



“Can Fin Homes Limited

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Questioner: So, just to set the tone, let me just have an outlook about how do you see the housing market, which was going through a lull, how do you see the overall housing market and there was a push for affordable housing from the government, which had slowed down in the last two years, how do you see there?

The e-Khata problem, which was there in Karnataka and in some districts in Telangana as well, how is that shaping up, and how do you see the interest rates, because interest rates have clearly bottomed out and they are up on the rise. So, how do you see your borrowing cost margins, and how the growth has been limited to the 12% to 14%, how do you see that in the next three years?

Management: So, first of all, in terms of the market for disbursements and all, I think it's been, except for the affordable where it has been, I think the segment has been quite stable, and there is a consistent demand, we don't see a problem in the demand in any of the geographies except for a little bit in Telangana where it was a little slower for us, but other than that, if you look at our last year performance, north zone and west zone and even east, which mainly is our, for us, Andhra Pradesh, these three zones have done almost 30%, 40% growth, and Tamil Nadu, which is also another large market has also done 30%.

So, the only other two areas were Karnataka and Telangana, where Karnataka also in fact, I would say we are back to a run rate of INR250 crores plus, in the Q4, we did actually INR290 crores run rate in Karnataka, which you can see is mainly the Q4 impact, but otherwise the INR250 crores run rate per month is something, which we have now kind of stabilized, so that I do not see a problem in that.

Karnataka actually in the rural areas, we still have this e-Khata issues, so last year we had to offset it a lot by doing more of LAP in city areas and all, but slowly I think it should settle down, the state government is also now almost trying its level best to where it can sort out the gram panchayat as the last piece of the e-Khata issue for Karnataka.

But in any case, at least Karnataka ended up with a 7% positive over last year. So, last year second half was impacted, this year first half was impacted, so net-net, it was almost the 6%, but we ended up with a 7% positive, and going forward, I think this year in fact, Karnataka should do almost a 15% positive is what I expect in this year.

Questioner: Okay. So, INR3,600 crores disbursement right, for FY26 Karnataka?

Management: FY26 Karnataka, we would have done about state-wise, if I have to look at it, close to INR2,900 crores

Questioner: INR2,900 crores, and you are saying that you have a run rate of INR250 crores as a base number that we should work with.

Management: Yes, yes.

- Questioner:** And INR290 crores, which you have done last month, that is also a very doable number.
- Management:** We can do INR275 crores run rate, INR290 crores to INR300 crores run rate is easily something, which is there. This year we are targeting around the INR3,500 crores plus in terms of disbursement from Karnataka.
- Questioner:** Of the INR13,000 crores, of course.
- Management:** Yes. So, there is more INR3,500 plus coming from Karnataka alone. Telangana, in fact, it was kind of, we had done much higher numbers up to INR160 crores in '21-'22 in a particular year, but I think that has come down.
- Now, we are almost, from the bottom of about, we touched almost INR60 crores, INR65 crores or something we touched at the bottom in a month, but we are now back to INR100 crores plus on a consistent basis. So, last year we were almost kind of a little negative, but almost like, we were about INR50 crores lower than last year by '25 in Telangana.
- This year from day one, I think we will be positive in Telangana, because we are consistently, the performance has been improving. We had to make some changes internally also in the team and all, which has also happened. So, now I think we, from day one, will be positive in Telangana as well. So, this year across all our geographies, we should see a positive coming.
- Not to mention that our sales team also now is kind of picking up and doing well. This year we did almost 80, 90 people. It almost around INR870 crores kind of close to that, kind of, number disbursement. This year we are looking at more than INR1,500 crores coming from the sales team alone. So, that should be one major number from where the growth will come.
- The second thing is this year we are planning another 28 branches also, over and above whatever we opened 54 branches in the last three years. So, that also will bring in some growth. So, as against about 820-odd crores that new branches contributed last year, that is the branches opened after March '23. We are expecting the same branches plus the new branches opening this year to contribute more than INR1,200 crores disbursement. Closer to INR1,400 crores rather is what we are looking at from this set of branches also. So, these are the two major...
- Questioner:** How much was the Telangana disbursement was last year?
- Management:** Last year we did about INR1,147 crores, INR1,150 crores, Yes.
- Questioner:** And this year you are saying...
- Management:** We are already doing INR100 crores plus, we are doing consistently for the last six months. So, we are definitely looking at around INR1,400 crores to INR1,500 crores from Telangana.
- Questioner:** So, roughly INR5,000-odd crores of disbursements can happen from Karnataka and Telangana regions?
- Management:** Yes.

Questioner: Last year, the overall disbursements was how much?

Management: Last year it was INR10,531 crores.

Questioner: So, this we want to improve by...?

Management: We are looking at INR13,000 crores for FY27.

Questioner: And the rest INR7,000 crores would come from?

Management: So, we have North Zone, which is doing almost, even right now as we speak, they are doing about INR150 crores consistently. They are doing the last five, six months, they've been doing INR150 crores. North Zone has contributed about close to INR1,800 crores.

