



“Can Fin Homes Limited

Investec roadshow - 11.08.26 to 12.08.26 (5)



- Questioner:** [Inaudible 0:00:01] in terms of our capital positioning, in terms of our borrowing, in terms of our branch, in terms of our system, now are we coming back to a phase in terms of currently what? FY26, we have ended somewhere around what INR42,000 crores of AUM?
- Management:** INR42,000 crores.
- Questioner:** INR42,000 crores of AUM. Now can we give a guidance of somewhere around 20%, 25% kind of growth in a year?
- Management:** 25% will not happen, but definitely our, see disbursement wise we have been, last year we grew at 23%, this year also we are targeting for 23% or 20% plus. So disbursements definitely we are now targeting 20% plus every year.
- Questioner:** Okay.
- Management:** And that is what we will be doing. So once that happens, our AUMs will start to catch up and somewhere we should, you know, this year we are targeting 14, next year it should cross 15. And then slowly it will keep inching up and trying to catch up on the, it will go up, but immediately...
- Questioner:** There will be a huge repayment then? If 23% is what...
- Management:** Not that. See, today our repayments have been about 17% just in our front outs, including BT out and everything. So, which means that today we will have to do one-third of our book, we'll have to, whatever is our opening book, one-third of that we'll have to keep doing as disbursements.
- So our book was opening 42. So we will, we have to 14,000 if we have to achieve 15% growth because 17% is the rundown, 15% growth has to happen. So we threw 32%, 33% has to be the disbursement. So that is what it is. So today we are at 42, so 14,000, but we are targeting 13. So that's why we are seeing both 14% will be the growth next year on 48,000 book, we'll have to do INR16,000 crores to maintain, to achieve a 15% plus AUM growth.
- And slowly that is how it will go. But today, if you look at it, the industry itself is growing at around 11%, 12%, 12% approximately. When -- if we are growing at 14% to 15%, I think that really should be...
- Questioner:** Yes. You know, Can Fin, there are two NBF, three NBFs, which can be a pan-India NBFs. So one is your PNBHF, one is your Aadhaar after the merger of ING and all those things. And the largely then you are there, which can be slowly and gradually moving to a final two. And you have a good backing up from Canara bank, liability problem, no problem. You are AAA, right?
- Management:** Yes, we are AAA.
- Questioner:** So there is no issue of funding. There is no issue of management manpower. In terms of now the growth derives from the branch expansion and reduction of the repayment rate.

Management: So reduction of the repayment rate is where we are now focusing, because that is what will help us, you know, pushing the book because one-third of the book, you know, doing disbursements equivalent to one third of the book every year is something which is very much possible. Like today, if we will be doing 13,000 next year, 16,000, we can definitely target because the engines are in place now. One is the branch expansion.

Secondly, the sales team. Now, you know, the sales team is already proven over more than a year that, you know, the numbers are there. So, in terms of productivity, also the sales team is in a position to do one crore per person target disbursement. So that way, you know, it's just a matter of how we are able to increase our numbers in terms of the sales team. So, that we know we can continue the growth. So, that's a simple proven model. So, this is what we are looking at. So, growth in terms of disbursement is not a challenge. If we are able to further curtail our - come down a little bit, then we have a further double impact.

Questioner: Our cost per fund is not a problem. We can be competitive from, in a way, to any other HSR. So, our repayment is largely to the bank. It might not be.

Management: No. Our largest repayment is basically to -- our highest would be to probably LIC.

Questioner: From LIC.

Management: LIC.

Questioner: So, LIC is more competitive than us.

Management: See, so -- but I'll tell you what. LIC today, when I verify, 17% is our total run down. But our BT out and everything is only about 4% -- 4.5%.

So, our majority is, you know, where customers come and make part prepayments, but continuing the loan with us. Today, if I talk about Q1, INR1857 crores was the total, you know, run down, including amortization, BT out, closures, part repayments, out of which part repayment and amortization itself was INR1072 crores in a quarter. So, that main reason I see it is, you know, we are being very fair with the customer.

We are not having any restrictive practices. Like, we don't have anything like, you know, after 20th, you cannot make a prepayment. You cannot make a prepayment more than three EMIs in a month. You cannot make a prepayment more than two times in a quarter. No, all those kind of restrictive practices we don't have. So, therefore, you know, customers also come and make assessments and we accept it also.

