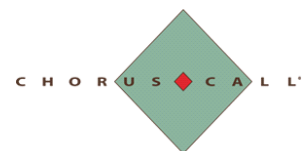




“Can Fin Homes Limited

July 27, 2026



Management: Yes. You can start the recording.

Questioner: Okay. So, I mean, broadly, I mean, how is April panning out for you? I mean, if you can highlight the business trends. So, what we have seen is that, I mean, on the disbursement side, we have shown an uptick, I mean, as we were sort of guiding, right? But when we look at the loan growth, that has not improved materially as to what we were sort of anticipating, right? Because of, obviously, the repayments being higher.

So, from a company's point of view, disbursements are important, but at the end of the day, I mean, loan growth is obviously what stays on your balance sheet and which further accretes. So, how should we look at both, I mean, disbursements and loan growth?

Management: See, I'll tell you, the disbursements and loan growth, if you look at it, there is always a lag in the AUM. Because if the disbursements have been good this year, the AUM will eventually also rise in the coming years. That's how it is. And same way, when it comes down also, I mean, 1 bad year in disbursements will not impact the AUM. But 2 bad years and then it'll start to show. So, that's how it always comes with a lag.

So, AUM will come, that's not a thing. But what is important is that the disbursement thing is back and we are now on a positive thing. So, from here, if we are looking at about INR13,000 crores, then next year the AUM will go to pick up to 14% to 15%. Okay? And again, next year after that, if we continue with the same 20% plus kind of a disbursement growth, again, the AUM will further improve from 14% to maybe 15%, 16% or something.

Questioner: So, this 14% to 15% is for FY26?

Management: We are talking about, Yes, 14% to 15% for FY27.

Questioner: For FY27?

Management: Yes.

Questioner: Okay.

Management: Because see, we are expecting a INR13,000 crores disbursement this year.

Questioner: Okay.

Management: That means, current year we've got INR6,500 odd crores of BT-out, prepayments, part prepayments, amortization, everything has been about INR6,500. Next year, even if we consider INR7,000, you know, slightly in the same trend kind of a thing, then net accretion to the book will be around INR6,000 crores on a INR42,000 crores book. So, it'll be around 14% to 15% -- 14%.

Questioner: Right. This is considering what repayment rate?

- Management:** For the entire year, about INR7,000 crores if it is a run-down, including part prepayments, full prepayments, BT-out, and amortization.
- Questioner:** Okay, perfect. But our repayment rates have been relatively higher towards the end of the year?
- Management:** This year it was not the case. In fact, as we had pointed out, at the end of the first quarter last year, it was okay. It was in line with what we had anticipated. Second quarter, it slightly spiked up. And when we analyzed that, we realized that, that was one of the major reasons in the second -- at the end of the third quarter when we saw it was that -- it was because of the annual amortization cases.
- Because, you know, in quarterly reset cases, I mean, annual reset cases, there was a lag in the transmission of the rates. Although we had reduced our rates from benchmark rates from 9.6% to 9.1%, the transmission to the annual reset customers was slower. So, there, there was a higher concern and customers were moving out. And 80% of our prepayments were in the annual reset cases.
- Questioner:** Okay.
- Management:** So, therefore, we changed the policy. We went ahead, we aggressively followed up and converted them. You'll see a sharp change coming in Q4 in terms of the annual to quarterly reset, there has been a big jump. So, that, we could communicate to them properly and say that, this is what it is. Therefore, it's not that we are not passing on the rate, but it is because you are on an annual reset, you have an option without any charges, you can move to quarterly reset. And that we aggressively followed up.
- Customers also opted for it and that's how now in Q4, we were able to slightly hold back the prepayments. So, normally Q4, you are right, there is a spike compared to Q3 in terms of prepayments, but this time we didn't see any spike. It was INR16.91 crores in Q3. In Q4, it was INR17.30. There was a marginal increase. In terms of percentage, actually, it has come down in Q4 compared to Q3.
- Questioner:** But in now in FY27, we don't -- I mean, so now what percentage of our loan book is yet to be...
- Management:** It's less than 15%. It's around 15 odd percent.
- Questioner:** Less than 15%. We got it. So now, I mean, how should we look at the disbursement growth? I mean, what is our incremental strategy for this year?
- Management:** So, incremental strategy means, we already have the basic pillars in place. Like, you know, mainly our growth and everything we were looking at 2, 3 things. One was the geographical expansion, which is a proven thing. Last 3 years, we opened 54 net branches. And this year, we are targeting around 28 additional branches, which will all get opened in the first half of the year. So, that will give one level of growth.

