



“Can Fin Homes Limited

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Questioner: In terms of the kids, so profiles, is there any specific segment you are targeting right now? I know you do some, like the central authority, you know, the [pragmatic feedback 0:0:14] and also within some ladies, got employees, I mean the private employees, very specific segment you are seeing better traction, like, or I've seen better results come back to other housing finance companies. Not the black squirt here?

Management: See obviously we are now seeing, you know, this 2 BHK kind of properties still being there maximum and slightly, you know, our self-construction has come off a little bit mainly because in Karnataka, you know, most of this self-construction were happening on the outskirts where, you know, it was Ekhatpur, Gram Panchayats Ekhatpur still not there.

So to some extent that has come down and apartments is slightly gone up. But other than that, I mean, we are still focusing on the 20 lakh to 50 lakh segment only mainly and below 20 lakh is slightly going down for us obviously because property values are also not coming down. In fact, they are, you know, you when I'm in a small tier two, tier three town, if you look at a small property, self-construction or whatever, it eventually the cost is not below 20 lakhs.

You property cost below 20 lakh houses is not very prevalent. So that way to that extent, you know, that -- in that segment or below 20 lakh is slightly going down. For 20 to 50 something which we are...

Questioner: And we are agnostic between self-employed and salaried.

Management: Self-employed, now we are a little, you know, I wouldn't say, you know, less agnostic. We are, obviously, salaried has been our forte. We are doing more of salaried. But self-employed now is increasing because now we know more and more IT returns and more people fighting, more people coming in the formal segment and all. We are getting more customers who are coming with 2 years, 3 years IT returns and we are getting it verified from the portals. So that is also giving a little more comfort that, you know, the IT returns are all genuine because you're downloading it from the portal.

Questioner: So in addition to the IT, now that your IT systems implementation is also done right, in addition to the income, which is a documented income, which are the data points you are looking at to improve, like to widen your basket? Custom -- okay.

Management: No, so that is something right now. We will be looking at, you know, newer segments now.

Questioner: Right.

Management: We are internally looking at something, but as of now, you know, what we are doing is the same documented income segment and obviously cibil scores above 650 but by and large if you see more than 80% of our customers are having 700 plus cibil score. So that way it is not a thing. So that these are the kind of things we are looking at mainly.

Questioner: So mainly documented income proof. I mean, the concern and also finance companies even in the quarterly concoction everyone is talking about companies. So documented income proof now with whatever machine learning it becomes much, much easier to run that, right? Even

payable finance has they have demonstrated one product with the entire cibil report. They could auto read it. Their tag was like for a documented income proof document for case it was down to some 14 hours or something. So how do you compete in that?

Management: We also have that. That's one of the common products, know, Perfios, which was earlier, Karza. They have the cibil reader, you know, account aggregators, bank statement reader. All those things are now a norm. It is not even a -- that is something we are also having where, you know, based on the cibil report, the cibil they will automatically give you what are the kind of how many live loans and how many -- most accounts what is the thing. All those things are very, you know?

Questioner: Standardized.

Management: Yes.

Questioner: So what is your TAT, you know?

Management: So sanction in case of the -- this thing is actually below 3 days. And so...

Questioner: So login to the sanction is, like?

Management: So login to the sanction is less than 3 days, but, you know, in case if it's a new direct inquiry which comes in...

Questioner: Yes.

Management: Or, you know, it's slightly under this thing we may -- if at all delay happens this happens only in case of a valuation or a legal where it may take a little longer time. But if legal and all is not an issue then in that case in 3 days time here sanction is also done and 75% of the sanction incidentally in fact actually is done at the branch level.

Only 23% actually happens at the zone and maybe some very little comes to the head office. So almost 75% of the business gets sanctioned at the local branch within the local sanctioning powers. Okay?

So there though it is definitely very quite quick. And now with all this, you know, automation where cibil report is pulled directly, search is pulled automatically. Bank statement through, you know, account aggregator and OTP verification, Aadhaar, PAN, ITR, everything through the portal and all. So all those things are for documented income a very, very simple thing.

And they said it's only because of the legal and technical that it even takes this much amount of time. Sanction -- post-sanction up to disbursement, is purely something based on the stage of construction, based on the, you know, margin money and documentation and execution of legal documents. So that is -- Yes. For sanction of...