So, sometimes, you know, there are many customers, like for example, INR17,000 odd is the EMI. They say no, INR20,000 we pay every month, INR20,000, INR20,000. They are given a match and get for a higher amount. So, we don't say no to all those things. So, our number is high. Now, we have already worked on that a little bit.

Maybe, you know, now our -- we are finding a deposit also is a little attractive. We will see whether we can convert some of those customers and convince them to go to deposit and instead

save their purpose, you know, build an asset that way. So, those kind of things we are working on, maybe another quarter down the line, we will start seeing some results in that also. So, today, it is not VT-out which is a big concern. VT-out which are smart crores.

Questioner: So, your practices and all in terms of higher repayments and all and people are paying more.

Management: So, first of all, when our customer base is such that they are a conservative, our selection strategy is conservative. So, our customers are, therefore, a little more, you know, risk averse or debt averse kind of you can say. And for our part repayments are the highest. I don't think other companies, the part repayment is not good.

Questioner: Excess repayment also.

Management: Excess repayment. So, they pay more than their EMI. So, whatever excess they pay, it goes towards the principal. Like, for example, you pay your EMI on the 5th of the month or 10th of the month your match hits. On that, saying that the entire amount is credited to the principal. So, these are fair practices.

Questioner: No, I understand these are fair practices. But as a business, it gives you two risks. One is a reinvestment risk. That means the money that you get, you give it to your EMI. Right? And other is kind of high growth risk?

Management: We have to continue to do that faster.

Questioner: You have to continue. So, the point is that one risk is of the ALM, which you are managing with the high repayment and all that is fine. But the repayment risk is increasing?

Management: Repayment is increasing.

Questioner: Reinvestment risk?

Management: But today, if I have to look at the overall picture, today when I look at 17%, 17% is not worrying. If you look at any other company today, HMC, they also would be having 17% to 20% or to 25% also.

Questioner: But the disbursement is quite high. So they manage that?

Management: So, they do that disbursement is high or like in one or two of them, they may probably not be able to do business. So, then the growth rates.

Questioner: I get it. So, now the question will come, then how you can increase your disbursement to 30%?

Management: 30% -- 33% of the opening growth.

Questioner: Of the opening growth. If that comes, then your ALM growth can be 20%.

Management: So, when we were 35,000 growth, we did 8,500 growth. Obviously, it was much lower. Therefore, the growth came down.

- Questioner:** Came down.
- Management:** Last year, we did 10,000 on an opening of 38,000. So, that was 25%. Again, it was less. This year, we are targeting 13,000 on an opening of 42,000, which is almost 30%. Almost 30%. So, next year, we will further step it up. So, we will be crossing 30%. So, then we will start to see. Now, in fact, you will see that from the growth, which had come down to below 9%, it started moving up.
- Questioner:** Moving up?
- Management:** Last year was 10.4. This year, Q1, we had 10.8. And slowly you will see that, you know, it will keep going up as the growth continues. Because now for the 5 quarters to 6 quarters consistently, we have delivered a good disbursement. So, you will start seeing this thing slowly in Singapore.
- Questioner:** Understood. So, slowly and gradually, we will see the growth rates are moving up?
- Management:** I think from now onward, with the consistent 20% plus disbursement growth, the ALMs will start opening.
- Questioner:** So, now, in terms of coming to the disbursement, so disbursement is a concern of two, three things. In my view, it's very simple. One is the client acquisition. Client acquisition happens with the branch increase and all. In housing, you cannot be still. That is, the branch is the key thing in terms of this.
- Second, either you are taking disbursement from the new age players like your FinTech and all those things. Third, the property price increase. And fourth, the increase in the top of loan and all this. So, where we are in terms of increasing the...
- Management:** See, in our case, you know, we have -- I would say, you know, our main is -- if you see our -- this is the chart I will show you. We started our branch in our sales team. So, in April '25, because in June '24 only, we started our sales team with eight people. April '25 was the first year, the sales team 183 people, with 32 people.
- Last year, the same team, with, of course, from 32 to 82, they have delivered 863. This year, the same team, of course, that will slightly increase the strength, the same team will deliver 1400. So, this engine is now delivering. The second thing is the branches we opened on '23-'24. Most of them were opened on end of '24, February '24, March '24. So '24, we didn't get much, but FY '25, they delivered about 128.
- But the next year, we had two years of branches. They have delivered last year 868. This year, the new branches, this year also we are adding. So, these two are the engines which are actually delivering the business. So, one is the ticket size, of course, is one thing. It will also improve a little bit, but the sales team...
- Questioner:** So, what is the difference between these old branches and the sales team?
- Management:** The old branches, they are all opened in prior to 2023. The old set up is already there. The new branches are the ones which are opened after 2023.