Last year, if you see, the new branches have contributed almost all the branches opened after 2023, I'm saying, March 2023, have contributed close to INR820 odd crores of business has come from the new branches. So, that is definitely something which is helping.

This year, we'll be opening 28 branches plus some of the branches which we opened last year and all are yet to reach their optimum level. So, there some growth will come. So, we are looking at INR1,200 to INR1,400 kind of a total disbursement coming from the new branches which are opened after 2023 in this year, okay, as compared to INR820 odd in FY26.

The second part of the strategy is the shift to our having an additional sales team. Now, sales team is an end-to-end sales team. So, the sales team last year has again contributed INR868 crores, which is the year before that was almost INR184 for the full year. So, that way also, if you look at it, you know, the sales team has now kind of getting established. Now, we are expanding it.

This year, we had about, you know, we started off with 37 people, ended up with around 82 people. And peak time also, when all set and done, was around 90. This year, we are looking to increase it to 150. And next year, that INR868 or whatever crores we are talking about is likely to cross INR1,500 crores. So, next year, these two major aspects are going to help.

The third thing which will help now is once our IT transformation project is over, we will be able to do some digital onboarding. Digital sourcing also will increase, which has been something which we have not done until now. Because our systems and all were not ready for it. So, this IT transformation will enable us to start a third additional lever also, which will be the digital onboarding and digital sales.

So, these are the three major things. But for FY27, if I have to tell you, our new branch, which has contributed about INR820 odd crores in this year, will contribute to more than INR1,200 to up to INR1,400 crores is what we are looking at from the new branches. The second is the sales team, which has contributed INR868 crores, should do more than INR1,500 crores this year.

So, almost INR1,500 to INR1,600, INR1,700 crores kind of a, INR1,500 crores kind of a additional business will come only from these two channels. And the existing branches which are already there prior to 2023, those branches anyway will also continue to grow a little. Those branches have done about INR8,900 crores in this year. INR10,500 minus 820 minus 868, approximately it's around INR8,900 crores. INR8,900 crores will do about INR10,000. And another INR3,000 will come from here.

Questioner:

And so IT project implementation will happen this quarter? It has started?

Management:

I mean, our unit testing is over. All the deliveries almost have come, barring 1 or 2 which are not very, very external, nothing to do with the core activity. The unit testing is over, functional testing is going on, migration simultaneously is going on, and that also is almost under control. So, by June, we will be implementing in our pilot branches, 6 branches we will be implementing.

Questioner:

How many?

Management: Six branches.

Questioner: Six branches.

Management: Six pilot branches we will be implementing and it will happen. Along with the training, along with everything, it will happen.

Questioner: Okay. So, we are going slow in terms of implementation to not disrupt really?

Management: No, I wouldn't say that entirely. It is not only because of the disruption. It is also because there has been delays. I mean, obviously, every other aspect of the project, including the infrastructure, the security, and the non-LOS-LMS have happened on time.

But this one, there has also been some spillover. The level of customization is more than what we had originally started anticipating as per the vendor. And even in terms of the, you know, their deliveries from the vendor side have been a little delayed for whatever reason. So, that has also impacted.

But yes, when it came to closer to Q4 end, we also felt it's better to move it to Q1 of next year. That is also there. But now, in fact, it is such that all the deliveries have come. We are doing the testing, unit testing is over, functional testing and migration is going on.

Questioner: Got it. So, by June, we will be implementing in our six branches, pilot runs, and across ...

Management: Once it goes well, then we'll go across to other branches.

Questioner: Got it. Right. Sir, and if you can just speak about the competition on the ground. How is the competition looking like? I mean, and do you foresee, I mean, which segment you think will growing for us? I mean, the housing piece or the LAP piece?

Management: LAP, we have about enough, close to 10%. And I think, you know, we would prefer to keep it around that. Last year, we had to increase LAP also because in Karnataka, we were not having that E-khata permission for some time. Particularly, Gram Panchayat areas have still not moved to E-khata. There are still delays and all.

