewee: The real reason behind that is still 59% of our portfolio is annual receipts. So, we are transferring it to quarterly receipts. So, we are working on that. We have sent out SMSs to our customers. Not now, even before also. We wanted to reach out to them.

Now we will reach out to them more precisely, more closely. We will increase our communication. And around 15% per quarter, we will shift it to quarterly receipts. Then we will be giving them the rate benefits. So, that will help us to retain our customers.

Interviewer: Sir, prior to the issue in state of Karnataka and Telangana, are we back to that sort of disbursement level or even we are yet to reach that disbursement level in group 2 states?

Interviewee: So, in Karnataka, we are almost there. We are almost back to that kind of level. We have done Rs. 270 crores. And by Q4, the guidance will be of Rs. 300 crores. We will be able to achieve Rs. 300 crores per month.

Interviewer: Okay. Sir, in your segments like affordable land is fine. Where are you seeing pressure on growth and where is growth relatively much better of all the next 6 months to 12 months?

Interviewee: See, if you are talking about real affordable segment in its literal meaning, like technical meaning is like below 15 lakhs loan will fall into that category of affordable. So, there is no growth. In fact, even the competitors, even in the market also, there is no opportunity.

Forget about the demand, there is no traction in the supply side as well. There is no supply, because the schemes which has been issued by NHB or the PMAY 2.0 has failed to attract that kind of traction. Because it is either very complicated requiring too much of documentation and too much of documentation and benefits are also very minimal.

Like it will not give any incentive or attract money. Make it lucrative for the builders to make that. And there are certain other rules that if one member per family can only take this job, who can apply. Now in the joint family scenario, whether two married brothers will be considered as part of one family or each one will be having a nuclear family of his own. There are certain things which people are still working on. So, our growth target continues to remain in the Rs. 20 lakhs to Rs. 25 lakhs growth segment.

And if you see our investor presentation, the Rs. 30 lakhs loan.

Interviewer: Rs. 20 lakhs - Rs. 25 lakhs?

Interviewee: Yes.

Interviewer: But in Bangalore, it will not happen anywhere.

Interviewee: Yes. We cater to our customers who are in the periphery of Bangalore.

Interviewer: What periphery, sir? Till 60 kilometers it is Bangalore's periphery. Till Milithi Bangalore Bangalore has reached.

Interviewee: Yes, so there, there it is in 25 - 30 kilometers.

Interviewer: Bidadi is just 40 kilometers from Mysuru.

Interviewee: Yes. So, the property price is different between Bangalore and Bidadi. Even though it is increasing.

Interviewer: I know that the quarterly prices that are prevailing. But I am just trying to say, when you are talking about peripherals, how far has it reached? It has reached 60 kms in Bangalore.

Interviewee: Correct. Tumkur, Hosur, that is why our loan of Rs. 30 lakhs --

Interviewer: That is also physically not even in Karnataka. It is more to do with AP in Tamil Nadu.

Interviewee: Hosur is in Tamil Nadu border.

Interviewer: So, I am just trying to understand with this Rs. 20 lakh - Rs. 25 lakh ticket size that you want to give, the maximum house value will be Rs. 30 lakhs. Am I right? Rs. 30 lakhs - Rs. 35 lakhs will be the maximum rate. But those rates are not prevailing in the city.

Interviewee: Yes, but Bangalore is not the only city. We are there on a pan India basis and our major focus is on tier 2 cities. By periphery I meant periphery of tier 1 city. Not just Bangalore alone. On a pan

India basis we are mostly into the outskirts of the city. Not in the metro cities. Not majorly in the --

Interviewer:

The guidance of 15% to 17% of year growth for FY '27. So, we are seeing that you mentioned Karnataka is already coming back to normal at levels and you believe Telangana will come in a quarter one or two. Other geographies are doing well.

In what scenarios, your year growth will go beyond 15% let us say 17% to 18%. What should happen which will enable you to go to that 17% - 18%. Because we know two tailwinds are there in terms of two states coming back.