Questioner: And which has the own sales team?

Management: No, no. Sales team is there even in old branches or this thing, but they are different from the DSA. So here, 87% has come through DSA. So now when the sales team is there this is a chain which is adding over and above what the branches are doing.

Questioner: Okay. Okay. Okay. Which is INR868 crores of disbursement in FY26? So the sales team...

Management: Actually new branches are the ones which are going to deliver.

Questioner: So earlier entire 100% was the DSA from the old branches. Now, the old branches is still on the DSA, but the new sales teams are adding the [inaudible 0:11:40] And the incentive of the sales teams and all is dependent on the what, if they are...

Management: Right now, what we have done is we have taken them on a higher salary. So unlike a DSA team where you come with a INR15,000 salary and then we pay incentive for everything above INR25 lakhs-INR35 lakhs. In our case, we have done they start with a basic salary. So they are, my joining salary for these sales people is around INR36,000-INR38,000 [inaudible 0:12:07] per month. Therefore, they are much more, and they are definitely on the roll. It's not like incentives there, we do a lot of R&R and recognition programs and all we do.

Questioner: Okay.

Management: You know.

Questioner: But does it cannibalizing the thing? Means they are sitting on the old branches only?

Management: Old, new, whatever.

Questioner: New. And in old branches DSA was the first issue in terms of the disbursement. Now this sales team is giving the loan and they are saying it's their own source and all. But in a way, it should be from the connector and all. From where it is coming? It is coming from the loan mela or something?

Management: No, no. They are on the ground they are doing it. Plus, if you see, we are also doing APX. They are also directly talking to the developers. They are [inaudible 0:12:49] files from there also. Today, we have more than 325 APF approved projects. So that number is also increasing. So they are on the ground. They are doing it. Plus, the direct leads now we have started doing more of direct leads.

So we have now our own website inquiries are coming. We have inquiries coming from lead aggregators. We are purchasing leads and then distributing it. Okay, we are doing digital social media campaigns we are doing, from there we are getting leads. All those are also getting channelized or given to the sales team. So they are converting those leads also.

Questioner: Okay. Okay. And in terms of the Fintech kind of disbursement, disbursement from this loan distributors and all, the big distributors like Paytm has become a big distributor of personal loan and all these?

Management: Corporate DSAs, they are all charging 1 or 1.5 times.

Questioner: Very expensive.

Management: Today, our average payout is around 0.5%. So these corporate DSAs are doing like this. And in fact, there is a little bit of a risk like over a period what is happening is they are getting into these connector logs. Because for them, they are saying, okay, you give me the volume. I will negotiate based on volume to the company and charge 1%, 1.5%.

You give me the leads, I will just log in under my code and I'll pay you straight 60%. So that is also happening. So this overall corporate DSAs are taking away all the smaller DSAs. Now, that is also happening in some of the places. But we have a very loyal team of people. If I look at the profile of our DSAs, in fact, many of our DSAs have been associated with [inaudible 0:14:33] 10-15 years also.

Therefore, we have that loyalty. So it is happening. But you will see that for us also, in fact, we don't have many DSAs who are where the numbers are short. Our numbers have been around 1,400, give and take some. That's been the number of our DSAs. They have been very stable. Of course, what we are doing is now many of this DSAs who are not, who are giving 1 or 2 files basically they are connectors only. So we will not continue to classify them as DSAs.

Questioner: Okay. So in a matrix, so when you have disbursement, when you are talking about INR48,000 crores of loan book, you are targeting a 30% of the home loan [Inaudible 00:15:16] INR14,000 crores. So INR14,000 crores, if I break up, like what you have seen, INR8,000 crores loan book. Now that INR868 crores from the sales team.

Management: Will become INR1,500 crores plus.

Questioner: In this year?

Management: This year.

Questioner: And that will be more remunerative to you because you are not paying any DSA charges?

Management: See, we are not paying DSA charges. But if you look at it, today our average payout is about 0.5%. If that bring about INR1 crores, then they will be getting about INR50,000 payout in a year. I am already paying INR40,000 approximately salary.