So, 40% of our business used to come from Gram Panchayat areas. So, there, obviously, we had to cover up for those, that business from elsewhere. So, LAP has helped. So, this year, of course, now that E-khata have become a little more faster and at least corporation, there we are also getting much better hold. I think, we will kind of stabilize around this. I don't think we will do too much of LAP.

Although, yes, that is something which last year we did in Karnataka. We have analyzed internally also. Other than Karnataka, every other place, our housing has also grown and it's not like that.

Questioner: Got it. So, and sir, in terms of BT-out rates, I mean, nothing we should be -- I mean, any spike in this year?

Management: I think now this level of almost 4% to 4.25% per in every quarter, which is about 17% for the year. I think that is now kind of, I think, the new norm. We were earlier working at around 14%, 15%, now it is 17% and that's what it is.

Questioner: Got it. So, largely our loan growth will be driven, I mean, with the balance between home loans and LAP. I mean, LAP share should not go above 10%. That is -- LAP would be generally yield accretive for us?

Management: It is. Yes. LAP is yield accretive.

Questioner: What would be the yield differential?

Management: Yield differential will be -- see, we are charging as a LAP is non-housing and there we are not offering that special even for high CIBIL customers. So, roughly I would say, the yield would be LAP somewhere around 10.5 -- around 10 to 10.5.

Questioner: Got it. So, a yield differential would be close to about 150 odd basis points?

Management: 120 basis points.

Questioner: 120 odd basis points. Okay.

Management: 9.1% is the rough benchmark rate.

Questioner: Sir, then, see, I mean, this year has been extremely good in terms of our spreads, maintaining our spread, right? I mean, we have maintained our spread like more. So, how do you see your spreads going forward? And do you see some pressure on our spreads?

Management: See, we have, of course, this year we have benefited some from the lag impact of -- so I'm saying, this year we had a slight benefit from the lag in the annual reset case where we got the benefit on the liability side, but we were able to -- but when we have passed on also, we ensured that at least a 2.8% spread is maintained.

Because that is what we have given in our additional table also that we have shown in our presentation. That as of 1st of April, after giving the full impact of our annual reset to quarterly reset plus whatever January rate cut that we passed on, for that also some portion would have come in January, some in February, some in March, and a little bit in April the rate cut.

So, after giving that in fact also, you see our opening spread will be around 2.8%. So, we will maintain above that. And our guidance was originally last year when we began was 2.5%. We increased it to 2.75% after we experienced this thing. And now we are maintaining it at 2.75%, although opening is 2.8%. And today incrementally if you see, my incremental yield is around 9.82%. But if you look at my cost of funds, it is 6.99%.

Incrementally today, whatever we have borrowed, like we have unutilized bank loan sanctions, whatever we are drawing is at 7% or below. We also have a CP which we raised during the quarter and CP rates have obviously come down compared to Q4 of last year. So, now the CP rates are also at around 6 -- we actually raised at 6.45%. Okay? So, incremental borrowing

whatever we are doing, it is at below 7%, 7% or below. So, there is no way, no reason for us to experience any increase also in that. So, I'm sure, you know, Q1 end...

Questioner: Even in the month of April...

Management: In April, we raised 6.45% CP. Even in April, whatever new sanctions we are talking to banks, we are talking about 7% and below.

Questioner: 7% and below.

Management: Yes.

Questioner: That would be specific to maybe prime housing NBFCs.

Management: That rate you're talking about.

Questioner: Yes. Because quite a few NBFCs, I mean, including, I mean, when we talk of 14 or 18, they have been calling out that there's been like 20, 25 basis points of uptick in their cost of funds on an incremental basis. So, they are not pretty much going out to banks.

Management: See, actually, that is also a function of how much is linked to MCLR and how much is linked to repo. In our case, since it is linked to repo, we got the full benefit of that 125 basis points. And now, obviously, if my existing loans are at say 7% or 6.95% or 6.8%, the new loans also I would expect at the same rate from the bank's side. For wherever the people have had MCLR-linked loans, yes, there the rates I think have been increased by banks. So, that would have been translated for them also.

Questioner: Got it. And incremental yields would be around 9.82%?

Management: Yes. 9.82%. We are absolutely matched in terms of our yield.

Questioner: So, Piramal Housing and all are, I mean, are they offering lower rates? I mean, how's the on-ground situation? I mean, because they are...