So, as I said, INR150 crores they are consistently doing. We are looking at taking up to much higher than that. So, we should easily do more than INR50 crores from there.

Questioner: From the North part?

Management: From the North Zone. North Zone basically is our Punjab, Haryana, NCR, UP, Uttarakhand.

Questioner: This is roughly INR7,250 crores?

Management: Yes. Then our Tamil Nadu is doing almost INR200 crores, we will be doing consistently. We can touch every month. So, around close to INR2,700 crores what we are looking at from Tamil Nadu.

And then we have West Zone and East Zone. East is doing about close to, you know, last year did about INR80 crores, INR85 crores every month. This year we should do about INR125 crores is what we are targeting every month. And West Zone again is doing about INR150 crores every month.

Questioner: So, West Zone, if you see, is quite well to do in terms of people. So, why is still your disbursement on the lower side as compared to North and the South?

Management: See, we didn't have much of a presence in Gujarat or in Maharashtra also, like, in Bombay, which is a major component, or Pune, we didn't have that many branches also. So, our penetration was actually less. That's why in the last two years, if you see our maximum penetration, we have done in West and North Zone only. So, Rajasthan, where we already had a very stable team, we expanded first. Now, we are expanding a bit in Maharashtra and in Gujarat also.

Questioner: I think Gujarat and Maharashtra will be a home turf.

Management: So, we are expanding.

Questioner: No, no, not company. I think it's your home turf.

Management: Yes. So, that's why we have, if you see now, Maharashtra was doing much less. Now, Maharashtra has really picked up this year. Last year, in fact, we did almost 40% growth in West Zone mainly because Maharashtra has contributed quite a bit now. And now the team is also stable, and basically, it was more of a -- the focus was more on South, which now is a kind of equally distributed. So, we had to bring in the team stability. In the last two years, we've had a good stability. So, that's where now the results are starting to show.

Questioner: Basically, INR7,500 crores, South; INR2,500 crores to INR3,000 crores, North; roughly INR1,500 crores to INR1,800 crores, East; and the rest would be west?

Management: That's right. That's correct.

Questioner: We have added branches in west?

Management: We have added branches? Yes, we've added a lot of branches in West Zone. We've added branches first closer to Jaipur. We opened Bikaner, we opened Pali, we opened this Kotputli, we opened Sirohi, we opened Alwar. Then down South, on the Gujarat side also, we opened the second branch in Ahmedabad. We opened one in Mehsana, one in -- so that we are opening. In Maharashtra, we opened one in Pune.

Questioner: How many branches have you opened in West Zone?

Management: West Zone now would be about close to 50 branches in West Zone, including four states of Rajasthan, Gujarat, MP, and Maharashtra. Close to 50 branches, I can give you the number.

Questioner: Is there any link with your parent branch, given your inaudible 0:09:27?

Management: No.

Questioner: That being a source of lead?

Management: No. We don't have any -- between the parent or between Canara Bank and us. We don't have any kind of tie-ups, and their leads are forwarded to us or no, nothing. But the only thing is, wherever we go, of course, Canara Bank being more than 10,000 branches, they are having a branch everywhere.

So, our branching would be with the Canara Bank, because our DDs are all issued from Canara Bank. But there is no tie-up where their leads are being shared from us to them or them to us. And in fact, it is one of the major points we have highlighted in our -- this thing to RBI also that the overlap of business when we say, actually, close to 85% of our customers are non-Canara Bank account holders.

Questioner: So, in terms of total, you have 250 branches, and you are saying you are adding 28 more branches, which means 278 branches. And your average business per branch is at least INR120 crores. So, at peak, basically, you can reach approximately INR47,000 crores of AUM, which is a growth of 12% on the basis of FY26. But you are saying that we are expecting 14% AUM growth. So where is the difference, because even giving the benefit of the doubt expecting all the...?

Management:

No, I'll tell you. See, the last three years, we've opened about 54 branches, okay? They have all contributed last year, but they've already got about INR820-odd crores. So, it's not that they are all at the optimum level; at different, different stages, they are. The 28 branches that we'll be opening this year will be opened in Q2 most probably, because you've already advertised, you've already got offers, we'll do the interiors, we'll do the recruitment and all those things.

By the time they open, they get operational, it will be end of almost Q2. So, half the year only they will be operating. But the ones, which were open in '23-'24, almost by now are fully operational. The ones we open in '24-'25, some of them are there, some of them are not there yet. The ones we open in '25-'26, again, last year, they were operational only for six months. They have not fully contributed.

So, once we look at that cycle, but what is more important is that once we are into that cycle of branch expansion and branches, there will always be something additional coming from that, which will be easy to do. Because the branch, which is already operating at a peak, from there, you cannot operate and get the same 15% growth every year, and get a 5% ticket growth...

Questioner:

What is the optimum income per branch that you are looking at?