So frankly speaking, if my sales team does less than INR80 lakhs per month, it is not actually accurate. That for me, it has to be more than once a year. And thankfully we more consistently in very short periods in three to four months, we have been able to bring them up to that level where the average is around INR1 crores plus.

So today we have about, like for example, in Q1, if I have received, we did about INR276 crores in three months, same 82 people who have done about this much. So effectively, they have done more than once a year average. 82 people means INR246 crores. As a business, they have done INR276 crores. So more than INR1 crores is what they have done. INR1.1 crores is the average.

Questioner: Average, 82 people in the sales team?

Management: As of now, 82. This year, we planned to increase it to once a week.

Questioner: But eventually, if they are doing 82 people have done INR246 crores of this thing, it's a INR3 crores kind of thing per salesperson per quarter.

Management: Yes.

Questioner: And if they are in the same run rate, they would be INR12 crores per salesperson. And the break-even is for you is INR4 crores, right? INR1 crores per quarter, you have said or INR1 crores for the full year?

Management: 80 lakhs per month.

Questioner: 80 lakhs per month?

Management: So they should be doing about INR10 crores. They will be doing INR12 crores to INR14 crores. So rate is it is accretive for us.

Questioner: It is accretive for you. Okay. Any as per month...

Management: It is accretive for us. Plus, not only attrition part is one part of it. The second thing is we get to choose the customer of our choice. Because when the DSA does it, it is always the DSA does what they want to bring to us. Whereas here, they will be able to choose the customer. And second thing is, BT out risk is a little less. So it is our own source basis.

Questioner: Okay. So disbursement as an opening book when it reaches to somewhere around, okay. Slowly....

Management: This year, if I look at it, from where will INR13,000 crores come? INR13,000 crores means INR1500 crores plus will come from sales team. INR1500 crores will come from the new branches, which have opened after 23. So the INR3,000 crores is going to come from there. Now it is INR10,000 crores will have to come from the older branches, which were there. So today, they last year, they did INR8,900 crores.

This time they will have to do INR10,000 crores. So if you look at it that way, the older branches, even if they continue to grow at the current run rate, they will be able to achieve this. Our thing will have to come by way of delivering the, they already done last year INR8,800 crores. [inaudible 00:18:40] INR10,000 crores should be done. And they will get balance sheet. And this year INR13,000 will come. Next year, when I increase my sales team from INR150 crores to INR250 crores again, I will be able to fix that too. Getting that additional incremental to INR3,000 crores.

Questioner: And what about geographical dispersion, sir?

Management: Geographically, now we have the breakup where we have expanded quite a bit in our east and north and west also. So now we have a fairly well distributed setup of branches.

Questioner: Not exactly, that is fine. You will not take anything?

Management: I am not having.

Questioner: Anything? Tea, coffee?

Management: No, no, I had.

Questioner: Breakfast. I know [Inaudible 00:19:34]. So I have a liberty to ask him.

Management: Now, because of the branches, it is a fairly, only Telangana, we have 19, but that is one single state. Otherwise, west has also become 50, 47.

Questioner: It is totally kind of, understood.

Management: You have to order your own coffee once again. Not coffee.

Management: You have not ordered coffee?

Management: No, it is okay.

Questioner: Understood.

Management: He is busy fixing all the settings and all.

Questioner: Understood. So what is the cost of borrowing now, currently incrementally? Why I am asking this question? I have never seen in the scenario where teams are stagnant or not running, but cost of borrowing for many of the NBFC on a sequential basis have come down. I am really surprised to see that.

Management: This has definitely been a golden period where borrowing cost has definitely brought in the problems for all, no doubt about it. And incrementally, if you see today, my fresh loans, I am getting at 7.25. Some of them are quoting 7.5. We have taken the sanctions, but we have not drawn anything from that. We are still drawing from the 7.35.

If you see NCDs, we have not raised for almost a year now, or more than a year we have not raised an NCD. But if the rates start to come down, if they are around 7.5, 7.6, we will be very keen to take NCD because then we will be blocking the rate when the rates are likely to go up. So that will be a hedge for us. CPs today we are getting at 6.45.

Questioner: CPs?

Management: CPs.

Questioner: And 7.25 is from bank?

Management: Bank. If I look at NHB last year, we were able to get around 6.6.