Management: I guess, you know, the NBFCs has simply done a good job in terms of their disbursements. Now, they have been quite aggressive.

Questioner: They have been quite aggressive. I mean, like-to-like basis, they would be lower by what, like 30, 40 basis versus...

Management: In terms of rates? So, they have three layers. I mean, they have this affordable piece also.

Questioner: Yes. I mean, X of emerging and affordable on the prime side.

Management: On the prime, yes, they have been giving good rates. Or rather, I would say good rates and good, you know, they have a lot of corporate DSAs, so they also pay out some higher -- yes, they have been doing.

Questioner: Sir, and on the sourcing side, do we anticipate any changes in our strategy? I mean...

Management: In terms of what?

Questioner: In terms of I mean, being a little aggressive with DSAs or I mean, our strategy continues to reduce the share of DSA?

Management: We want to reduce the share of DSA. It's not in absolute terms, but in percentage terms. Means basically our own sales, own sourcing, as well as our digital, which will start, will actually increase. So, basically, the percentage-wise it'll come down.

Questioner: And how will this digital sourcing, I mean, change our TAT in terms of time or kind of productivity for the branches?

Management: See, productivity will definitely have an impact. It'll improve. Because all the things are available online and there are now. There is a possibility of also, you know, doing what, you know, AI, opportunities of AI in terms of follow-ups, in terms of chatbot doing the follow-up, integrating with our WhatsApp messaging and all. And all those things we have implemented.

So, now with the IT, at least the technology side that has been implemented, now we have also integrated our WhatsApp messenger. We are also doing, exploring AI opportunities where we can do some tele from chatbot calling. So, all those things, auto-generated forms, forms which get self-filling forms and all. So, those things we are exploring.

Questioner: So, in terms of TAT, how do you see your TAT coming down or not much change?

Management: See, in case of a, frankly speaking, in case of a DSA-sourced business, the entire file comes ready-made to you. Okay? Now, when a source of non-DSA also increases, so obviously that TAT is going to be a little higher because there, you know, we will have to do all the work, we have to do it.

And in case of a DSA, whatever work would have been done would have been prior to file coming to us. So, here to that extent, that will be offset. So, overall, if you look at it, probably before and after it may not make a big difference. But at least what I would say is today what we are doing, compared to that, if we were to, I mean, if we were doing say 100 cases earlier annually, now with the same people we'll be able to do about 150 odd cases annually.

Questioner: Got it. And sir, overall customers on the LAP side?

Management: It's both. I mean, there is no difference in the mix in terms of salaried or self-employed. Salaried customers also are coming for LAP because there is a good scope for additional construction, repair, housing.

Questioner: But on self-employed side, it is for business purpose?

Management: Yes. It is. LAP is basically for consumption. It could be for anything. We are capturing the end use, but it is for anything. They are going for consumption also, they are going for business income generation also. Both are there.

- Questioner:** Got it. And sir, see, I mean, our credit costs have been fairly negligible, right? So, has there been any impact of the awarding on the LAP side? I mean, are you seeing any -- do we anticipate any stress on the LAP side? How should we look at that?
- Management:** Not yet. We have not seen anything.
- Questioner:** In terms of bounce rates.
- Management:** We have not seen any. Even April, for that matter. In fact, normally, if you look at the past track, the Q1 NPA as well as the delinquency slightly goes up every year. After March, obviously, you know, push everything and then April always it bounces back.
- This year, our increase in delinquency as well as our increase in NPA in April 2026 compared to March has been much lower than the increase that we witnessed in April 2025 compared to March 2025 or April 2024 compared to March 2024. It has been lower. The increase in both delinquency as well as the increase in the -- so the roll forward has been much lower in April 2026 compared to April 2025.
- Questioner:** Which is actually a bit counter-intuitive because yesterday Aavas was also on their call was saying the same thing that their uptick in April is lower than last year's uptick in April and similarly two years back. So, that is the case, I mean, which is contrary to what we were expecting for the industry because things have disrupted on ground.
- Management:** Aavas, yes.
- Questioner:** Yes, Aavas. And sir, any plans to do affordable?
- Management:** See, we do have a product, but as of now, I don't think the market is also growing at that level. Today, the affordable segment is growing at below 10%. It's a single-digit growth. Okay? And that is the data you will, that will be reflected in any of the CICs or existing data.
- So, today, I mean, I don't think that is there. Plus, we have still not developed the team capabilities, the DNA to actually be able to handle those cases. I think it'll take a while. Although I think, going forward, if our NIMs or if our ROAs or everything have to go up, I think that is the only way out. We have to start looking at high-yielding products because we've almost kind of reached the self-employed target that we have set, the board has set by 28%. We are at 28% already.
- In terms of non-housing also, we are very close. In fact, we said we'll go to 65, we are almost at there. So, I think by this -- so there is very little further scope if, you know, going forward, maybe FY27 we can look at it, but beyond that, yes, there may, we may have to look at something if we have to further work on our improving our ROA.
- Questioner:** Sir, I mean, just if I look at our loan book size, right? I mean, given the absolute size of our loan book, the pace of growth seems relatively much lower versus peers being like much higher. I mean, at that kind of base, it still is, I mean, we would still believe that, I mean, growth can be a challenge.