Interviewee:

Yes, yes. So, that is a very pertinent question. So, right now, whatever subdued growth of 8% we have seen in H1 is despite of the fact that two of our key markets are not performing to their fullest potential. So, once they are back that will definitely add to the volume growth.

Secondly, we are expanding geographically. We are opening up new branches. As of now we have 248 branches, and we will open another 14 - 15 branches in the next two quarters. By FY '28 our target is to have 300 branches. So, with that geographical expansion we will be achieving more volume growth.

Thirdly, we have since early part of this year we have started building our internal sales team. Till June, it was 30 staff were in the in this internal sales team or in-house sales team. As of September, the strength is 90. And we have achieved or they have generated Rs. 185 crores business volume in Q2.

So, their contribution was around 5% in Q1 and has moved up to 7.26% of the disbursement growth in Q2. So, going forward also, with more experience and with more training they will be able to bring us more loans, give us more loans.

So, geographical expansion two of our markets coming back into its original strength and our internal sales team which will not only give us good loans, but also provide stickiness to the portfolio. Because with DSAs we sometimes face the issue that once the case is on-boarded but later, it can be witty out or transferred to some other thing because the DSA wants to earn commission again on the same loan.

Keeping all these things in mind and the kind of growth which we are seeing in North Zone, West Zone and Tamil Nadu which is more than 20% each of the case, we are confident of delivering 15% - 17% AUM growth in FY '27 and to achieve that we will have to increase our disbursement growth, meaning 20% of disbursement growth So, over the last

Interviewer:

Sir, over the last few months, let us say one months or two months, majority of the land prices have been stagnant, there is no growth with respect to property prices. So, in that context how do you see your growth in the near future and your view on housing prices.

Interviewee: My view on housing?

Interviewer: Housing prices.

Interviewee: Housing prices, so as of now you see our product mix is like 86% of the total AUM is housing loans. Now in order to increase our AUM and also increase on the yields, we are focusing on construction. So, thereby our next growth we will be seeing from plot loans and if there is a plot, we will be giving the construction loan, plot plus construction. So, that will not only increase our business volume but also do so at a better yield.

Interviewer: So, what is the yield then? In construction loan?

Interviewee: It is our lowest loan is at 8.5% construction is around 10%.

Interviewer: Usually people do not give this sort of plot plus construction loans, I mean --

Interviewee: Suppose there is a plot initially he would ask for a plot plus construction loan only. But suppose after one year also he has not started the construction, then we will convert it to a non-housing loan. The rates will increase. So, there are some certain guidelines that within certain months you have to start the construction

Interviewer: But then how does he repay, if it's not -- How do you monitor repayment versus usability of the loan?

Interviewee: The end user will define the classification. The repayment capability will be assessed at the time of giving the loan itself. Now, whether to classify it as a housing loan or a non-housing loan, if he is not constructing a house for a residential purpose, then it will become a plot loan and will be a commercial loan or a non-housing loan. It will not take a --

Interviewer: Have you seen any trend over there so far?

Interviewee: Not a trend, but these things we monitor more because of charging the rates at which we want to charge the customer. These are certain regulatory things that we should increase the rate or whether we are more of our from a regulatory and governance perspective whether we are leaving money on the table because if we have taken a housing loan, the rates will be lower. But if it is a plot if it is not a housing loan, the rates will be higher, so we do not want to lose out on that.

Interviewer: How much loan are you planning to take from NHB?

Interviewee: We have got a sanction of Rs. 1,500 crores.

Interviewer: That has been done? That has been taken?

Interviewee: No, I mean fresh sanction.

Interviewer: Okay, fresh.

Interviewee: Fresh sanction we have received, and we will be raising some money in Q3 or something in Q4 and the rate is 6.63%.

Interviewer: 6.63%?

Interviewee: Yes.

