



“Can Fin Homes Limited

May 27, 2026



- Questioner:** If you can start with, the -- how does Can Fin Homes attempt to differentiate itself? Because there are so many people who offer home financing. I think it's dominated by the banks, more than 70% if I'm not wrong...
- Management:** That is correct.
- Questioner:** And there are NBFC companies which are much larger than you in terms of size. So, what is the positioning, what is the strategy that Can Fin Homes intends to have in this business? How do you hope to distinguish yourself?
- Management:** See, in a sense, we are a very conservative and a single-product company. So, we don't have those kind of, affordable -- what some of the affordable Housing Finance companies do that is basically assessed income or those kind of things. But what we do is that we stick to the core first-time home buyer segment, preferably housing, because we have, compared to a lot of others or almost all others, we have a much, higher housing-only portfolio.
- Our non-housing portfolio is very, very small. And within that segment, in the mid-segment basically, the -- mainly I would say INR15 lakh to INR75 lakh would be the majority of our, majority-majority of our book would be in that segment only. That is the segment where we basically pick and choose the customer and select the credit and conservatively lend. So, these are mostly first-time home buyers...
- Questioner:** You'll target first-time buyers and you'll target salaried employees?
- Management:** Yes. We do have a higher percentage of salaried customers. Today, we have almost, 69% of our customer base that is our entire book -- is salaried, and 31% is self-employed on the book.
- Questioner:** Is there any industry, concentration that you have witnessed? IT or any such?
- Management:** Not really, but IT is -- would probably be one of the higher ones at 6%. 6% of our lending is to the IT sector...
- Questioner:** That's not very high.
- Management:** So, that's what I said. So, by and large, it's not much because when I say salaried, what happens is, we have about 14% of our customers central and state government employed. Then there is another 51% of the salaried segment which is employed in across different-different, private sector where it is nothing -- there is no specific thing. It's purely, they are -- so, skill-based like an IT where they are only into IT or something, that is only about 6%. That probably would be as a single sector alone, probably that could be one.
- And that is also mainly because we have a very large presence in Bangalore and Hyderabad. We have a -- we are also a Bangalore-based company, and in Bangalore, we have, including the

outskirts and everything, we have about 45 branches in Karnataka, of which, more than 25 approximately would be in Bangalore, including outskirts.

And then we have about 13 branches in Hyderabad city. So, basically, a large chunk is there. So, that's why this 6%, otherwise by and large we don't have any major concentration to any particular sector or something like that.

**Questioner:** Geographically, how are you concentrated?

**Management:** Geographically, we are more in the South, because obviously we started off from Bangalore and we are a South, Canara promoted company. So, we were about, 73% of our entire book was limited to the 4, 5 southern states.

Now it has slightly come down to, and incrementally we are doing 60%-40%. 60% in the South and rest of the country 40%. But pan-India, we have a presence across 21 states and Union Territories. So, barring Northeast and J&K and Ladakh, we are there everywhere.

**Questioner:** So, now, like as you mentioned, you're focusing now towards diversifying away from South and, like, you're growing faster in Northern region as well as Western region considering the base was lower. So, how do you go and pick a customer? Because those have already -- good customers have already taken away by the banks, good NBFCs. So, in that sense, how do you, like, select the customer? Because you have been maintaining that asset quality over the years. So, how will you maintain that in the newer regions?

**Management:** So, they are not newer regions for us, frankly. Like, for example, Delhi was a branch which we opened was among the top 10, first 10 branches that we opened. One of them was Delhi, Jaipur. So, we've had our Vashi and Borivali branches since a very, very long time. So, it's not that.

It's just that the incremental business was less in those places and, so, we today if I look at my zonal head who is based out of Delhi, okay, and he's basically grown from the ranks. He's almost spent more than 20, close to 25 years with Can Fin. He's basically from Lucknow, worked mostly there. In some of the years, he has also, moved to some -- handled some branches in the South, but predominantly from there.

So, like that, we have so many of them. So, it's not that, these are new geographies where we have to learn the, documentation processes and stuff like that. We have always, had a presence over there. It's just that now we are opening more branches and we are going faster there. So, today our North zone would last year probably has grown at a little more than 40% because we also opened many branches there.

Same also for our West zone, which is basically Rajasthan, Gujarat, Maharashtra, and MP. That zone has also grown at almost 40% plus.