But for Can Fin, I mean, from the time I have been tracking this company, I am always used to seeing that, I mean, why at such a low base is that a problem? I mean -- and sir, I mean, in terms of employee culture, has anything changed after you have taken over the last 1 to 2 years? Have things changed in terms of employee culture?

Management:

Obviously, there have been a lot of changes on the ground. No doubt about it. As per the growth that you're talking about, I agree. In fact, we also would have loved a 15% to 17%. Okay? And we had two bad years, no doubt about it. 2023, 2024, we had that fraud and we had to slow down, we had to change track, we had to first focus on strengthening our internal processes, controls, and everything.

So, we did spend about 2 years on that. And that has had an impact on our AUM growth because our disbursement growth was lower. And now that the disbursement has picked up and we see a good amount of -- the possibilities for further growth and consistency in the growth levels in terms of disbursement, I think the AUM growth will start picking up as we move forward. As I said earlier also, it comes with a lag.

So, from a bottom of about 8% or 9%, we have reached to 10.5%. Next year, we are looking at around 14% AUM growth. And the year after that, with a consistent 20% plus disbursement growth, I'm sure the AUM growth will touch in FY28 somewhere around 15% plus kind of a AUM growth. And that I think would be satisfactory because today the industry is doing about 11% to 12%.

So, I think, you know, 2% to 3% above that, I think we would be very satisfied. I don't think we would like to run at a pace which is very much different from the industry pace, because then it means then we are taking some risk which we have probably not reflected now, will probably show up at a later stage. So, we don't want to have that kind of a high growth rate which is not in line with the industry. Okay?

But so that is one case. And I think, in another year or so, you will start seeing the growth rates also picking up because the disbursement growth are now at a 20% plus. This year also we did 23% disbursement growth over last year. Next year also what we are projecting is around 20% plus growth because 13,000 over 10,500 will also be more than 20%.

So, next year also we are projecting a 20% plus disbursement growth. So, therefore, the AUM growth will start picking up. That is one thing. As regard the culture part of it, see, post this incident of July 2023, this fraud that had happened, you know, in terms of compliance, in terms of, I mean, if you see our punchline itself is now Reinforce, Rebuild, and Reach higher. So, the whole purpose was let's rebuild, reinforce the whole assurance function.

So, a lot of importance has been given to all the assurance functions, be it compliance, risk, internal audit, legal, okay, and operations. All of them we have really tightened. All the aspects we have done a tightening. And there have been a lot of process changes which have happened. 2, we have brought in a lot of technology. So, now for the, you know, in terms of the TAT, in terms of the way, the system is, is geared to take, to protect the onboarding and ring-fence some of the bad lending and all, all those things have been and also done.

The third thing we've done is in terms of the employee mentality is that we have brought in things like the ESOP. More incentive linked to the performance-linked incentives and performance management systems, including ESOP, have been brought in. So, that is also bringing in a lot of change in the culture and that is there. Plus, the another thing that we have done is, you know, we also had a last year in FY26, I'm talking about, in May or something of 2025 we did it, there was a sizable salary increment that was also given. And we did a benchmarking of the employee payout.

So, that was also compensation benchmark. We did an exercise. Based on that, we have done a correction there also. So that means we are now in a position to also attract good lateral talent also. So, I think, if you look at it on the ground, I think these are the 4 things I can talk about in terms of the change in culture.