Management:

See, it depends. We have Tier 1 towns. We have, like, if you look at Bangalore or Hyderabad, my average ticket size with the proper city branches is almost about INR40 lakhs. I'm getting cases of INR40 lakhs cases, I'm getting where the property values are also higher. But if you look at a branch like a Pali or you look at a branch, like some place like that, or Ujjain or Mandsaur, we'll not get that kind of...

Questioner:

Sir, you said in the last three years you've opened 54 branches. In your understanding with the location and everything else at different levels, what is the peak AUM that you see in terms of combined AUM?

Management:

See, when we start with the new branch, we normally start with only three people.

Questioner:

Right.

Management:

So, we have a scale up, which happens depending on the AUM of the branch. So, three people, normally, they would be doing about the INR1.50 crores to start. So roughly, you would say INR18 crores is the target that we give for them for the full year. Those, which are open in half year, we give them a target of INR9 crores. That's how it is.

And then they slowly ramp up. And as the portfolio builds, we may add a person. We may look at this. Within that also, some branches have a smaller ticket size. Some have a, like, even now, if you look at it our branches like Andhra or Rewa, they have a smaller ticket size.

Questioner:

The problem is ticket size growth is building in the sales in growth?

Management:

Ticket size, this year was a little less. Last year was more, the ticket size. This year, it is more from the actual growth in the absolute value itself, the volume of cases itself.

- Questioner:** So, FY26, the growth will be driven by value. And one more thing in this, this slide, I want to understand. Here in this slide, you have given that annual reset loan to total AUM is 15%. So basically, this means that 15% of the customers, you have already reset?
- Management:** No, this is the balance. Only 15% are on an annual reset. All other are quarterly and they have been given the full benefit of whatever the 50-basis rate cut that I have given.
- Questioner:** Correct. So, Yes, so, if 85% are reset on a quarterly basis, and here we are seeing that you have 20 basis point decline in the yield versus 17 basis point, 18 basis point decline in that cost of fund. And you have mentioned in the con-call that 62% of the liabilities are repriced. So, which means that in at least Q1 or Q2, we can see a pressure on the NIMS.
- Management:** There wouldn't be. That's why we have specifically given this thing that after passing on the entire benefit of the entire rate cut of 50 basis points also, my whatever impact of the yield had to come has already come and now it is at 9.8% or 8%.
- Questioner:** Okay. This is after taking the impact?
- Management:** That's why I have given 1st of April. If you see the line, which is given at the bottom, the notes it clearly explains that this is the position on April 1, 2026. Opening yield calculated after giving the impact of the reset on the entire annual quarterly reset that happened, plus the impact of the 15 basis points that we gave in January, there also in April month some impact was to come. That also we have incorporated and then this is the open -- so, if there is no rate cut any, or no change in the repo rates or anything, and I don't have to change my rates, then I will continue to earn on this book at 9.8%.
- Questioner:** So, the other thing is about a disbursement growth number, like, you gave a INR13,000 crores target. So, it is a larger target than the INR10,500 crores that you would have done. I mean, is there something, which is stopping us to do even more in terms of the system levels, or is there something because you see the demand as you said is there and across geography its there because the problem is coming in from the BT-outs, the pre-payments and the decrease in the AUM?
- Management:** AUM, I'll tell you. The BT-out we had -- two years we had -- in FY24, I had a negative growth in disbursements. But my AUM kept on going. So, AUM will always come with a lag. When the growth also happened, my disbursement has started growing, my AUM growth will come with a lag. So, today if I am doing 23% growth, the impact of that will come in the coming year.
- Questioner:** No, no, telling me something, when you say disbursement, this is a sanction or disbursement?
- Management:** Disbursement.
- Questioner:** So, then the reason why, you know, if there's INR13,000 crores has got added in the loan book, and the loan book has got loaned, that means repayments have happened, right?
- Management:** Obviously, you see our presentation on slide.
- Questioner:** 4.5%, I think...

Management: 4.5% in a quarter. If you see now for the full year, INR1,459 crores, INR1,661 crores, INR1,691 crores, and INR1,730 crores, that is almost INR6,500 crores has been the run down.

Questioner: Yes, so what is this? Why is it so high?

Management: Why is it so high, means, obviously there is pre-payment, there is a part pre-payment, we have given the breakup of this. So, out of this entire six figure, if I were to take -- Q4, if I take INR1,730 crores, out of INR1,730 crores, approximately INR400 crores you can say would be the BT-out.

Questioner: BT-out is?

Management: About INR400 crores. Balance transferred, and which is where the loan is also getting closed, okay. Then there is another...

Questioner: So, if somebody is giving that same loan at a lower cost or something and...

Management: Either lower cost or with a BT plus top-up or something like that, okay. Another INR360-odd crores is something where the loans have been closed, but it is not a BT-out. It is a closure either where the customer has sold the property, or they have paid from their own funds and the cheque has come from the customer's bank account, not from any other, that's another INR360 crores in the quarter.