Interviewer: That you have to lend at fixed rate or some spread fixed rate or you can lend at a higher rate also the loan taken from NHB?

Interviewee: No, that will be deployed for affordable housing. So, we get the refinance, this is a refinance loan, so we have to earmark our pool, which we have already lent, based on that pool they are giving the refinance. It is not a condition that we get and lend it further. So, if we do not have our fresh pool of affordable housing then we will not get the next sanction. Let me put it this way.

Interviewer: You mentioned about excess repayment this year.

Interviewee: This quarter

Interviewer: This quarter. So, what percent rate will it be? And have you factored this excess repayment for next fiscal year, which is 15% - 17% what stops the customer from repaying next year also?

Interviewee: As a nothing, see, now there is no one can stop a customer from there is no prison penalty, there is no charges, it is a free and transparent space. So, customer can go anywhere, so that is one part. And we cannot say that next year it will go again and increase. So, to answer Mr. Abhishek's question that why it is only 8% so we have factored this BT-outs into our current AUM growth guidance.

And for that, we are quickly moving or transferring all our asset side into quarterly resets and we will pass on the right benefits to the customer. So, that, it will help us to control the BT-outs. And even after that if BT-out is happening then we will have to increase our disbursement targets.

Interviewer: BT-out and what about the excess repayment, the prepayment, which you also mentioned BT-out was also there and repayment was also there?

Interviewee: See, that will happen depending on the liquidity available at the hands of the customer. So, now we witness this out of Rs. 290 crores some customers have paid, so there must be some extra

liquidity, maybe they were planning to buy a next house, new house or something. So, we cannot conclude based on that we will monitor this space over the next few months and then we will see.

But our primary target will be to reduce the BT-outs. But again, as said we cannot enter into irrational competition and all, we have to increase our disbursements, increase our reach into the market, expand our business and have a fair and meaningful growth.

Interviewer: There is a cost to reset to it as well I am understanding 60% of the portfolios being an annual reset, would mean higher yields that you are able to charge to the customer and hence the BT-out is higher right, is that understanding correct?

Interviewee: Yes, almost we assume that those customers who have not get the benefit of rate cut, they can be easily lower down with some other financial to come, right.

Interviewer: That is what is constant. But the quarterly reset will also come at a cost of your yield going a little lower.

Interviewee: So, keeping that into mind only we have given the conservative guidance of 2.75 and 3.75. Otherwise, actually we are assuming a yield of per year spread of 2.91 and 4.02

Interviewer: 3.75 to?

Interviewee: 2.75 of spread and 3.75 of yield

Interviewer: So, where you are trying to enter or like you want to grow is like the peripherals, there are other players as well especially in the southern markets.

Interviewee: I think, the banks are primarily focused on tier 1 cities and in the ticket size of more than Rs. 50 lakhs.

Interviewer: I am not talking about banks, but there are other HFCs as well other NBFCs as well who are there in that market

Interviewee: We have not faced any such competition or issues as such except other than for Bajaj, LIC and PNB. So, Bajaj is pretty expensive. LIC is big they are cheaper than us, but they do not, we differentiate them with our capability of providing their service we provide more service to the customer. So, that is how we get more.

Interviewer: As in, like?

Interviewee: Like, paper work documentation, discussions whatever is required. LIC is too big a 20 - 25 lakh customer may need many discussions move on, help on documentation and all rather than in terms of attention to the customer.

Interviewer: It is not as bad as it sounds like?

Interviewee: 2 days to 3 days

Interviewer: Okay.

Interviewee: Because...

Interviewer: Once the customer comes in in 3 days disbursement happens?

Interviewee: It depends there are many things like documentation. In housing loan we can have a in terms of documentation sanction and all. Sanction will happen very fast, but disbursement actually will happen based on the transfer of mortgage deeds title deeds.

Interviewer: That is what I am saying

Interviewee: What?

Interviewer: Final disbursement the customer will tell you whoever, the borrower what is the timeline?