Questioner: Got it. And sir, how should we look at the salary, I mean, wage cost growth?

Management: See, up to the level of chief manager, I think we still are very much better off compared to the competition. Because today, our entry-level salary is around INR38,000, INR37,000, INR38,000 for entry-level salary. That's definitely much better than the entry-level salaries at most other places. Okay?

Same way, if you slightly keep going up also, the salaries are very, very comparable. Yes, to the top, maybe CEO minus 2 or CEO minus 3 levels, then it becomes, because, you know, basically it is more of a regular salary kind of a thing, whereas beyond a point after a say for a chief manager level or something, in competition it becomes, you know, it increases substantially.

Questioner: Okay.

Management: That sudden spurt and increase that is there, so the graph moves like this, whereas in our case, it's more like this. So, therefore, you know, CEO minus 2, CEO minus 3 levels, yes, there is a little, I would say, little too high disparity in the thing. But up to that level, definitely we can say, we are very comparable or better off than others.

Like for example, a person with a 10-year experience in the industry would be at the level of -- in our case probably a manager or senior manager. Okay? They would be getting about INR20 lakh package, which a 10-year person -- a person with a 10-year experience in industry probably will be at a lower level.

Questioner: Got it. And sir, what are -- I mean, what's happening in the Telangana region?

Management: Telangana this year should start picking up. We were anticipating that last year itself it will be there. But, you know, we not only was the market, but we also had to make changes internally in terms of the team, in terms of the leadership in Telangana. So, it was a little delayed. So, we ended up almost flat in Telangana last year.

But if you look at the second half of the year, it has been a definite positive and consistently now we are doing around 100 plus in terms of disbursement per month in Telangana. So, definitely this year from day one, we will be in a positive mode in Telangana as well.

Andhra Pradesh, in fact, that I would say is a state where we are looking very positively. Okay? I know from where you're coming that, you know, some of the other players have highlighted some challenges in terms of delinquency, but in our case, it is not a big concern for us in Andhra Pradesh.

And the amount of investment that we are seeing in the state, the growth that we are seeing in the state, I think, we are -- we feel this state which will do well, Andhra Pradesh. Because the GCCs, the investment that are coming in GCCs, the number of airports that have come up, the growth that is happening across the state rather than specific to a 1 or 2 places. It's not only a Vijayawada or a Visakhapatnam which is growing.

Even Nellore is growing, even Rajahmundry is growing, even Tirupati is growing, even Ongole is growing, even Vizag is growing. So, every place across the state, you can easily spot 12, 15 locations where growth is happening. Unlike Hyderabad alone which is growing in entire Telangana or maximum growth happening in and around Bangalore. Okay?

So, unlike that, I think, Andhra Pradesh is a state which is doing all-round development and very dynamic government also. So, I think that is the state we at least are positive about. In fact, last year also we opened branches, this year also we are looking at I think five branches in Uttar Pradesh.

Questioner: Okay. Got it. And sir, internally -- sorry, sir, just one thing, what is -- what would be the percentage of fixed versus floating now in terms of our liabilities and loan book?

Management: See, in terms of our liabilities, 62% of our liabilities is bank. Okay, which is entirely floating. Okay? Either linked to repo or linked to T-Bill. Then we have about 2% which is CP, which also you can say is floating because it is a 90-day CP, so anyway 90 days it'll get reset and repriced anyway.

NHB is about 17%. Out of that, 50% at least is floating, because there is a AHF component which is not and there is a regular refinance which is floating. We've gone mostly for floating only. So, I would say 50% of that is also floating. So, 62% plus 2%, 64% plus about 9% of NHB refinance, that is, you know, 73%. 73% is purely floating. NCDs are fixed, which is about another 15%. Deposits are fixed, 1% that is also fixed, so that is 16%. And then the 50% of NHB which is another 9%.

Questioner: So 73% is floating.

Management: Yes.

Questioner: Okay. And on the asset side?

Management: 100% floating. Marginally less than 1% is there, staff loans.

Questioner: The last would be...

Management: Floating. But we have some small staff loans and all which are fixed, which is like less than 1%.

Questioner: Got it. And sir, just one thing, I mean, given that our growth has been relatively lower versus our ROEs, I mean, so any plans to increase our payout ratios?

Management: Dividend payout ratio.

Questioner: Yes.