The remaining amount if you look at it, that is almost INR975 crores is either where customers have made part pre-payment, the loans are still continuing with us, or where the customers have had the amortization, which is a principal component of the EMI, the regular EMI that they are giving.

So, the loans are still continuing with us. Now, here if I have to compare, I would say the part pre-payment where customers are paying back part of the loan say somebody gets incentive and they are paying INR1 lakh and reducing that liability, or somebody is -- some small amount whatever, instead of INR18,000 EMI, they are making INR20,000 EMI or INR25,000 EMI just to reduce that liability, that conservative approach is where -- is higher than I would say what I have experienced in other places.

Questioner: So, just again going back then is it, I mean, the growth guidance in terms of disbursement is still very strong, but can we do even more or better than this number from a fact that there is decent demand, but there's enough competition as well?

Management: I can open 50 branches, I can hire 300 people, that is always possible, but then it has to be manageable growth, because if we just run for the sake of running, some monitoring, if monitoring is not proper, there is a possibility that somebody might in some corner of the country do something wrong, and it may come to hurt me later.

Today, with 250 branches, if I am opening about 28 branches, there is oversight from the zonal office, there is oversight from the nearby office. I have enough people from the existing team who have sufficient experience, who can go and mind the new branch, so that there is some

control over the branch in the way the functioning is happening, the same culture is there, it is possible. If I have to get 300 people from outside, yes, growth will come, but then it may come with a cost, which may hurt me later on after two years. So, that's basically the idea.

Questioner: And in case of from the BT-outs perspective also, I mean, it is going, I mean, you said, it's going to the competition, largely it's what, Bajaj, LIC?

Management: If I ask 10 of my branches, seven or eight branches would say it is LIC, one or two of them might say Bajaj. But, yes, mainly it is these two, LIC more because they have been offering a very attractive rate.

Questioner: And is there also an impact because of you moving from the annual?

Management: It was, that was an impact, that was definitely there. So, if you see the last year when we had projected INR10,500 crores to be very frank, we said the year before that, that is in FY25, our pre-payments were something around INR5,300 crores. So, we had anticipated that INR5,300 crores might go up to INR6,000 crores, okay.

INR1,500 crores would be the quarterly run down. And accordingly, we had said that INR10,500 crores if we do, we will have a INR6,000 crores payment or rundown. So, we will have INR4,500 crores, which would roughly be about 12% accretion or 12% even. That is what was the assumption we worked with.

Q2 when we saw suddenly it spiked from INR14,59 crores it went up to INR16,61 crores, that definitely was the main thing, where, further analysis, we realized that it was mainly because 80% of our pre-payments were happening in the annual reset portfolio, where customers were not obviously seeing their statement of account, the rate of interest changing.

So, therefore, they were moving out. So, we aggressively had to take that stand and we tried to, we offered various methods, contacting the customers in a WhatsApp, repeated SMSs and stuff like that, so that they convert. Because when they convert only then as per contract, I can pass on the benefit to them, otherwise I cannot.

So, that we accelerated and that impact we saw in Q4. And that you will see in Q4, my pre-payment has not gone up. Otherwise in Q4 every year there's a spike compared to Q3. But in Q4 there is not much of a spike.

So, hopefully, now that most of the customers have moved to quarterly, they have seen the benefit of the rate and it's there in front of them. Therefore, now we know they may not pressurize or they may not, that wrong notion or whatever.

Questioner: So, are you conservative in INR7,000 crores number in terms of a run down, or do you think that's a more realistic number that we are talking about?

Management: I think last year we had INR6,500 crores, so that's why we have estimated INR7,000 crores this year. And if we are able to really this annual reset after conversion, now if it slows down, then obviously it will have a direct impact into my -- because I am not going to reduce my

disbursement because my pre-payment has come down. I will still do INR13,000 crores disbursement.

Questioner: Correct.

Management: So, which means if my pre-payment I am able to control, then my AUM growth will be better.

Questioner: And to come to that, just link that question to what [Ashwini 0:22:42] started with the interest rate going up, then how does this entire equation change?

Management: See, in our interest rate policy, we have very clearly defined that what will be the various parameters that we will factor into when we arrive at our interest rate, or whatever decision we take in terms of either increasing or decreasing our rate of interest.

This year, if you look at my opening, this thing, 40% of my liability was into repo rate or T-bills. So, when the repo rates came down, 40% I got the benefit. Therefore, an equivalent of 125 basis points, I have passed on 50 basis points to my customer.

Now, same way if it goes up, an equivalent amount whatever is the impact on my liability side, I will pass on to my this thing. So, if a 25 basis points increase is there, I will not pass on 25 basis points to my customer. I'll pass on only 12 points or 13 points depending on whatever is my variable rate liabilities, floating rate liabilities.

Questioner: Your DSA origination is still about 80%?

Management: It is still 80%.

Questioner: No, then given the third parties, they also tend to play mischief, you know...?