Questioner: So that is a basis to the key that sanction is...

Management: Sanctioned within 3 days, so we can easily keep that's not a clue.

- Questioner:** Okay. And are there any profiles where it will be much faster like the salaried employee is not being salaried?
- Management:** See our most of the salaried, they said no. So it is salaried or it is a this thing, we can verify it with the bank or through the ITR.
- Questioner:** So 3 days is not enough time?
- Management:** Is -- absolutely. And this 3 days, as I said, you know, we can't reduce it because, you know -- I -- legal and technical dust take that much time.
- Questioner:** Got it. So now the valuation has also become kind of centralized with the velocity...
- Management:** Yes. So once they upload all the documents, it automatically get allocated and the value our time -- whatever time they take. That also, we are able to monitor through velocity portal, whether, you know, they are certain values are more -- higher TAT and some of them are having lower TAT. All those kind of things, everything is available through the velocity portal.
- Questioner:** Then the NB housing, they have -- they should check versus the actual realization of disbursement you mentioned you moved away from CHAT to DDA?
- Management:** We moved to DDA and we are capturing the handover date also. So in our case right from, you know, the quite some time what we are doing is -- so there is a gap between the, you know, account that what we do is accounting of DDA happens on the day the disbursement is made, but the actual handover sometime it happens in 1 or 2 days from quite some time we have been having a practice that differential interest for the different ways anyway gets gives it we give a credit back to the customer.
- So the customer is not at a loss, so what happens is, you know, there is one way of looking at it we will book it only on that day or else we do it that right what we have been doing is we have been booking it on that day but then eventually the interest is reversal anyway happens in the same quarter or whatever so that anyway practice has been going on for quite some time so that is not a so sorry.
- Questioner:** So the NB is in the name of the developer of the apartment? Or...
- Management:** Depends on the type of property like if it is a lab case it will be in the name of the customer. If it is a, you know, self construction it could be the name of the customer. If it is a purchase case it will be the name of the vendor. If it is a purchase from a builder it will be the name of the developer. If it is a stage wise construction but in a apartment or that kind of a scheme again the disbursement will be in the -- so all these kind of things verifications for these kind of things and use verification of this all that is done by our centralized disbursement department.
- Questioner:** So are you going to move to like direct account deposit instead of the DD?
- Management:** We have -- wherever it is possible we do it. It's not that we don't do RTGS fund transfer but like for example in a first disbursement case, like, you know, we can do it only after the other document is received. Say today, we would provide the DD in your favor, okay? But when the

DD is -- actually the sale DD is executed and the sale DD copy comes to us only then we will actually hand over the DD to you.

So in RTGS that is a little difficult to, you know, do it and anyway the DD number and everything has to be mentioned in the sale DD.

Questioner: Okay.

Management: So, you know, first disbursement anyway it is very difficult to do it through a, you know, RTGS because as a customer suppose you are selling a property, you will not go and execute the document unless you get at least a DD from a copy from the company. You will not say okay after the DD is -- after the sale DD is executed the document is handed over then I will get my RTGS.

It cannot be there. So first disbursement, I think it is all of them are doing as for that or DD or check, but wherever it is unchecked it is going to the date of realization. Wherever it is DD it is on the basis of the handover.

Questioner: I was going through my list of questions. You mentioned that you have moved the benchmark from annual to quarterly, right? That also led to reduction of 50 basis points again. But when you move the benchmark won't you increase the spreads?

Management: See we will be doing it, I mean I didn't understand why will we increase the spread as in?

Questioner: So let's say, if I was on an annual interest rate benchmark plus 2% spread. When you move into a quarterly interest rate would you keep the spread as 2% only or will you increase the spread?

Management: No, we will keep it as whatever is the spread is there.

Questioner: But when I do a 5 year swap again as a 1 year benchmark or again as a 3 year benchmark the yield will be different. The swap rate will be different right?

Management: No. That is in case of this, but here in fact we moved it also because I mean we have not made a differential rate. I mean quarterly and annual recent the customer do not have a different spread. It is the same.

Questioner: You lost the yield, right?

Management: We lost the yield, that is correct.