Interviewee: So, that is what I am saying, from our side we are ready to complete everything within 2-3 days. Now the final charge of document, registry will differ from case to case so that cannot be counted as our tag.

Interviewer: Sir, today, what is the average age of employees?

Interviewee: Average age of employees? That is the question I think I have to check with my HR guy, maybe there is something.

Interviewer: Let it be no...

Interviewee: I think it must have reduced ever since I have joined.

Interviewer: Probably in sanctions and disbursals gets out of--which about 1 or?

Interviewee: No, you have asked average of employees or?

Interviewer: Employees, overall employees.

Interviewee: Employees.

Interviewer: Yes, average age of total employees, what is the average age?

Interviewee: That I will have to come back. But you also spoke about sanctions or something right?

Interviewer: No, I said earlier, the sanctions disburses over the sanctions side at least as far as I remember when the erstwhile MD was there it was like around 25-27. So, that is why I am just asking has the average age changed?

Interviewee: I will come back to you on this, I have your card I will reach out to you.

Interviewer: What is the level of attrition we are seeing?

Interviewee: Attrition level is below 14% and what we see is that we are able to attract talent from the market we are increasing the headcount size also.

Interviewer: Sir, is it below 14%?

Interviewee: Sorry.

Interviewer: Did you say below 14% or 40%?

Interviewee: 14%.

Interviewer: Sir, in the field staff I think there is a lot of...

Interviewee: No, there is not a lot of that. This 14% also, I do not think it is an alarming number for us. But in our field staff also people are changing, it is a normal thing to people join and they do not find it, they do not somehow not being able to get in adjustment with the structure. Like it is not more of a desk job kind of thing you have to do the sales, you have to do the credit and all. So, what we have analyzed and what we have seen is that, people who have joined and who are leaving are within one year so those who are sticking around are sticking around.

Interviewer: So, why are attrition rates are actually lower because we are not the paymasters, we are not even in the middle as I have heard earlier so why we are able to retain even field level officers?

Interviewer: And where are these people--

Interviewee: So, when you say the in-house sales team is increasing now, field level officers there was no field level people there are 3-4 people in every branch those are all on-role employees and for them if you have seen Q1 and Q2 we have done the salary benchmarking. So, it is in par with the industry and up to a certain level I think we are the best paymasters, in the up to a chief manager level or just bureau chief manager level so we are paying compared to all the housing management we are the best.

Interviewer: Is it resetting somewhere around three years once we reset the annual.

Interviewee: Yes. You are talking about salary increment. Now it is two years, and we have done a recently we have done a benchmarking also.

Interviewer: So, there is no annual hike for employees.

Interviewee: As of now, I do not think so.

Interviewer: Despite not having annual hike.

Interviewee: It is more because of the pedigree of the company, the culture of the company, so it is a safe place to work, good place to work. And we are giving growth promotions people are getting promoted just for the sake just for the perspective. I think in Q2 itself the thing which happened in Q1, I think more than 150 people got promoted, people are just rising through the ranks.

Interviewer: What is the advantage of an employee associating with you from the start of say chief sales, sales that --?

Interviewee: You can the Investor Presentation or the Annual Report, I think it is 20 years - 25 years there are many people who are working. So, I think it is a good mix of experience. And first thing, I have joined the company for the last 2 years manager has joined DMDs have joined.

Interviewer: He was recruited from Canara Bank?

Interviewee: No, I am not. The DMD is not from Canara Bank

Interviewer: Sales guys or branch level employees, how do you assess the productivity in terms of files logins, disbursements made, sanctions?

Interviewee: On the overall employee basis I think the number is here on production as well per staff, average business per branch is Rs. 160 crores per branch and for the sales team it is Rs. 90 lakhs - Rs. 95 lakh per month for sales team so it is four - five files per month.

Interviewer: So, in your entire rate how much have you passed on to our customers?