Management: No, I think 20% is what we had said. Earlier it was very, very low. It was just about 7%, 8% in 2023. We slowly increased it to...

Questioner: Still, the ROEs which we are generating are like much higher, right?

Management: Yes, but, but I believe, you know, this gives us a runway for the next 3 years because the next 3 years definitely our growth will pick up and it'll be 15% to 17%. Today, if you look at it, our ROE is around 18%. Net accretion would be 15% net of the 20% payout. So, if you look at it in a year or so, we should actually keep reaching that limit. So, we will slowly start having that.

Questioner: Sir, any risk you foresee to that 18% ROEs?

Management: I guess there are -- as I said, we had to increase our -- we have to increase our spreads a little more, maybe we will have to look at some products. As I said earlier also, in a year or 2, we will have to start looking at something where we can look at the affordable products or something where we can increase our spreads a little.

Questioner: Only affordable? I mean, or even increase the share of LAP?

Management: LAP and all, yes, it is there. I'm not saying no. We are already at 10%.

Questioner: We will not take it beyond 10%, right?

Management: No, we have set 80-20. 80% would be our housing and 20% will be non-housing. Out of that, we have LAP as 10%. We have a top-up loan which is I think around 6%. And then -- in plot loans and all is another 5% or so. So, we have about 2% or 3% additional scope where we can increase and still be within our...

Questioner: Top-up would anyway be at the rate of housing loan, right?

Management: Top-up also is slightly higher.

Questioner: Okay.

Management: So, we have 2%, 3% scope to increase our LAP. That's about it. Not more than that because otherwise we will be reaching that 80-20 limit.

Questioner: 2%, 3%, which means like 3, 4 basis points addition to our non-housing book. So, Yes, I mean, which is what we would also kind of understand that, I mean, 18% is a high number. So, is there a risk to that number beyond a point?

Because prime housing is like very, very extremely competitive. Until now, banks were not able to grow that much because of liability constraints. Now, once the deposit growth picks up, mortgage is one thing which is where banks will again start being very aggressive.

Management: So, we will have to look at that. Otherwise, you know, in terms of credit costs and the opex, we already have a very benign credit cost.

Questioner: Yes, I mean, on credit -- so if I look at the ROA tree, I mean, on credit cost, I don't think there is like any scope because we are almost at zero, almost zero credit cost, right? On opex front, I guess we will make some investments. So, there will be an uptick.

Management: We have. For that is for one year, there will be a slight impact, which we'll have to offset. So, this 2%, 3% will probably help us in offsetting that kind of a impact.

Questioner: Sir, so how should we track our opex ratio moving in FY27, 2028?

Management: See, about INR40 additional crores would be the net incremental cost because of the IT transformation. Rest, of course, there would be some natural increase because of the staffing, additional staffing, expansion in branches and all those kind of things. But I guess the major component of increase in opex would be the IT expense, which we have already highlighted would be around net INR40 crores additional.

Questioner: This INR40 crores would be recurring?

Management: It would be recurring.

Questioner: Okay.

Management: But the impact first would be highest in the first year. Thereafter, a little bit will ease out because the book will grow. The 40 will be static, but the book will grow.

Questioner: Got it. Sir, and ESOPs are given up to what level?

Management: Chief manager and above we are giving.

Questioner: Chief manager and above.

Management: That's about, you know, chief manager, then we have the assistant vice president, vice president, president. So, four levels, top four levels below the MD & CEO kind of a thing.

Questioner: And any attrition in our N minus 2 -- N minus 1, N minus 3 levels? In any of the geographies or in...

Management: No, we've not seen at least in the chief manager and above level. I think 1 or 2 maybe could have gone, but I think otherwise it's quite stable. At least we've not seen the last 2 years.

Questioner: People have joined back actually from earlier who had gone.

Management: No, that's okay. But, okay. One or two, that's okay, it happens. But by and large its not the major. Last 2 years, we've not seen any major impact. Could have been 1 or 2. There have been a couple of people who have retired. We had one in September. We had two in March, not December, we had two.

So, there have been some who have been retiring, yes, in the next 1 or 2 years also, we have some senior positions who will be retiring. We will be having, within a year's time, we will be having three people in the -- four people rather. Four people.

Questioner: Which geographies?

Management: Mostly in head office.

Questioner: Okay.