Questioner: 50 basis point in another 50% of the book you lost?

Management: Yes. And that anyway see that half a percent or whatever when they took at a benchmark then they moved to this, they would anyway would have gone to.

Questioner: So you just preformed?

- Management:** We just preformed it or we just changed the reset and we said instead of, you know, it would have fallen due now because now we anticipate that the rates are more likely to go up also. So in fact quarterly will give us a better, you know, matching in terms of the liability reset period.
- Questioner:** Almost all of your loans are -- I mean borrowing is on the floating basis or?
- Management:** No. About 60 to 65% of our borrowing is on a floating because we have deposits which is a 2% or something which is on a fixed rate. We have NCDs which are on a fixed rate. There are certain NHB borrowings which are on a fixed rate.
- And rest of everything that is a bank borrowing, CPEA, some of the NHB borrowings, they are all on floating basis.
- Questioner:** CPEA is, what do mean?
- Management:** CPEA is anyway short term. CPEA is anyway short term so it is anyway 3 months only.
- Questioner:** So floating is 3 months. What kind of benchmark are they into?
- Management:** See, in terms of bank term loans, we have about 80% of our bank term loans which are linked to a repo. And another 20% or 20%-25% is linked to now T-bills. Okay? NHB borrowings which are on floating are all linked to NHB's PLR.
- NHB has its own PLR. Most of them are on annual reset there. Then we have, I think that is it. CPEAs and all are anyway because of the shorter duration.
- Questioner:** And you also mentioned that there was an impact on the EMI split when you moved the benchmark, right? The interest component reduced in the principal. How did that go? Like, so is that going to be permanent?
- Management:** No. That was a one time change. Basically, you know, what happens is, you know -- permanent as in now the higher amount...
- Questioner:** So every quarter the disbursement is...
- Management:** For example, mostly most of the --- you know, floating rate cases are linked to either the customer has an option of either doing an EMI change or a tenure change.
- By default it is usually a tenure change because then, you know, the cash flow and everything, planning becomes much simpler for the customer and for us and everything. So most of the customers are on a tenure change option. Okay? So same way when we moved from annual reset to a quarterly reset, the EMI remained the same and the rates came down.
- So obviously the EMI being the same, lower amount will be apportioned towards interest and more will go towards principal. So it's a permanent thing. That is also one of the reasons why our EMIs and all are up or rather the run down is a little on the higher side.

- Questioner:** So that 4.4% that we have seen this quarter, which is highest in like so many quarters that we have seen, right, that is going to remain linked?
- Management:** May be for another quarter, we have done some analysis and we have taken some steps. So, you know, we expect that in another quarter or so we should see.
- Questioner:** Yes. Okay. I said, but the...
- Management:** That's what I said. So our biggest challenge is that customers are paying more than the normal EMI or are making more, you know, part 3 payments and to reduce their debt or to reduce their liabilities.
- So we have done some analysis. We have taken some steps and probably in a quarter or so we should be on one quarter. I think we should start seeing some results where, you know, these numbers should slightly taper down or some improvement should be there.
- Questioner:** The call you mentioned about, you know, offering them deposit option, right? But why would they go for a deposit option when they are not taking deposit option with the banks?
- Management:** So we do have a 3-year deposit product, which is where we are offering 7.5. So if the customer is looking at something, they can look at saving that funds and all. So not everybody would go for it, but even if some go for it, it is that much amount of less equipment that will be there.
- Questioner:** Why are they re-paying? I just want to understand what is the reason? Is it that they are doing good in their business and they want to re-pay or is it higher interest and they want to take down?
- Management:** So in interest, I don't think is, I mean, today, you know, interest rates are all lower. Blended yield is 9.8. So it's a very -- not a very high kind of a thing where they are paying 15%-16%. We should look at it.
- Yes, I think from that point, but I think central conservative, you know, it's a good. It's a, you know, reflects of our customer selection. You know, you have a customers who are very, you know, careful about their liabilities. If they get some excess money, they want to reduce their liability and, you know, pre-pay early. So those are basically the kind of things.
- Questioner:** So this 9.8, the December rate cut is fully transacted, right now that everyone...
- Management:** Yes. Now everybody is already, January also in fact. The last one was January. We had a January reset of 15 basis points. That also by April end is all passed on to customers.
- Questioner:** So like whatever the 9.8%, is that number sustainable and will only go up from, you know?
- Management:** So yes, if there is a rate increase, repo rate increase, we will also pass on something to our customers. So it will only increase. And I don't think, you know, now there is any further rate cut planned or anything. So I think now, I think this should continue. Yes.