Management: They do. So some of my pre-payments in Telangana has also been because of that. Because, two years back when we had these issues in Telangana, we had churned our DSA portfolio. In fact, what we did, we did remove some DSAs where they were a bit aggressive. So, obviously, those DSAs are moving out. We are seeing that, but that is a very conscious call.

Questioner: But in your own -- where the lead is internal, the number you said INR894 crores disbursed this year, do you see a better track record where the...

Management: It is too early. It's just one year, I would say, I think we have to wait. We'll wait and watch. My, obviously, historical data has shown that portfolio, which has been generated in-house has a lower BT-out. So, obviously, we hope that would be there in our case also.

Questioner: How do you see your margins going forward in FY27, '28?

Management: Q1, I don't think there will be any increase in the cost of borrowing from what we have shown on 1st of April because, all our sanctions on hand, unutilized bank borrowings and everything are at 7% or at below 7%. So, that is not going to increase my cost of borrowing.

CPs have come down. In fact, Q4 the CPs were going at around 90 days CP were at 7.25%, 7.30%. Today it's much lower. In fact, we raised INR500 crores last month, which was at 6.45%. So, that is also coming at a lower than opening cost of borrowing. So, Q1 I don't expect any increase in my cost of borrowing, okay. We have provided I think we have made enough of this thing.

A couple of bank term loans where we are negotiating, there also we are getting rates, or we should be getting rates at 7% and below. So, I mean, even the buffer that will be creating for Q2, I think should be at 7% and below only. So, unless there is a repo rate increase or anything, I don't expect the rates to go up, because today entire bank borrowing is on a repo or T-bill. 80%, I think about 80% is into repo.

And unless the repo, therefore, increases, the banks will not increase the rate of interest on my book, okay. So, for the first and second quarter, I don't think there is a problem in terms of fundraising, which will come at a rate higher than 7%. So, there is no reason why my cost of borrowing should go up.

Questioner: So, you will continue to do the current spreads?

Management: We are confident first and second quarter, or at least definitely it should not be a problem. Then of course, how long this geopolitical situation continues, what is the impact on the interest rates and all, that we will see. But I think, short-term I don't expect to have a higher cost of borrowing.

Questioner: You did say 2.86% or you are guiding for 2.75% spread?

Management: We are guiding for 2.75%. We'll, obviously, work for higher than 2.8%.

Questioner: And any renewed push from the government for affordable housing?

Management: There is a lot of work going on actually. Because, the CLSS, the way it was happening, it is not happening in PMAY. So, obviously, the government is a little concerned. NHB has been doing a lot of this thing. Initially, they had a meeting, they are trying to work with the state governments to bring in supply, because CLSS-1 had supply both from some state governments, that is Gujarat, Maharashtra, Tamil Nadu, and all those places, plus, MP and all. But there was also private sector push, because there was a good incentive for developers to come in and bring in the supply in the affordable segment, because 2.67% was upfront available as a subsidy.

Now that is not there. The private sector I am not sure how much of it will come in the affordable segment.

Questioner: There used to be a lot of fraud; earlier one could claim the subsidy two to four times for the same house, whereas now, you can claim it only once every five years for a single house.

Management: I cannot call it a fraud, because it was the policy. I mean, if he takes a house for X house, he takes a loan, then he prepays it and I buy it from him, I can also avail on the same house, okay. That was the policy. So, I cannot say fraud, that was a -- yes, there was a loophole people exploited it.

Now that has been blocked. So, if that property has been financed once and somebody has taken loan, on that loan being sold, it will not come. So, there are some tightening in terms of the structure itself, because of which today CLSS was more attractive and PMAY is less, okay. Private sector contribution was there in CLSS, now in PMAY 2.0, private sector contribution I think will be less.

So, what will have to happen is state governments will have to do it, for which NHB is very aggressively working on it. They have had a meeting with UP, Assam government, they have had with Orissa government. So, I think they are trying to get the involvement of the state to bring in the supply. And these are also the states where actually there is a shortfall, housing shortfall, and there is a good opportunity.

Like today Gujarat and all Maharashtra, I think most of the people have got a roof over their heads. So, first-time homebuyer eligibility if you look at it, probably they already have a house. And there is also a definition change in the, like, for example in the CLSS, if a father owns a house, unmarried above the age of 18, working son and daughter can also take another loan whether they are staying together or whatever.

So, those kinds of definitions have changed this time. So, to that extent also, whatever loopholes or whatever you say have been blocked. So, PMAY, may not be such a roaring success as CLSS. But it will be a little more targeted and a little more genuine homebuyers will definitely benefit from it.

Questioner:

And what is the requirement of homes in your UP? Do we see more push coming because of UP elections?

Management:

UP is doing very well. UP state, the way in fact, I think it was in the month of -- I recollect, it was I think in the month of November or something. So what is happening, NHB is conducting every quarterly meetings in respective different, different locations, not everything in Delhi or this thing. So, we had a meeting, Lucknow, we had a meeting in Guwahati, we had a meeting in Puri.