**Questioner:** And I feel that in Tamil Nadu is another growth area where we...

**Management:** Yes. Tamil Nadu also we are doing very well. In fact, Tamil Nadu our, I mean, by and large, every-every Housing Finance company for that matter has had a very good quality portfolio in

Tamil Nadu. So, in our case also, we have now close to, INR6,500 crores to INR6,000 plus crores of portfolio in Tamil Nadu. And if you look at the delinquency, it would be less than 0.5% GNPA.

**Questioner:** Mainly coming from salaried focus is on...

**Management:** No. Actually, in Tamil Nadu, we have a larger proportion of self-employed in Tamil Nadu. I mean, compared to the rest of the country. I'm not saying it is very high, more than the salaried. Salaried is still there, but I'm saying compared to the rest of the places, Tamil Nadu, particularly the, Salem, Tiruppur, Erode, all that belt if you see, actually there self-employed is high.

**Questioner:** Right, right. See, how has the RERA Act changed your business?

**Management:** See, RERA is still predominantly in the urban places. You go deeper geographies, RERA is not much because it's mostly self-construction that is happening. People have their own plot of land, they do their own construction. You don't have those kind of big developers or somebody coming up with societies or apartment schemes which are there. It's mostly self-construction.

So, in the rural places where it is, it has not helped much or it has not made much of an impact. Cities, yes, because builders are there. It is mostly builder-driven market. So, there is, proper projects coming up.

And there some, it has helped in a little better documentation, some at least where they -- wherever the developers have gone for funding, it has helped in, ensuring that there is a proper monitoring of funds. But otherwise, in most of the geographies that we operate, which is more in the deeper geographies, we don't have RERA applicable as such in most of self-construction.

**Questioner:** So, in terms of growth, so I think in FY27 you kind of given guidance of say INR13,500 crores kind of...

**Management:** INR13,000 crores, yes.

**Questioner:** Yes. So, that means that the whatever run rate that you achieved in Q4 of FY26, that kind of you will maintain throughout the every quarter? Yes, although the first half will be slower compared to the...

**Management:** So, normally it's a 45%-55%. 45% happens in the first half, 55% happens in the second half.

**Questioner:** And so what are the key drivers to drive that kind of growth? And is it possible that you may surprise on the upside also?

**Management:** See, the base is -- see, I'll tell you, we have what we have done in the last couple of years is we've kind of set a base for certain things. One is we have -- we had a, particularly during the COVID period, the branch expansion had, [inaudible 0:09:00] so, we had a branch expansion or branch opening which had stopped. So, now from '23 we started that again.

Second thing is, as a company, it was -- that we didn't have a separate sales vertical. So, we've started the sales vertical also. The third thing that we have done is, we have invested in

technology. We have put, I mean, a INR300 crores project. IBM is the system integrator for that project. Entire LOS, LMS, HRMS, the deposit module, the accounts, finance and accounts module, the treasury module, everything is being, revamped and done.

So now what has happened is this 2024 we started -- June '24 we started the sales team we started with a small experiment for 1 quarter with about 80 people. Now what has happened is this year, that is FY26, the team has with just about 82 people has delivered about INR870 crores of business disbursement has come from the sales team. The year before that, which had just started in '24-'25, they had contributed only about INR170 crores.

So, then from INR170 crores it has become INR870 crores, INR160 crores or something to, that's the kind of thing. So, now this experiment has kind of done we've obviously made some small mistakes here and there, we've learned and we've experimented, we've done. Now it is a model which is now completely there. So, we just now want to en-cash on that.

This year from 80 people to 90 people, 82 people, we want to take it up to 150 people. And this year the same INR870 crores equivalent we are expecting this vertical to deliver about INR1,600 crores of business in this year. Another thing is the branch expansion that we started again in, '23-'24 onwards.

Those 62 branches which we did in, which we have opened over the last three years, last year they have delivered INR820 crores of business, which the year before that was INR128 crores, okay? So, that also the branches which we have opened have now kind of started delivering, they've started reaching, they've kind of reached that optimum level where they are able to do about INR1.5 crores business with three people. That kind of a productivity they have reaching.

This year we are planning another 28 branches. So, the entire 62 plus the 28 that we are opening, those 90 branches this year we are expecting about INR1,400 crores to come from these 90 branches. So, the big delta will come from here. And if this cycle of branch expansion keeps on happening and we are able to obviously which we will continue and the sales team also we keep investing in that, that is where the thing will come.

Because the original branches which are working, they will continue to deliver that 7%, 8% kind of a growth because they are already in saturated markets or whatever. So, there we will not be adding more people also, but here this is where the delta will keep coming. So, these two, three things that we have invested in, one is the sales team, one is this branch expansion, and third is the IT is where the growth will start coming in.