- Questioner:** And the ticket sizes, you are going up on the ticket sizes and the cibil rating also you are going up, right? I mean, somebody has done the call. So that impact also you have like taken into account and then this 9.8% is sustainable?
- Management:** Yes, yes. On a blended, even incrementally, we are doing a 9.83, 9.84.
- Questioner:** So on Q4, when we were discussing, you said that you will open 28 branches this year and then most of it will be 10, 10, 10, 10. But only one branch was opened so far?
- Management:** So one was opened in the Q1. But now we have already opened this month. Right now, all 8 branches have been opened this month. Remaining days again another 17, 18.
- Questioner:** 15 are there. It will be mostly 10 branches will be opened this month. And maybe a little 5 may be opened this month or maybe first week of September. So by the end of September, all 28 will be opened?
- Management:** Yes, mostly it will be opened. Only two centres we don't have that premises fixed. So that Sriburi and another place like that. Other than that, all have been, I mean, furnishing is going up most likely by this month or first week of September, you can say 15 are in the pipeline. Some branches we are opening the day after 2-3 branches, we are opening the day after tomorrow also. Perfect. So we will be completing this project latest by September.
- Questioner:** And the ASTM hiring?
- Management:** The ASTM hiring, in fact, it's already going on. Some of the locations we are looking at. And some of them will be freed once we complete the IT transformation. So by October, we will have the remaining concept. So some of them we will be freeing up in the month or so.
- Questioner:** What IT?
- Management:** We have gone for a complete overhaul of our IT in terms of all, you know, applications, security and infrastructure. So application, only LOS, LMS was pending. Other applications have already gone live in the already. In terms of infrastructure and security aspects, all the things were already completed in the last financial year itself.
- Questioner:** LOS is pending?
- Management:** Only LOS, LMS, that also we have initiated from July. 5 branches pilot went live. And 75 more have gone live in this month. Another 77 have been identified. Maybe about 75 will go live in the next month also. That is in process. Which system are you using? We have moved to LOS, LMS is pending.
- Questioner:** Pending?
- Management:** Pending.
- Questioner:** Okay. And was it earlier somebody else?

- Management:** Yes. We had earlier this thing from a company called Arcea. And that was, you know, taken way back in 2011. So almost 15 years we have used that system. And it has anyway passed its prime. So we had to look at it, either upgrade or remove. So we went for a complete overhaul.
- Questioner:** And how, I mean, just want to know because there are some other interesting companies also which are quite enthusiastic about LOS and LMS. Like Intel, Intel-Edge and other companies?
- Management:** So we had evaluated actually. We had RFP which was floated in 2024. And we completed the evaluation and everything. So we had actually 6 players who approached us. So IBM was one. It came with the package.
- It came with the group, the pennant option for LOS and LMS. Then we had Accenture. I think they came with the Intellect, this thing. Then we had -- this...
- Questioner:** So you went through v System Integrate, SI?
- Management:** SI. So IBM was selected as the SI. And they came up with the package. And their entire package was evaluated. We had done a thorough, you know, exercise of evaluation, technical as well as this thing.
- Questioner:** Because as far as I am concerned, there is no data behind it actually.
- Management:** No, it is exact with LIC and Bajaj. LIC and Bajaj both are using pennant.
- Questioner:** For LOS and LMS. The implementation is more or less done. Can we see the growth rates near to Bajaj with 50% and up?
- Management:** Disbursement, we have been growing at 23%. Last year we grew at 23% in terms of disbursement. And this year also Q1 we have grown at 29% in terms of disbursement. This year for the full year also we have projected 20% plus. Next year also, in fact, the way the, you know, our sales team has been doing, the branch expansion has been doing. I think, you know, next year also we are, you know, going to project a disbursement for the more than 20%.
- So once the disbursements continue to grow at that kind of a level, I think slowly the AUM growth will pick up. It will -- it comes with a lag anyway. Both the increase as well as the fall, both comes with a lag.
- Every year we will add branches. Next year also we are planning somewhere around 25 odd branches. Because we have a target of reaching, crossing 300 by FY '28. So we are at 250, 249 as of 31st March '28, so that will be 03 to 77. So at least 25 I think we will be opening next year also.
- Questioner:** So, the 10% of disbursement growth will come from the branches and then some growth?
- Management:** Not exactly 10 because, you know, the newer branches will obviously be with a smaller, you know, staff size.
- Questioner:** Yes. Sure. Some of your old branches will also?