So, different, different locations. And in each of that time, they are also trying to bring in the state government to come and make a presentation, share what they are doing and all. So, UP they have taken various steps such as relax the FAR norms. They have activated their government machinery like housing board and various urban local bodies to start bringing in supply.

They have been doing beneficiary-led construction and identification of beneficiaries and subsidy credit and all those things. So, all those activities they have done. And they have also showcased and showed us where all they are doing, what kind of projects they are coming up with state government.

Same happened now with Orissa government in Puri. In the meeting in Puri, they also shared that, which are the locations. So, EWS, LIG, HIG, they are all -- I mean, MIG, they are doing those constructions. So, if these states start doing the work and they start bringing in the supply, slowly the traction will come. So, I mean, it has been almost close to a year, and now almost at

least now we have touched some decent 80,000 kind of housing units have been financed under PMAY.

Questioner: And sir, what's the expectation of cost to income, credit cost and ROI?

Management: This year, of course, we have said it will increase, because our IT expense will start kicking in. So, that will be there. But other than that, whatever are the main important things like increase in our salary expense, we have done the increase last year. IT expense will be this year. Other than that, so now I think for the near future, we don't see any new reason for costs to go up other than what we have already -- two things that we have shared.

Thankfully, the impact of the labor code, the new labor code, there was nothing in our case. It was negligible to nothing in our case, because we were already compliant 50% plus of the basic plus DA and all. So, we didn't have any major impact at all. So, I don't think there is any new aspect, because of which our cost should go up other than what we have already shared.

Questioner: Sir, but for the last year you did a total opex of INR312 crores. On an absolute basis, this number because you said INR40 crores incremental IT, plus 10% to 15% employee growth. So, this would be a what, INR375 crores, INR380 crores number broadly?

Management: I guess, roughly. INR312 crores last year.

Questioner: INR311 crores, INR312 crores thing was there.

Management: So, the main will be INR40 crores and a little obviously there will be some branch expansion cost.

Questioner: So, 10% growth on base is INR30 crores plus INR40 crores, INR70 crores, INR380-odd crores is the number? That's a broad number, right?

Management: That's a broad number.

Questioner: And sir, this number on '28 will also have another IT cost?

Management: No, most of it is this year only.

Questioner: This year only. So, that INR40 crores of incremental will also go away? Or every year it will go away?

Management: No, no, now that stays at INR380 crores. Above INR380 crores whatever additional small for start expenses, branch expansion, those things will happen. But it will not be INR40 crores, this year, INR80 crores there, and INR120 crores, no. It will be INR40 crores, INR40 crores, INR40 crores every year.

Questioner: And the credit cost guidance you have given is 0.15%, which also you are saying is on the conservative side?

Management: Yes. This year we are only 10 basis points. And our PCR has also gone up.

- Questioner:** IT implementations, sir, how do you -- I mean, the benefit of it, when should we start to get reflected?
- Management:** Other than the LOS, LMS, others have all been implemented. So, in terms of the security, in terms of the connectivity, in terms of the speed and all, that we have already started witnessing. Even in terms of some of our, like, HRMS, deposits, even our accounting, expense management and all those things have already gone live, okay.
- So, there some benefits in terms of TAT improvement or even staff reduction is there. We are beginning to see it, like, we will be -- some of the things are now automated. We are able to deploy more with extra people. Obviously, what it is now happening is not that we are -- there is no staff being relieved or anything. But what is happening is those staff are being redeployed into business, which is helping us in that sense.
- So, basically, when we are saying we are going to increase our sales team from current 80, 82 to 150, we are not saying we are going to recruit that many people. These will be people who will get freed from some of the other activities we will deploy over here.
- Questioner:** Correct, sir. Thanks. I mean, the challenge, which was there last year also that IT implementation was impacting disbursements to some extent, that is all behind?
- Management:** No, no, we had said that it may have an impact. We didn't deploy it. So, therefore, our full disbursement whatever was there, we have done it. We phased out in that manner. And not that nothing happened, we did deploy everything other than the LOS, LMS. We have done a complete overhaul of our security, our aspects, we have also done our HRMS, deposits, this thing, our treasury module, our ALM risk module, so all those things have already happened.
- Questioner:** In INR10 lakhs to INR20 lakhs ticket size, are you seeing any growth? Basically, is there something, which has started to improve or things are just...?
- Management:** INR10 lakhs to INR20 lakhs, up to INR10 lakhs is definitely no. INR10 lakhs to INR20 lakhs also I am not right now seeing much. But our numbers are actually going down.
- Questioner:** So, for you the growth will come above INR30 lakhs?
- Management:** Above INR20 lakhs.
- Questioner:** Above INR20 lakhs ticket size. Because all these new affordable housing finance companies also targeting now above INR20 lakhs segment. So, they are also seeing a bit of a competition there.
- Questioner:** And this ticket size that you talk about, this is the total value of the loan or excluding the LTV? For example, if you say my ticket size is INR15 lakhs, so it's like 60% to 70% of LTV, the total value will be INR25 lakhs of the house or just INR15 lakhs is the...
- Management:** No, no, I am talking about this is the loan amount. But property value will be higher. When I am saying say INR20 lakhs loan, it is basically a INR25 lakhs property.