**Questioner:** And just a broader question. How much of your total loan today is going to IT employees?

**Management:** 6%.

**Questioner:** Sorry, I missed it.

**Management:** Yes, Yes, we just mentioned.

- Questioner:** So, it is just 6%. Yes. Okay. And sir you mentioned that, like slowly, slowly you're moving away from the DSA, the direct, you mentioned the Direct Selling Agents that you hired. So, how that will basically, how you're looking at after say two, three years down the line?
- Management:** Okay. See, so basically we are not saying that we are going to move out of the DSA model.
- Questioner:** Only a portion?
- Management:** It, it will. So, what will happen is it will continue to grow at a stable pace, but the incremental business from the sales team will there so, basically percentagewise this will keep coming down. Because see, we are, we call them DSAs, but basically what we pay to them is anywhere between 0.45% to 0.75% and blended it comes to around 0.5% is the payout that we are making to the DSA team.
- Now that 0.5% that we, I mean, basically are doing, today most of the other players are going in for corporate DSAs where their payouts are 1%, 1.25%, 1.5%, which is not viable in the kind of spreads that we are talking about, okay? So, basically it is not that this fraternity is also going to be there for a, we will be able to expand it exponentially, we'll not be able to do much because most of the new players who are coming are going for corporate DSAs rather than retail DSAs.
- So, therefore, this will continue to grow at about whatever 7%, 8%, 10%, this will continue to grow, but the major portion as I said from INR170 crores to INR868 crores, from INR868 crores to INR1,600 crores, and from INR1,600 crores to probably INR2,500 crores the year after that, when that starts to grow, this percentage will slowly start coming down.
- Questioner:** And have you observed any difference in asset quality, the customers that they bring or it is more or less similar in the?
- Management:** Ticket size is better in our own source portfolio because, obviously when our own people are sourcing business, then we have a choice what customer we want to pick. Whereas if it's a DSA on 25th and 28th they will come last few days and then give a file because we, our boys also want to achieve the target, they also want to push a case, some this thing, so what is not happening, so we don't have a choice 100% on the kind of.
- Questioner:** What are the KRAs for these sales team members?
- Management:** See, the KRAs first of all it's purely sales. So, we don't, they have to purely source business from the market. Today our target, what targets we give them is, what is the average business that they are doing because obviously there is a payout, we have to see that it is cost-accretive.
- Second thing that we do is they also have to cater to the developer whatever tie-ups we do, because we are doing project tie-ups also called APFs. So, they have to cater to those APFs also. Then the TAT in case of the customers who are making inquiries at our office or on online or the leads that we generate from the market, those are given to them. So, they have to maintain the TAT and ensure that it is done thoroughly.
- Questioner:** Has Can Fin Homes refused to give a loan for a builder you consider sub-par?

**Management:** If the documentation there are issues we would not touch some certain builders. There definitely would be not one, two there will be many whom we would not want to touch. Because...

**Questioner:** Will you do builder loans as such as a category?

**Management:** No, we right now don't have, we are not doing any builder loans.

**Questioner:** Any plans on that because that also acts as a funnel to get the customers?

**Management:** Not, not really because today that builder loans, I mean, we can do if there is some one or two builders here and there, but otherwise as a proper.

**Questioner:** Segment.

**Management:** Segment we are not looking at it right now.

**Questioner:** What's the average loan-to-asset value?

**Management:** Loan-to-asset value today average would be around 70%, but we are otherwise giving up to 85%. We are giving up to 85%, but on the book it is around 60%, 70%, below 70% actually.

**Questioner:** So, our bank [inaudible 0:16:34]?

**Management:** No, it's regulated, no. They can give up to 90% if it is below INR30 lakhs. INR30 lakhs to INR75 lakhs loan amount you can give up to 85%. If it is above INR75 lakhs you can give only 75%. So, basically it is regulated. In our segment as I said INR15 lakhs to INR75 lakhs we can give up to 85%. So, we do give up to 85%, but on the book, it will be less.

**Questioner:** What is your current loan on [inaudible 0:16:58] average?

**Management:** Our incremental is 9.8%, on the book is also 9.8%. It's 9.82%, 9.84%.

**Questioner:** So, right now we are seeing the situation where PSU banks they are ready to give loans at 7%, 7.1%. So, 8.8% or 8.9% is too high. So, why that customer is not going to PSU banks?

**Management:** 7.4% is what is available in the market today, roughly you can say that's a kind of lowest one can look at. We also for a cream customer salaried we are giving 8.4%. When I'm saying 9.8%, that's a blended including the LAP, including the self-employed, including the rural.