Management: Yes. So there will be some growth 76%, 78% coming from the branch expansion.

Questioner: CSE will also do better right. And the DSC means later. Are you under giving a lower guidance? Are you giving a lower guidance? Can't your disbursements grow faster than 20%?

Management: We have targeted for 23% this year also from 10,500 which we have done in FY '26. We are targeting 13,000. That is more than 20%. So we are looking at that kind of a -- we will see.

Questioner: How long would it take for us to get to the 20% AUM growth? Because now you are almost on par with Bajaj, right? In terms of the systems and having the people.

Management: So I think in a couple of, I won't say 20% exact. The market also has to grow. What we would want to grow is, you know, if the market is growing at X, we would like to grow at 2%-3% of X. Today the market is growing at 12%-13%. So 15%-16% growth on a consistent basis is something we definitely would want to do or better than that. Not lower than that.

Questioner: I take your point. But I don't see any difference between capabilities between you and Bajaj?

Management: See today, Bajaj is also doing a lot of construction finance. It's also doing a lot of other product variants. And in terms of our -- of their, I think, you know, PBC criteria, they are almost at 60%-65% is housing.

Then a lot of other things, non-housing. Whereas in our case, our focus has purely been on housing. You know, in fact, today also we have 83% of the businesses in the housing and only 17% is non-housing.

16%-17% is non-housing. So, obviously, you know, to that extent, you know, which is your focus area, what you want to do. All those things also matter. We have not diversified as much as them.

Questioner: But what is the AP rate? How much bigger than AP rates in such years?

Management: VT has not been so much of a concern, I would say. Because today also VT, where, you know, it is going to competition, it's about 4%-4.5%.

Questioner: Of the AU?

Management: Of the AU, 4-4.5%. Today, like for example in Q1, we had INR408 crores going to VT competition. Q4 it was INR400 crores. So the concern is not about the...

Questioner: It's about the top, right? It is a disbursement. Of the year -- it's about what we talked about.

Management: It is more about, so we will have to increase disbursement. And yes, there is, you know, customers who are paying up more, you know, that is something which is there. I would put it more as, you know, we don't have any restrictive practices for, you know, prepayment. So if a customer comes and makes a payment on 28th also, we don't stop the customer.

Many companies, you know, there is a trend where people are saying that after 20th or after 25th, we will not accept prepayment. There are some practices where, you know, not more than three EMIs you will accept, not more than two prepayments in a year you can make. We don't have any such restrictive practices.

So from the customer's point of view, if you see, we are very fair and transparent. Now it is today probably a disadvantage for us. But I think in the larger interest, if you see in terms of fairness, I think we are doing what is right.

Questioner: In this 75 branches where, you know, rolled out the allowance amendments, are you seeing any implementation issues already with regards to the disbursement rate?

Management: There are no, you know, slow stoppers in any of the branches, not in the five branches, not in the 75 branches. Yes, in the first month, there will be some more -- you know, some understanding issues. And it does take about, you know, for a complete system where people are so used to for the last 15 years when you change the UI, UX and all. There is some, you know, you need at least 10 days-15 days to get accustomed to the new flow, the new process, the new UI, UX.

The first month there is a little bit of a -- but next month again it goes, but there is no showstopper. All the branches last month which we implemented have done disbursement, sanctions, customer generations, everything in July. In the branches we have done in this month, they have also already started their disbursement and sanctions and everything in this month itself.

So there is no showstopper. There is some small teething issues, which I think we have already factored in. And last month also we have done more than INR900 crores in disbursement. We have targeted for INR3000 crores for Q2. We have already done more than INR900 crores last month. And this month also the way it is going, I am sure, you know, we are in line for INR3000.