Interviewee: Till now, in Q1 and Q2 we have passed on 25 basis points, and we are about to pass another 10 basis points. But at that time initially we saw that the rates have held up, and we thought it might start going up. So, we thought it is not practical or wise enough to give the rate cut immediately and after 20 days again ask for the rate hike.

So, we are waiting now but since things are stabilized and we are expecting you know there are diverse views of this, we are expecting another rate cut in December, if that happens we will pass another 10 basis points.

Interviewer: So, in the entire rate cut cycle we are about to pass on let us say 25 basis points, across the cycle. But when you see what your peers have been doing, I am not talking about the large private banks. But the peers in which you are competing with let us say Bajaj or LIC or how much they have passed?

Interviewee: I think we have passed it entirely, I do not know how much they have passed. Because see our borrowing is 50% is only, 55% only is term loan, so we have to pass on the rate to that extent in that proportion only. But everything cannot be --

Interviewer: Trying to get a sense that have you become more competitive or are we less competitive within our peer set, in case if you have got a sense on that?

Interviewee: No, we are competitive because of our borrowing lower borrowing cost. And our rates are already from the inception it is different. For LIC housing finance lowest rate is 7.5% ours is 8.5%. So, thereby, you will not be able to compare with that how many bids I have passed. From what we have offered them, after that how much benefit we are passing on to them because our bids are there with us. I hope, I am --

Interviewer: Yes. Exactly, so in that context only when your margins are already at let us say 4% and you are giving guidance of 3.75%, we understand the fact that some product book will get annual receipts from let us say yearly basis to costly basis. So, you will be able to retain a lot in this cycle. Is the 3.75% a bit conservative internally are we working with some higher number?

Interviewee: No. 3.75% is definitely conservative we can achieve more. But keeping in mind, the rates will increase, right. The borrowing cost might increase in the upcoming scenario we have to borrow NCDs also, so that will be certainly priced at a higher rate and 59% of portfolio is in annual receipts. So, gradually, every month they will come on a rolling basis, we have to pass on that benefit to them.

So, there is a lag. We have got the benefit earlier, now it is time to pass on the benefit to every quarter 15% person will automatically even if they do not come or even if they do not agree to a quarterly set, automatically they will come to some of the customers will come in annual receipts part because it is a rolling thing, it is not all at once that everything will come.

So, thereby, some set off will happen here that we are getting some less quarter borrowing, passing on the benefits, so all those adjusted, it will be 2% and 3%

Interviewer: So, the disbursal target for FY '26 and FY '27?

Interviewee: Disbursal targets of FY '26 is Rs. 10,500 crores out of which Rs. 4,500 crores we have achieved, Rs. 6,000 crores we will be doing in H2. And for FY '27 it will be 20% disbursal growth, so you can add it up, 20% why I am saying because 4% will beat you out, so you have to achieve 16% AUM growth.

Interviewer: Sir, in Telangana where many properties financed by us were demolished

Interviewee: No, it is not it is not like that.

Interviewer: Those are not demolished, our customer properties, they are not demolished.

Interviewer: Sir, you want to increase the pie of non-housing loans, so what steps you have been taking?

Interviewee: We are going mostly to construction, self-employed construction loans. So, because the self-employed construction loans can be classified as non-housing loans this is a very grey area where many of our competitors play with, even though they qualify that as --

Interviewer: Self-employed is more MSA, right?

Interviewee: Yes. ITR based they have income proof based self-employed.

Interviewer: How is it progressing?

Interviewer: Sir, what is the ticket size on this?

Interviewee: Ticket size will be around Rs. 25 lakhs only and if it is a pure normal construction loan, it will be Rs. 10 lakhs - Rs.15 lakhs depending on the --

Interviewer: Construction is a whole construction loan?

Interviewee: Yes.

Interviewer: It is like that no, just so we know?

Interviewee: No, it's like, it is plot plus construction okay.

Interviewer: Housing construction.

Interviewee: Housing construction, yes.