- Questioner:** Broadly then, we are looking at about 14%, 15% top-line growth based on this calculation that you have given. And because this year your cost goes up, you will probably have a low single-digit PAT growth?
- Management:** Depends, Yes, kind of.
- Questioner:** Broadly, if I take that number of costs, which you've mentioned, 10 bps of credit cost, then you're broadly at a 4%, 5% PAT growth number. And then you again pick up from the next year because it comes in the base.
- Questioner:** And sir, you have turned around the ship beautifully in the last 2.5 years. You people have any ESOP programs for the employees?
- Management:** We do have, but it is for the top four, five levels. Chief Manager and above levels, we are having ESOP program. It was started in 2024. So, November '24 was the first tranche, which was released. It was there, which was a grant of course. The vesting will happen in tranches. But the first grant happened in '24 November, second tranche happened in '25 November. And that is a consistent thing now every year it will happen.
- Questioner:** And when does it start vesting?
- Management:** The first lot of this thing, the vesting is already happened. So, November '24, the first vesting happened and November '25. So, it is a 20%, 20%, 30%, 30%. So, it vests over four years. 20%, 20%, 30%, 30%. So, the first year say for example somebody's got 100%, they will get 20% in the year later, 20%, 30%, and 30%. The second year what is released, so the third year they will get 20% of the first lot and 20% of the second lot. So, that numbers will eventually go up.
- Questioner:** At what level of AUM, whatever numbers internally you are thinking, let's say 50,000, 55,000, the growth will be stable around 9%, 10% as opposed to let's say 13% currently on the base of 46,000?
- Management:** Only 9%, 10%?
- Questioner:** Only 9%, 10% AUM growth. The growth will stabilize like at 10% to 11%?
- Management:** 9%, 10%. It should be at 15%. Every year we should be going at 15% AUM.
- Questioner:** But then branch expansion has to be...
- Management:** That is a consistency. See, the whole thing is if you stop the branch expansion, so there are one thing you can do from your ticket size growth, which is a normal inflationary; 5%, 7% growth would come from a ticket size, which is normally if you don't change your segment or anything, it will come. Another thing is through branch expansion.
- And third is if you are doing something like a new product or a shift in this thing or giving focus to some, like we did a sales trigger, we will now next have a little growth coming from our digital this thing once our IT transformation is over.

So, those things will come. Or else you can, add more branches suddenly, more staff, you can have a separate sales team and do it. So, those are there. But the core if you look at it, you give a simple normal nice graph, then 5%, 6%, 7% should come from your ticket size growth and something from branch expansion. If you stop the branch expansion, then obviously it will impact.

Questioner: And there is no private equity, which wants to exit? We don't have anything like that here, do we?

Management: No, there aren't any small shareholders. Canara Bank is 30%.

Questioner: And sir what is Sharda Investments?

Management: Sharda Group, they have been holding on for I think more than 15 years, 17 years, I think more than that. They've been invested prior to 2010.

Questioner: 8% stake, okay. Sharda Group, okay.

Management: Sharda Group, Yes. Kamal Sharda ji.

Questioner: And sir no plans from Canara Bank also to do anything, right? In terms of that 30%

Management: Now that that whole thing has gone over and that was there, it's gone.

Questioner: And sir, from your math that you've provided in terms of the guidance of each line item, where is the risk in your opinion?

Management: So, the risk will be as I said this year of course pre-payment is a risk. I think the portfolio selection has been very well-managed, so I don't see the credit cost being a risk. Opex very much under control. So, I think pre-payment risk is one. Obviously, liability side management is going to be another thing, because today if anything happens in terms of -- that was always the risk, but thankfully that is now been settled although, it was more on a punch rather than anything, but that has been kind of settled.

So, I think the chance -- because otherwise that would have impacted our cost of borrowing to shoot up by another 25 basis points to 30 basis points definitely. But that is not happening. So, I think in terms of the liability, borrowing cost and everything, I think now that is also settled. Pre-payment risk is one thing.

Questioner: And is there any upside risk you think to your, because I mean, is there an upside risk that the upside would be lesser pre-payment?

Management: Upside risk means, obviously, if you are, you know, that is something in our hands. Other than pre-payment, I think it's in our hands. We can always increase the branch expansion, we can do that.

Questioner: Sir, I'm guessing that that is, well thought out, no? In terms of you're not going to go too much beyond what you've guided for branches, because it takes time to open a branch.

Management: It takes time, yes, yes, that's a process.

Questioner: So, the upside risk will only be that what is the risk from the downside is also our upside risk, which is a lesser pre-payment.