Management: Because actually, you know, once they become that level of assistant vice president and all, they normally would be in head office only.

Questioner: Got it. Sir, what was the disbursement in April?

Management: April, we've done more than INR700 crores.

Questioner: More than INR700 crores. Okay. Perfect. How's the investor feedback, I mean, on the investor front and your interaction?

Management: By and large, you know, we have...

Questioner: Any concerns.

Management: Concerns I think, you know, BT has been a area which people have been talking about because that was one area we could not meet the, the guidance that we had given. In terms of disbursement, INR10,500. In terms of spreads, we maintained that ROA, ROE, profitability, there was no issue.

AUM growth mainly because of the prepayment was one area which report. So that is one concern. I think the second concern, which I think is also rightly there, is about the regulatory changes. Because there have been some regulatory tightening from -- so I think that is the another area which people have been worried about.

But I think, i don't know, I mean, the thing is, you know, at least we are trying to -- I don't know what is their thinking, but at least the general kind of queries that are coming are mainly on these areas. And what we've been telling is that, you know, by and large, we had a strategy. It is working. It is still work in progress because we still have to implement that IT, which is one area.

Our sales team has definitely shown traction and is definitely on the positive side. We are very confident about it. But again, it is still a work in progress because it has to eventually result in a

-- you know, I guess. But the last one year, on a consistent basis, we have in terms of disbursement, delivered, that is I think that positive.

Questioner: Sir, in terms of regulatory tightening, are you talking about the overlapping business with the parent bank?

Management: No, no. There are other areas like valuation increase, BT and takeovers, which by offering top-ups and increasing the valuation, that is one. The PBC criteria which came. You know, mis-selling of insurance and the incomes from insurance being very, very high. Okay? Then transmission of interest rates not happening.

So, these are some of the areas where, where the regulators -- even classification of loans, housing, non-housing, that is -- so these are the areas where the regulators -- plus impact on, for some, there's been an impact on the check realization rather than a check preparation. Basically, these things.

Questioner: Our accounting is on handovers.

Management: Handing over the DD. So, from in our case, there is nothing like, you know, we prepare a check and keep it and then the customer gets it. It's a DD. So, we are incurring the cost from day one. We are impacting the book from handover date. So, by and large, you've seen that, you know, there's not much of a gap.

Questioner: And sir, on this parent bank overlapping business with the subsidiary, so that is now completely out?

Management: That is out because, you know, there was a deadline of 31st March by which time we had to give the confirmation. And there was to be -- in case of bank-sponsored or bank group entities of banks, there was a requirement that the parent bank had to pass a resolution, had to come up with the board on or giving, explaining the justification for having such group entity also doing the same line of business and how there is a minimal overlap of the business.

You can't say there will be zero overlap, but there is minimal overlap or at least there is a conscious attempt to not have an overlap with the business. So, that also has our parent bank has passed and that resolution has been shared and the deadline was 31st March, we have accordingly submitted to RBI.

Questioner: Okay. Got it. And sir, broadly overlap would be, I mean, what proportion?

Management: See, overlap is today if a customer walks to a Canara Bank and says I'm a salaried customer, a salaried customer we also do, Canara also does. Okay? So, you cannot say there is no overlap. Now, if we say, we are doing less than 10 lakhs, so is a Canara also doing because they also have so many rural branches where the ticket sizes are also so low.

So, you can't say that, you know, all those things would be there. But what we do is or how we look at it is, for example, if you look at Canara Bank's account holders, okay? I think 85% plus

of our customers are not having the Canara Bank account, savings bank account. Now, that itself is a -- you can clearly see a segment which otherwise would not have gone to Canara Bank.

And we don't have a thing that we insist that you have to open account with Canara Bank. So, that is one major kind of difference.

Questioner: Got it.

Management: Second thing would be our portfolio is sourced through DSAs, their sourcing is mostly direct. They do have a DSA, but it's much less. That is one thing. Our CIBIL score cutoff is lower than theirs. So, that is also allowing a fairly large chunk of customers to avail loan from us.

Questioner: Got it. So, that concern is like completely addressed. We shouldn't hear back anything.

Management: That is behind us, right?

Questioner: Got it. I mean, for a fairly long time, that had an overhang on our multiples, I guess. But this is helpful, sir. That's it from my side. Thank you so much.