Questioner: Okay.

Management: This year also, we should get around 6.75.

Questioner: And CP you are saying 6.45?

Management: 6.45.

Questioner: NCD at what you are getting?

Management: NCD today they are quoting 7.9, 7.8, 7.9. But, therefore, we are not drawing. But if we are able to get another 10 basis points, 20 basis points lower, we will probably pick it up.

Questioner: And NCDs are only 5 years, right?

Management: 3 years, 5 years.

Questioner: So the first time a housing finance company, generally housing finance company runs on the ALM. [Inaudible 0:22:25] But most of, fairly less in managing the ALM.

Management: So today we are able to -- if you see, we have brought down our short-term reliance on short-term borrowing from CPs which is around 12%. We have brought it down to below 7% now. So we have less than -- we try to see that we do not go more than 2500 approximately in terms of CP in a quarter. And that is also the logic is we have about INR800 crores as coming as collections on an average every month. But in a quarter also, if you look at it, it is INR2500 crores in a collection.

Questioner: And your average lending rate currently?

Management: 9.8.

Questioner: 9.8. So an average borrowing would be 7.3.

Management: No, no, 7. By the blended book, it is 7%. 6.98 actually.

Management: 2.3% of the margin. 2.8 margin. 2.8. Current is growing.

Management: Our current spread, we have, in fact, if you see the whole last 3 years, it has moved up from 2.3 to 2.5 to 2.4. We have brought it up to 2.8. So now we are consistently last year also we got it for 2.75, we ended with 2.83. This year also we are, first quarter we have maintained 2.83 in terms of the spread. [Inaudible 0:23:50] So close to 3.75 plus as the NIM. And then with low op-eds and low credit cost, we are able to maintain a 2.4 ROI.

Questioner: The only thing is that as the growth will increase, you will be able to maintain that spread or not. So why not 10 basis point, 20 basis point spread here and there and grow the book by bigger percentage or not?

Management: No, in fact, your point is very valid. We'll have to look at how to slightly whether we can look at improving the yield so that we can still -- because the cost will go up a little bit. I mean, this kind of a -- this is a dream run where we get 7% at all.

- Questioner:** So book it [Inaudible 0:24:37] If you can get NCD [Inaudible 0:24:39] basis points lower then book it at INR5,000 crores.
- Management:** Exactly. That's the whole thing. We have a INR5,000 crores enabling provision for NCD. The rate is conducive which will probably pick it up. If it is 7.6, today we will pick it up.
- Questioner:** So in a way, if I look at that way, you have created a new sales team, new branches and all. There is some op-eds and all. What we are saying is you have to lend at 9.8. If we do that, you can lend at 9.7 or 9.6, right? The productivity of your branches and all, which you are seeing [80 to 80 lakhs kind 0:25:23] of thing, right? If they can do more load, rather 286 loads, if they disburse somewhere around INR350 crores-INR360 crores, your cost-benefit analysis is much beneficial for you.
- Management:** No, not about it.
- Questioner:** Because INR80 crores, incrementally you have lost 20 basis points, but you have not lost anything. No, that's fine?
- Management:** But if you see, basically what is happening is, you know, the sales team, there is always a churn. So there will always be new people who will take some time to reach that average. So the averages will be around this much. But there are people who are doing INR3 crores plus also in the sales team. So it says that, you know, the churn at the bottom will always be there. You have to see some are not performing, they will leave, we will get a new people, maybe, you know, 1 out of 10 will be a star performer, you will have to retain them. So that is basically your standard.
- Questioner:** Okay. And capital we require? We don't require any capital.
- Management:** We are gearing is at 6.2.
- Management:** We can go up to 8.
- Management:** We can go up to 8, at least 7.2. Before we even start thinking of raising capital.
- Questioner:** We will show growth in this phase. We will get the capital now. I'm being serious, I'm not joking.
- Management:** Money will come, the problem is not money. The issue is more of, you know, Yes, growth. Frankly speaking, you know, when we started, it was like, you know, one quarter growth will come, so people will, you know, there is a good story. Two quarters, one quarter, consistently I am performing like that.
- Management:** [The last six quarters, the first quarter is going out, the second quarter is going, you know, but we are not getting interest.0:27:30:1]
- Questioner:** Equity. Equity is roughly INR8,000 crore, broadly speaking.
- Management:** INR6,000 crores

Questioner: INR6,000 crores?