**Questioner:** Self-employed is how much in our book?

**Management:** In self-employed is just about 10% now. Sorry, self-employed is more. LAP, I'm sorry, is 10%. Self-employed is close to 30%, 31%. 69%, 31%.

**Questioner:** So, previously we had a yearly result, now we shifted to quarterly result. So, in the first two months of this FY27, have you seen any trend where the balance transfers kind of reduced because of that?

**Management:** It's too early now, May to say. April it was still high, also because, in March we held on to a lot of customers and many customers we said no, we will do it in, you can come next month because business was also disbursement pressure was there. So, there has been some which is rolled over.

I think it is still a little too early. I think we will be getting a picture this month, but I do expect that it should be a little less because now customers have seen that benefit. So, when a customer comes the rate is high, we are saying that listen, this is what we have already got 0.5% benefit. So, that actually we've seen some of the customers going back happy that, I didn't know that my rate has reduced.

**Questioner:** And now that rate cycle is kind of behind us, like it will be like going forward it will be stable or it might increase?

**Management:** It might only increase.

**Questioner:** So, in that situation how this plays on balance transfer thing?

**Management:** See, prior to the rates starting to come down, which is I would say in January '24 okay, the best rate we were giving was 8.95%. The best rate was 8.4% by the banks. So, there was only a differential of 55 basis points. With rates going down, banks passed on the entire 125 basis points to the customer. So, the lowest is 7.15%. So, 8.4% customer went down to 7.15%.

In our case, we only passed on 50 basis points, so today we are offering the best rate as 8.4%, okay. So, the gap if you see from 7.15% to 8.4% or 7.4% to 8.4% is 100 basis points. So that 55 basis points has increased to 100 basis points. Obviously, when the rates start to go up, they will, if the repo rate goes up by 25 basis points, we will increase by about 10 to 15 basis, 10 to 12, 13 basis points only.

Therefore, this gap can again further come down. Up to 50 basis points to 60 basis points, I don't think there is a problem in us being able to retain the customer. That is not a very large difference in terms of the EMI or anything where, and the cost of shifting from X to Y is also there. So customers we can easily retain. But so if the rates are going up, then I think this gap will shrink and that should actually be better.

**Questioner:** Better. Is high real estate prices a risk in your business? If suppose, there's a correction, do you see that as a big risk in your business?

**Management:** See, the bubble is something obviously which we have to be worried about. So, what the regulators also have been doing is one, that instead of a market value we look at a realizable value. Lenders like us, we first of all don't even look at the market value or realizable value because a larger chunk or I would say majority chunk of our loans is purely for construction, purchase, or ownership only.

So, in that case the LAP where the market value is considered or the, the increased value is considered is not much in our book. In our book the LAP portfolio is only 10%, okay. As per the regulation, you can have a 60% has to be housing, but in our case, it is almost close to 80%, 80 plus percentage is there.

So, for us that way it is much less, the risk is much less. But second thing is, many times we, one of the reasons why we are not able to retain the customers and the BT out is happening is because we don't give the kind of top-ups that some other players are able to offer.

So, they do offer a higher valuation, therefore are able to give a higher loan, which we as per our conservative approach are not able to match. So, in a way that is there. So, if the rates, if there is a correction, then the impact will be there, it'll be less for us as compared to some others probably.

**Questioner:** So if the BT out happens, it happens like it goes to which housing finance companies or it goes to banks like?

**Management:** It is, I mean.

**Questioner:** PSU banks.

**Management:** It goes to everybody, but mainly no, mainly it is LIC, Bajaj, and PNB HFL would be the first three.

**Questioner:** Yes.

**Management:** Then the banks.

**Questioner:** Okay. But sir, in terms of like cost advantage, we do have the cost advantage over there considering we have the lowest cost. So, how they are kind of getting more aggressive in that like getting those customers?

**Management:** See, LIC is for obviously because they have to keep growing because at least some positive growth, their fulfilment pressure is very, very high. But otherwise, if you look at it, I don't have a parent who is sitting on my head insisting that I must do a 20% growth. I would, they want me to do a safe lending rather than do a 20% growth. So, I don't have that kind of a pressure to inflate my valuation and give a loan just for the heck of it because I have to achieve my targets.

**Questioner:** Understood.

**Management:** Therefore, I don't even quote a 20% growth target, which will be a bare minimum for a PE-led HFC.

**Questioner:** What is the target you have?

**Management:** We would be happy with I think 15%. Today the market is growing at around 12% to 13%. So, I think a 15% is what we would be happy with.