Interviewer: Have you given a guidance for cost to income for FY '27?

Interviewee: Yes, so as of now it is, for this year it is 18.55% and for FY '27 we are giving guidance of 19.5%.

- Management:** 19.5 was for next year.
- Interviewee:** Because we will be absorbing the IT cost starting April '26. The IT transformation cost some part is OPEX and like Rs. 100 crores, total cost is around Rs. 300 crores, out of which Rs. 100 crores is CAPEX and Rs. 200 crores is OPEX, so that Rs. 200 crores will be accrued over 5 years and Rs. 100 crores deficit will come so it will add up to around say Rs. 40 crores per year so thereby increasing our cost to income to from 18.55% to 19.5%.
- Interviewer:** This will be a lower end of AUM growth, 15%. 19.5% is on the basis of the assumption that we brought the lower end of --
- Interviewee:** Right. 19.5% also is only after taking into this downsides after the IT implementation there will be release of resources, enhanced productivity enhanced efficiency, all those benefits will be an upside which we have not quantified while giving this.
- Interviewer:** So, your tenure of the book will increase if you disburse Rs. 10,500 crores and grow the AUM by 11%. Back of the envelope calculation that I did, it looks like your tenure will actually increase in FY '26 you are disbursing Rs. 10,500 crores and you are growing the AUM by Rs. 7 odd crores on a year-on-year basis.
- Interviewee:** Actually, I did not get how it is being computed.
- Interviewer:** The computation is simple, you are targeting 11% AUM growth that works out to Rs. 45,860. Last year your AUM was Rs. 38,217 crores, so that Rs. 7,640 crores is the AUM growth that you are looking for the year, year-on-year while you are disbursing Rs. 10,500 crores. So, that works out to, disburses to AUM ratio of about 70% to 73% typically it should be between 65% - 67% for housing finance because they are longer tenure product. But this shows that it will be much higher with reference to tenure, is it correct?
- Interviewee:** I am still not getting it, how the tenure is coming to, let us say, so it's Rs. 38,700 crores and 11% AUM growth.
- Interviewer:** Let me tell you something, this ratio has been developed by me only just to understand the tenure of the product. So, for auto finances it will be 33% for micro finances it will be 15% - 18% housing it has to be 65% - 67% looking at the --
- Interviewee:** I think you have to shatter in the BT-outs there, so that you have to adjust, because right now --
- Interviewer:** But you just gave me the disburses AUM growth rate, I am just calculating based on that. I am not calculating anything else.
- Interviewee:** So, I am saying that the tenure formula which you have derived out may be getting impacted by the BT-out, so what we are not shattering here in is the BT-out.

Interviewer: BT-out, you have given me the AUM target, am I right? Rs. 38,217 crores was your AUM last year FY '25, that will grow by 11% is what you said

Interviewee: 10% to 11%, okay, 100%.

Interviewer: Rs. 45,860 crores is what I am getting on 11%. 42 sorry 42, 42, 421 minus Rs. 38,217 crores divided by 10,500 then it is very low 40% only, so you are looking at a higher runoff then?

Interviewee: That is what I am saying, BT-out is --

Interviewer: Okay, BT-out is high. Okay, my bad.

Interviewee: You share the formula with all of us.

Interviewer: Just to see how the tenure of the book is performing if you are disbursing --

Interviewee: Imitation of duration.

Interviewer: Yes. It also helps in duration, if the ratio is calling that means the book is running off faster. And if the ratio is increasing that means at times even in CV financing for Chola I have seen the ratio run up to 51% - 55% when the repayments were only interest and there was no repayment on principal, the AUM growth was faster so I have seen that kind of scenario and that is why I am just --

Interviewee: No, it is a good way to look at things so we will also see that, monitor it.

Interviewer: I am done.

Interviewee: Any more questions?

Interviewer: No, sir.

Interviewee: Thank you so much.

Interviewer: Thank you sir.