Management: Equity?

Questioner: No, equity plus reserve.

Management: INR6,000 crores.

Management: INR6,200 crores something.

Management: INR6,000 crores. March was INR5,980 crores. Now it will be probably INR6,000 crores.

Questioner: Right. And if I look at the way you are making a profit of somewhere around INR600 crores to INR800 crores to INR1,000 crores kind of.

Management: INR1,000 crores, last year.

Questioner: Last year INR1,000 crores, two years, after two years, it will be INR8,000 kind of crore of capital gains. In that your market gap is INR11,000 crores.

Management: I keep telling them today, I mean, overall industry made the valuations have come down 2.5x, whereas we are at much lower. [Inaudible 0:28:23] The thing is, one is growth, we have to consistently ensure that we keep growing our disbursements at 20% plus. And second thing is, whatever little we can do, come down from a 17% to 16%, that will also be good. And we have initiated certain internal things. I mean, maybe another quarter down the line, we should be at least expect to see some benefits coming through on that action also.

Management: And all the technology things and all those things,

Management: We have almost like, we went with a pilot of five branches, it has gone smoothly. Of course, one month, the teething problems, all those things will remain, but they are there. This month, we implemented another 75 branches. We've already lined up another 77 branches for next month, maybe 75 to next month. By 15th of October, all those transformations will be done.

Questioner: It is a state of the art new technology?

Management: It is updated very latest. We have all the things, a lot of AI tools are also native tools for AI tools are also there. It's everything. I mean, it should start getting, bringing in productivity improvements quite fairly quickly.

Questioner: And the golden period for the entire banking industry from Q4 to Q1, I have not seen any increase in NPA. Even on the PL, even on the microfinance, even on anything. What is happening, I don't know. It's been 15–16 years of tracking it.

Management: Q1 generally is always a very scary quarter.

Questioner: It has been 16 years since they have been tracking. I have seen such a Q1.

Management: That is true. Every, you know, the delinquency that way has been -- there are a lot of nice tools for AWS, a lot of things for tracking tools, from MIS, where we are getting more good support from this information, credit information bureaus and all.

So, all those things are really helping in being able to manage your delinquency, managing our collections, NACH, UPI payments, all those things, ease of use of collections has definitely helped. Plus, now with this, a lot of them are experimenting with this, what calling for recovery, reminders for -- so the cost of collections also is coming down actually quite a bit.

Today, earlier SMS usage was so high for sending SMSs to customers, now WhatsApp and all, so you can send three reminders before the NADs hits, one week before, one day before, and you can send more reminders, you can do all those things. So, cost of collections also is coming down. Plus, UPI payment, everything is free, UPI is free, you have BBPS, you have collections where online payments can happen, there are so many payment apps, customers are comfortable.

Questioner: One thing tells me, all this BBPS, all this QR code, these two things, these are the two new things compared to NACH, compared to NACH, only NACH. One, almost nothing in NACH. So, NACH, you charge for NACH implementation and all. And QR code and BBPS, you the payment gateway or the who has the payment license. How both the charges vary?

Management: 50 paise for NACH.

Questioner: And NACH should be what?

Management: NACH is nothing.

Questioner: Nothing and QR code?

Management: QR code is also nothing.

Questioner: You are not able to use it, you are doing BBPS.

Management: Almost nothing in NACH. So, NACH, if it bounces, we have now almost 92% customers are in NACH. But the bounce in NACH, or those who are not converted into NACH, maybe a group on the BBPS or on a cash collection.

Questioner: BBPS for cash collection. How much collections from the Bharat Bill Payment System?

Management: INR200-INR300 crores.

Questioner: INR200-INR300 crores, which is growing like 100%?

Management: Now we have two banks, Canara Bank and BBPS.

Questioner: And you pay the banks too?

Management: Bank basically also, they get it today, so basically for them, that is also one of the...

Questioner: So, what I saying is, you are paying 50 paisa for INR200 crores. So that is not much amount. But if these INR200 crores are INR1000 crores.

Management: Why? We are focusing on NACH. From 88% we have taken 92%. Incrementally we are saying that NACH is mandatory. Plus, existing customers who are not on NACH or on ECS, we are confining, we did a campaign to convert them also to NACH as much as possible.

Questioner: In NACH bank reduces it but the float remains with them. In BBPS the float from one bank to another bank.