**Questioner:** We will just explain. For example, PSU bank is giving at say 7.23%, 7% and you are let's say 8.5%, and he is a prime salaried customer to whom you are lending. Now why he would go to your because your ticket size is what INR25 lakhs, INR28 lakhs?

**Management:** INR25 lakhs, incrementally today our average is INR25 lakhs.

**Questioner:** Now affordable housing side in the ticket size has also increased from INR12 lakhs, INR13 lakhs to INR16.5 lakhs.

**Management:** Kind of.

**Questioner:** That's what I'm hearing from Home First and.

**Management:** Correct, that is correct.

**Questioner:** The other housing.

**Management:** INR15 lakhs I think roughly is what they are.

**Questioner:** So, why a prime customer who is salaried will continue to pay 8.4% or 8.5%? That is a biggest business risk which I see. Your valuations are so attractive that it's a compelling buy.

**Management:** See, I'll tell you, affordable housing finance companies that you're talking about, the rates start where my rates end...

**Questioner:** 13.5%, 12.8%...

**Management:** So that is not a question at all. My rates are minimum 8.4%, maximum is 10.5%, so I don't [inaudible 0:24:09].

**Questioner:** No, I'm saying comparing with you...

**Management:** Now when it comes to PSU banks like for example.

**Questioner:** Or LIC Housing.

**Management:** Canara, Canara Bank say for example, one of the, not the most aggressive PSU bank also if you consider, their average ticket size is about INR40 lakhs. Our average ticket size is INR25 lakhs.

**Questioner:** Okay.

**Management:** Now the moment, if you look at any bank for that matter, PSU bank or this bank for that matter, the majority of their housing lending is happening in the metros and the Tier-1 towns. Not even in the outskirts of the cities because one, the ticket size is not meeting, plus the moment you go to the slightly deeper pocket branch, the targets to the branch manager are different.

They are more of farm targets, they are more of agricultural loan targets, they are more of MSME targets, they are more of gold loan targets and not housing and four-wheeler loans. So, then when we are on the outskirts, then the competition from the PSU bank that's why is not as much as it would be.

Now if I were to open a branch and expect that my Jayanagar branch will be able to compete with a PSU bank, zero chance. But if my Jayanagar branch therefore goes to Hoskote or to KR Puram and does the business.

- Questioner:** Okay. Okay. So, it is a regional, the regional reach and ticket size?
- Management:** True.
- Questioner:** So, in terms of asset quality, so now that you are focusing on more of self-employed, also the LAP also you want to increase that proportion. So, how do you look at that managing that asset quality which we have maintained over the last few years, like last two cycles mainly, like 10 years, 15 years?
- Management:** See, LAP I think I mean we were at 5%, today we are almost at 10% and I think we are almost there. I don't think we will see more of a push in LAP as much because it was also because of a compulsion that in Karnataka we had to do more of LAP because of the e-Khata issue, okay. Other than that by and large, it's housing which is still the, my bread and butter, that is where we are growing the maximum.
- In terms of asset quality, I don't think, as of now we are getting into the riskier businesses because even the self-employed that we do is documented self-employed. We are not doing the self-employed where IT returns are not filed. So, today also, even if it is a salaried obviously it's a salary slip with the credit in the bank account, if it is a self-employed, then also the IT returns are there.
- And there also we are, I mean, till three years back maybe you could say that it was still based on the CA certified IT returns, but now we have direct API integration, the IT returns are also downloaded from the portal.
- Questioner:** Does Canara Bank give home loans?
- Management:** They do.
- Questioner:** Okay. So, they directly compete in your segment?
- Management:** As I said, the average ticket size of Canara Bank is INR40 lakhs. And their ticket sizes are higher, their focus again is more on the bigger towns where they would be going more, the rural branch is probably loan [inaudible 0:27:25].
- Questioner:** INR40 lakhs is not much different from your average size no?
- Management:** It's INR40 lakhs. So Yes, they would be, they have more builder tie ups, they have more apartment schemes, we have more of self-construction, more on the outskirts of the city.
- Questioner:** Likely to continue at?
- Management:** We will, it will be continued. We will still would be like today the 62 branches that we have opened okay, not one of them is in Bangalore, not one of them is in Hyderabad. They are in places like Pali, Bikaner, Saharanpur, Hapur, and Gorakhpur, they are in, Mayiladuthurai, they are in this, so basically these are all the deeper pockets or Tier-1, Tier-2 towns where we have opened the branches.