Questioner: Currently at what rate are you giving out home loans and LAP?

Management: What is the lending rate? See, our lending rate for home loans salaried segment starts from around 8.1%. 8.1% is the lowest, if it is a 700 to 775 plus CIBIL score and something like that. Going up to around 9.75% to 10% depending on the self-employed segment, and it will be go up to around 10%.

On the LAP side, we don't have that 8.1% and all, so it would start with around 9.75% and going up to around 12%.

Questioner: So, clearly a 50 basis points to 60 basis points above the PSU bank or a private bank lending rate?

Management: Yes. More than that because some PSU banks are also offering to their best customer would probably get about 7.15%, I suppose.

Questioner: Sir, I know of 7.4%.

Management: Okay. So, if you take 7.4%, 70 basis points minimum.

Questioner: And sir, if I look at three to four years out, in your opinion, right now 15% of your disbursement is coming from the direct route, the branch route. What should this number look like say in '28, '29, '30 in your opinion?

Management: We have already our roadmap is very clear. We want our DSA sourcing has to be 60%. Sales team has to be 20%. Walk-in will be 10%, and digital also which we have not started yet, should also start contributing for about 10%.

Questioner: So, walk-in 10%, sales 20%, and the remaining 10% is digital. Sir, from the competitive landscape, I mean, it is quite intense?

Management: See, at 8.1% or even say 9.5% if we are lending, today banks are the main competitor and LIC and Bajaj. Affordable housing companies, I mean, their rates start at 11%, 12%. So, there is no question of that segment being -- and there is no overlap also, let's accept it. We are in the purely documented income group; they are not in the documented income group.

Questioner: Sir, what is the feedback, I mean, when you're meeting others, what is the feedback that you're getting in terms of, what we have done, you've transitioned beautifully well, but it's still not reaping in terms of the reward, in terms of the way the market is valuing you? From the entire lens, you're a 18% ROE company, a healthy ROE company, no concerns about all of that, but people are not giving you...

Management: I take it as simple that, in another four quarters we will have to deliver consistent top-line growth to be able to build that confidence. Because, it has been a little choppy in the past. So, obviously, it will take a consistent three to four quarters more I believe to demonstrate and to build the confidence that, yes, this sourcing engine, and this disbursement engine is working fine. I think that's what it is.

And another four quarters, I think if we do, I think that is what -- I mean, if I were in putting myself in that position, I think that is what I would how I would look at it, I think. I think that's how I believe, it has not happened.

Questioner: And sir, any other segment, you want to enter or nothing else as of right now? Because, I mean, in a couple of years you'll be about a INR50,000 plus crores AUM number. That's not a constraint for you to grow at 15%?

Management: I think industry will continue to grow at 12% to 13% or above. We should also definitely be going at that pace.

Questioner: And any capital raising plans? No, you are adequately capitalized

Management: Today we are 18% ROE.

Questioner: 18% ROE, 15% growth.

Questioner: And now it will go to 18%.

Management: No, we have a 20% dividend payout this thing. So, I think 15% is not a problem. And other than that also, we have a lever this thing that our gearing is now actually been coming down. We, I think can go up to 7.5? at least gearing without the rating getting affected or anything.

Questioner: And sir, some NHB financing also is...

Management: Last year we had INR1,500 crores of NHB refinance sanction, and we utilized the full, because it comes at a lower rate.

Questioner: Incrementally you have something more?

Management: So, every year we have to apply. Last year whatever we got, we did it. Now this annual report once we publish it, we will have to give a copy, there's a process we have to apply, they will take it up and sanction it.

Questioner: And NHB financing comes at what rate?

Management: A blended it comes to around 6.6% or something. 6.75% last tranche. Total is 6.64%, 6.65%. Blended is 6.6%, 6.7%.

Questioner: Whereas the CPs and all are obviously -- CPs and all will be expensive?

Management: CPs are short-term, so why go for an ALM when I can have a better rate.

Questioner: But there's a capping on interest rate, which you can charge from NHB financing, right?

Management: We are well-below that. My blended yield is 9.8%. Even at 6.6%, they are allowing up to 4.5%.

Questioner: 4.5%?

Management: Yes. So, I can go to 12% there is no problem in the rate. So if that cap comes -- in fact that cap is only for the affordable housing fund, it's not for the regular refinance.

Questioner: It's on 7.5%?

Management: No, no, it's on 4.25%.

Questioner: 4.25%?

Management: Yes. Whereas on the 7.5% right now the general refinance there is no cap. They are contemplating a cap. If that cap comes, the affordable housing finance companies are more likely to get affected because then their rate start at 12%.

Questioner: Your percentage of mix from NHB is how much right now?

Management: It's about 17% is coming from NHB.

Questioner: Sir, anything we have missed out asking?

Management: No, I guess, I mean covered.

Questioner: Anything, I mean, in terms of strategies like?

Management: I said NHB 17% to 16%

Questioner: Right, sir. Thank you.