Management: In BBPS it will be three plus one. And in NACH they will be giving you on the same day.

Questioner: To clear the NACH as an account holder you have to keep money in your saving account. And if the NACH is of the same time. And if the NACH is of the same bank then...

Management: Other banks also.

Questioner: Other banks also? And BBPS is...?

Management: BBPS is platform basically.

Questioner: So, it can move from one bank to another bank?

Management: Yes, that's true.

Questioner: So, the float reduces, right?

Management: It remains with the bank sponsor.

Questioner: Okay, it remains with sponsor. It does not go the bank.

Management: T plus one two bases

Questioner: So, cash is for normal recovery, normal EMI recovery, so it's immediately, naturally a freedom given to the bank, they have an option to pay, they have...

Management: In case the bounce happens or in case something happens, that is that.

Questioner: Then it's a easy, professionally very easy way to invest. And how much we are paying on NACH, sir?

Management: NACH sir. We have a tie up with HDFC. They get the benefit of having not part with 100%, but they can part with the 80%, 90%, or the remaining that 10%, 20%, whatever they will be told, we sell for a day or so, that is how we have that situation. That will be for registration. That will be for registration.

Questioner: I'm just thinking...

Management: They are charging something which they have to give to NPCI, so I think...

- Questioner:** Yes, no, I'm just thinking louder, right, how it used to be. Earlier it used to be a post-dated cheque or it used to be a cheque payment and all, when you were in the group. Correct. Right. And that the cost of doing that thing was very high.
- Management:** Maintenance and all, clearing and all.
- Questioner:** It needs to last. Yes. Currently, NACH is...
- Management:** So, operationally, banks benefit because the cost comes down.
- Questioner:** Cost comes down. Float came to their bank. Now, you are paying to NACH, HDFC Bank keeps it with them, it gives you after 2 or 1 day. Now slowly and gradually, for not you, but for the personal loan and MFI loan, and it is moving to QR. Scan and pay kind of -- and scan and pay kind of thing, there will be two more layers. In that, there is a layer of NPCI, there is a layer of issuer authority, there is a layer of payer authority. Right. But its charges and volume is increasing very robustly. So, the collection mechanism is changing. That is true.
- Management:** But NACH is also very important.
- Questioner:** But you understand because you have a bigger loan and all, but for the personal loan, for MFI and all those things, this is creating a huge, operating leverage kind of thing. People are not understanding. Whatever is in the personal loan, whatever is INR3 lakhs, INR4 lakhs, like INR5 lakhs kind of company, I am telling you, take the payment lightly. If you take a payment bank's license or payment PPI license, you can issue your own QR code.
- Management:** Okay.
- Questioner:** You will save a hell lot of cost in collection. Currently, you are doing from some other QR code, you know, Canara, or Paytm, or HomeSafe's. It is not yours, you pay for it. Correct.
- Management:** No, no. Collection cost, I am saying, overall has come down for everyone. And for us, it is -- NACH itself is a big saving for us. And Sweet and March, directly, immediately, we come to know this evening, okay, who has cleared, who has not cleared, immediately the integrated with WhatsApp messaging.
- Questioner:** With Canara bank or with HBFC bank?
- Management:** HBFC. Because the NACH is a HBFC.
- Questioner:** So, HBFC was transferred, then he transferred to...
- Management:** We get it through the portal, we are able to come to know, which are the accounts which have cleared, which are the accounts which have bounced. Immediately, that data moves into our messaging platform. So, WhatsApp messages never can go to the customer also. And money comes to your account if it has bounced or credited. It goes from our side and collections also get it.
- Questioner:** And money comes to your account in T plus one or directly

Management: Same day.

Questioner: BBPS?

Management: In BBPS it is T plus one.

Questioner: Understood, sir.

Management: So, basically, you are right. There is one, we have to consistently be doing a 20% plus and see whatever we can do to reduce that 17 for 16 and a half, which can be done, we have to, that's how it works.

Questioner: This is the golden period of the NBFC in next two, three quarters. And I think we discussed this when Param came last to meet you, golden period of NBFC is coming. And this will remain for next two, three quarters.

Management: And for us, we have six quarters that we have reduced our delinquency in absolute numbers.

Questioner: Absolute numbers. So, it's the best... [inaudible 38:33-38:46]

Management: Today, we have...

[Ending abruptly]