**Questioner:** Okay. So, also like in I think '23 or '24 we did see one incident on the Ambala side the...

**Management:** Correct.

**Questioner:** Kind of then post that we have made some changes in the IT infrastructure. So, like what are the changes we have done and how going forward we can see that getting played out in terms of there is no such leakage as such on that side as well as the increased efficiency in terms of the turnaround time is lower?

**Management:** See, the first thing is the IT system which was there in this, in the company was actually set up in 2011. So, it was way beyond its actual this thing. There were a lot of limitations for whatever reasons the investment in IT had not happened.

So, now we have already gone in for the thing, we've upgraded the existing setup plus anyway we are in the fag end almost, just one quarter away from the entire implementation of the new package where entire LOS, LMS, and all the linked packages are getting upgraded.

In fact, they are being completely moving to a new package. So, LOS is changing, LMS is changing, a new finance and account package, a deposit package, a treasury module, HRMS package everything is completely afresh anyway the investment has happened and it's happening.

The number of changes that we have done is one, we've centralized the disbursement, there is a, I mean, there are n-number of changes that we have done. We've introduced a credit review monitoring department which is reviewing each and every case that is sanctioned at the branches.

Disbursements are centralized, so every case there is a not only a maker-checker at the branch, there's also maker-checker at the head office which is doing it and then all the disbursements are getting by way of a DD, so there is no cheque writing at the branch, there is no expense which is being approved at the branch, everything is centralized. All payments, payouts, everything is centralized because all vendor payments, all utility bill payments, everything is now centralized.

So, basically a lot of such controls have been introduced into the system post that event because of which now for the branch it is purely, the controls are everything has been in place. We have actually also strengthened in terms of this, we gave a complete this thing that reinforce, rebuild and reach higher. You would see in our annual report also.

So, basically, we have reinforced our entire, all our assurance functions be it risk, be compliance, be it internal audit, be it legal and also this credit review monitoring. So, all the things we have reinforced it. Then we have rebuilt all the processes in terms of checking all these things.

So, centralized disbursements, expense payouts, pulled out, all those kinds of things and then now that is what the third thing comes into picture which is reach higher where the business now is starting to get -- achieve new heights.

**Questioner:** Can you explain your funding pattern and the average term of your borrowing and your average on the asset side, on the average lending period?

- Management:** Asset liability.
- Management:** Yes. So, on the asset side, we do give loans up to 30 years but on the book, if you look at the maturity on the book, it is a little below 8 years. That is the average maturity of the portfolio on the asset side. On the liability side, we have a mix of bank term loans. We have 62% of our liability set borrowing is from the banks where we take term loans, long term as well as short term.
- Questioner:** FD from Canara Bank?
- Management:** No, no. We have a host of banks. Canara could be probably the fifth largest in terms of the exposure that we have. We have State Bank of India, IGFC Bank, PNB, Union Bank and Bank of Baroda who probably could have given us more loans than Canara Bank.
- Then we have 62% coming from banks. Then we have refinance from NHB. We have back-to-back refinance facility from the National Housing Bank and that again is purely for long term. 100% is long term. Then we have NCDs which is three year NCDs. That is about, that now of course we had a repayment, large repayment, INR1300 crores in this quarter.
- But otherwise, that is around 15% is there. We are a deposit accepting HFC but it is a very, very small percentage of deposits. Then we have commercial paper. Now, commercial paper obviously results in asset liability mismatch. But then at a point in time prior to ILFS and all, we had about almost 11% to 12% of our borrowing was funded through CPs which was short term.
- But over a period, we have slowly been bringing it down and now it is just about we just had about INR1000 crores on 31st of March and otherwise also on a INR42,000 crores book we have about INR2000 crores, INR2500 crores CP. That also is more.
- Questioner:** So, is CP used actively to like optimize your funding structure?
- Management:** No, no, it is more -- to some extent, yes, that gives an advantage because short term had been lower rates. But mostly it is -- mainly we take a CP fund it, and then there is a timing difference. You do not get bank term loans in one go.
- Sometimes like March, come March, all the sanctions are utilized. Now, the new sanctions will take some time. They will all happen by June, July. So, we have to use those kinds of things.
- Questioner:** But 15% growth with stable margin and stable ROAs is what you are getting?
- Management:** Yes, yes. 2.75% spread, 3.75% NIM with a benign credit cost, and...
- Questioner:** ROF around?
- Management:** We are looking at ROF of 2.3 to 2.4 and 18% ROE is what we are looking.
- Questioner:** The prepayment, if it is higher, then you might see a reduction in your AUM growth?

- Management:** We will have to push for, in fact, that is what we have done. I mean, ideally, if this had not happened, probably we would have targeted for around INR12,000 crores disbursement. But knowing that our prepayments are slightly in the top, we are targeting INR13,000 crores this year.
- Questioner:** Okay, okay. The acceptance of the customer of Can Fin Homes brand name is as much as Karnataka or Karnataka or certain states in other states?
- Management:** Now, obviously, in the South, it's a very strong brand. But that's what we are building now in the North also, North and West also, because in the last year, we have expanded also so much. But if you look at the -- I would say customer profile, it's very, very similar across the geographies, barring some places in local geographies, they may be a little more than self-employed and things like that.
- By and large, if you see the DSAs or the staff, or if you look at any of those parameters, I think the stability is very similar in most of the geographies. So, I think, I won't say it's an equally strong brand in the North. But wherever we touch, we I think we leave the same impression across. That's what I would say.
- Questioner:** How much of the loan book is right now in South?
- Management:** South, on the book as a whole, if you see, probably it would be INR11,000.
- Questioner:** INR14,000?
- Management:** Around INR25,000, INR27,000, INR25,000, INR26,000 would be in the South.
- Questioner:** Out of the INR42,000?
- Management:** INR42,000, yes. So it will be around 65, 35, I think.
- Questioner:** Do you expect your net interest margins to remain at present levels?
- Management:** NIM, yes, because we would maintain that.
- Questioner:** So, 15% growth means 15% growth in EPS for you. Because everything else remains the same.
- Management:** Only this one year, in fact, our cost to income might slightly increase because we are going to this year at the IT implementation costs slightly.
- Questioner:** FY27?
- Management:** FY27 is slightly going to kick in, but afterwards it will again.
- Questioner:** So, EPS growth will be, say, 12%-13%?
- Management:** Maybe.
- Questioner:** So, cost to income, you are saying, it will remain at 20% or it will?

**Management:** It will be below 20%, but right now it is around 18%. It may be around 1% higher.

**Questioner:** Okay.

**Management:** 19% cost to income ratio. That's it.

**Questioner:** And, sir, like now the headwinds are moving away in terms of the geographies that you are, like the e-Khata issue is resolving, the Telangana issue also. So how do you see that geography growing from here on?

**Management:** So, this year, in fact, I mean, I'll just tell you, see, the year before that we had some hiccup in Telangana and all. But this year, if you see, barring, Telangana just being about flat, every other state we have had a growth. Every other state, including Karnataka for that matter.

Karnataka, which we started off with a 12% negative in Q1 last year, went down to 10% negative. Then it went down to almost flattish by end of third quarter. And by end of fourth quarter, we were 7% positive in Karnataka also. So practically, every state barring Telangana, which was just about flattish, every other state we've had a positive growth. Last year, Karnataka was still coming out of that kind of an issue. So, it was just 7%.

But this year, if you look at FY27 per se, I think even Karnataka will grow at around close to 20%. Because we have done INR2700 crores approximately, a little less than that in Karnataka in FY27. FY26, next year we are targeting INR3500 crores.

**Questioner:** The low base will kick in?

**Management:** Yes. Low base or whatever impact we've had because of the e-khata, this year it should kind of.

**Questioner:** Any kind of headwinds that you see from any region specific or any issues that you see in observation while doing this? Considering the geopolitical uncertainties also there, in terms of anything that you see that could be a headwind in terms of business?

**Management:** In fact, I see a couple of positives only because like for example, AP, we were a little slow in AP also. But AP, we are looking at it very positively. Now, Andhra Pradesh, this year also we are opening five to six branches because we see a lot of investment coming in that state. Another thing is we are looking -- watching right now a couple of other states like UP and Orissa and all. Because the State Governments have been giving a lot of positive messages. Now, how much actually gets happened?

At least UP has started, we have opened 12 branches in UP actually, because we see a lot of development already beginning to show in some pockets. Orissa also is another state where the government has been talking very positively. So, we'll be looking at these states.

Other than that thankfully, since we don't have so much of an exposure to self-employed all to particularly appraised income and all there. So, so far, we have not seen any major impact or a negative this thing sentiment in any of the geographies, because mostly it is salaried segment.

**Questioner:** How much of your group is salaried right now?

**Management:** It's 69.

**Questioner:** Because the bond yields are increasing and we are also doing the reset. So, how much compression we should build in?

**Management:** No, we, that's what we have actually shown that as on 1st of April. If you see the, you added one slide in this last part presentation, that even after giving all the impact our spread is big -- opening spread as on 1st of April, after giving impact of all the reset, and the 15 basis points that we gave in January, after getting, taking all that impact also on 1st of April, the spread starts at around 2.81.

**Questioner:** Okay and the previous year it was around 2...

**Management:** So, we started off with a little lower, but then because of the lag in the repricing and all, in fact, it went up to 2.83 at the end of the year for the full year. And for the quarter, if you see, it was 2.93 in Q4. So, basically, what we are saying is it kept on going and ended up at there, but whatever compression that you are saying would was from 2.84 to 2.81.

**Questioner:** Now that the bond rates are increasing, so do you see any impact on that?

**Management:** There will be, if it continues for long term, but Q1, maybe not so much, because we have also had some higher cost liabilities getting paid off. So, basically, even though it is, the rates have gone up, I think Q1, we will still have 2 points, I mean, the cost of borrowing will be around 7% only.

**Questioner:** Any churn you are seeing in your employees?

**Management:** Our attrition is around 14%, which is, I believe, much lower compared to the market.

**Questioner:** How are your employees compensated? Apart from the salary and any of the bonuses, are there any stock options?

**Management:** There is, but it is something which has just started a year and a half, two years back. And it is limited to the senior, that is the chief manager and above grade, which is there, which is just about 5% of the staff are currently eligible for the stock option.

**Questioner:** And your employees are, your sales managers, will that benefit about, say, LIC housing plans?

**Management:** So, see, we, if you look at the entry level today, an entry level salary at Can Fin is around INR36,000, which is, I believe, well above the entry level salary of most of the other players. In fact, we have done a compensation benchmarking. So, at least up to the level of chief manager, where we do not have any resource to that level.

In fact, our packages are better than what the industry has been given. And that is what we had, the study that was conducted by Aon. We had carried, asked Aon to carry out a compensation benchmarking exercise.

**Questioner:** Sorry, up to branch manager?

**Management:** Up to senior manager or up to below chief manager.

**Questioner:** Okay, senior manager. Senior manager will be like the manager of multiple branches?

**Management:** No. So, branch manager would be up to manager. But we also have some larger branches where the portfolio size is more than INR200 crores. So, there it would be a senior manager or a chief manager.

**Questioner:** How much time it takes to get, the branch get matures in terms of the level of loans that you are seeking from a particular branch in the new geography? How much time it takes to ramp up?

**Management:** See, if an average branch should be doing about INR2.5 crores to INR3 crores per month, but obviously the newer branches within a matter of one and a half years reach about INR1.5 crore. So, that is what, so if you see last year the 62 branches that we opened have done about INR820 crores. That is a little more than, that is more than a crore, this thing.

**Questioner:** How does a conservatively run housing finance company compete against a growth-oriented competition?

**Management:** See, I would say it is a long-term business. We are not talking about a two-year, three-year, five-year horizon. In the last 38-year history of Can Fin, I do not think in the last 15 years, data is also showing that you have never crossed the GNP of more than 1%. GNP of more than 1%, I am saying. So, there are there will be some phases where you will -- there will be more glamorous companies. But if you look at the long-term thing, I think the consistency will definitely pay off. That is what I would say.

Because we have seen many companies go up, then they also fall and all those kinds of things. Basically, if you look at it here, you have consistently 2% plus ROA, consistently 16% plus ROE, GNP less than 1% and this is across cycles. I mean, this is, you have seen, we have seen the ILFS thing, we have seen the 2008 crisis, we have seen the liquidity crisis, we have seen the 2018 ILFS crisis, we have seen issues like rates going down, BHFL, ILFS, all three of them happen together.

So, all those things the consistency because at the end of the day, it is a conservative product. It is not a glamorous product, but it is a very conservative product. It is a very steady and consistent lending.

**Questioner:** So, considering the ROAs remain stable across cycle, so does management think on increasing the leverage to boost ROE in that?

**Management:** See, we have had a higher leverage. In fact, as I said the leverage was at a point in time prior to ILFS even as high as 10 times. And in fact, 2023, in fact, we were a double A plus rated and obviously post ILFS across everybody, the gearing rates and all have kind of come down. So, rating agencies were also not comfortable with A plus.

So, we said we will grow at a lower than, we will have a gearing less than 8 times. Today, we are at 6.4. So, I would say up to 7 and a half, we can still take it without having to go for any kind of fresh equity or anything.

**Questioner:** What would be the median CIBIL score of your borrowers?

**Management:** Median CIBIL score would probably be around 750 plus. It would be about 750 plus.

**Questioner:** So, basically, we just, I would say entry barrier will be regional, right? Regional reach. Because otherwise PSU banks or banks like HDFC or ICICI who are -- they can lend to you...