As of now, we don't see any problem for that INR3000. But as I had mentioned in my call, that somewhere in mid-September, we will again come back and probably give an update, either in the form of a press release or in the form of reporting to the stock exchange. So something to say that how much disbursement has happened in July and August. So, you know, just more from the transparency point of view, you know, we will be doing that.

Questioner: Does it require any DSA system integration when you are implementing in each of the branches?

Management: DSA, no.

Questioner: Okay. How does the DSA lead come into your system?

Management: No, they come with a physical file and everything is done at our branches. We don't have that interface given to the customers. So DSA is where they log in sitting in their offices and all. No, that is not. Physical file. Physical file only comes. So that is not going to change at all. The new system is not impacting that.

- Questioner:** So how will the sales tax get released? You said earlier, right?
- Management:** Okay. See, there are a lot of productivity improvements, lot of automation of activities and all. So, you know, that should improve, you know, effort on the staff. Like for example, just simple things I will tell you.
- When we moved from an upgrade of our old system also, when we did, we automated certain things. Like, for example, as I said, you know, this account aggregator integration, CERSAI upgrade, pulling the integration of the cibil and, you know, your experience and all those things. All those things are in the package.
- So they will definitely reduce the TAT of the branches. Plus, you know, we are now also as part of this, having certain customer service-related matters, which will be automated. And, you know, we have a centralized team we have set up. The reports all come to that place. So centralized team is able to send the statement of account or the balance information or anything like that. That is can be centralized.
- So those kinds of efforts which the branches were doing is now reduced. So in the branches, you know, there will be more time available for the people to be on the ground, on the field sourcing. And therefore, we believe, at least in the bigger branches, we may be able to release one-on-one staff to go on the intersects.
- Questioner:** So yes, SOA is used. Just an example.
- Management:** SOA, balance confirmation, list of documents, everything.
- Questioner:** Yes, sir.
- Management:** Everything, we have now scanned all the documents. Everything is available. So from the centralized, this thing that can, our DMS was not there. Now we have, DMS is there. Everything is a centralized document is available. Repository is there. From there, you know, they will be able to pick up and directly send it. We have a auto, we have a bot, which is, I mean, a chat bot, which is a multilingual chat bot. Okay?
- And there itself, you know, if the customers are giving the request for a list of documents, we have the document repository available. Documents can be put up and directly sent to the customers with the near ID.
- Questioner:** This right for 10 where can where is it right now and where can it put up?
- Management:** See, our productivity levels today are around, I think, five, or this thing is to be around five cases per staff per month. It's a minimum.
- Questioner:** Okay.
- Management:** In terms of disbursed cases. We would definitely, I mean, I think with all these things coming, we can even take it up to seven. Six or seven.

Questioner: In the best time.

Management: In the best time. Six or seven.

Questioner: Okay. How many of these offices are the loan offices in the 150 branches?

Management: See, we have a graded structure of, depending on the AUM of the branch. So, up to INR100 crores, we would be giving only three people at the branch. Once it crosses INR100 crores, we will be adding one more person up to INR200 crores. Once it crosses INR200 crores, another two people will be added.

So it will become a team size of six and so on. So we have that branding of small branch, medium branch, large branch, very large branch.

Questioner: Is staff would be at a cost of like INR25,000?

Management: No. For our minimum entry level salary is around INR36,000.

Questioner: Yes. Okay. Yes. And DSA cost would be how much per loan?

Management: DSA average, we are paying out about 0.5%.

Questioner: 0.5% on a INR25,000 -- sorry, INR25 lakh loan. Average INR25 lakh. You are paying INR12.5, right? Average for INR12.5000. So that's like, three loans. But payment to your DSA cost rate. I mean, one employee is approximately three loans?

Management: Okay. So if you are by, with your -- this thing, so if our staff is doing less than INR80 lakhs per month, then I think, you know, it is costing us more to have our own stuff than do it through the DSA. I think that's what you're asking.

Yes, that is right. And today already my sales team is doing a productivity of more than one CRM. So why not have higher number of sales team?

So we are doing that now. So we started off with in -- '24 June, we started with just a small experiment in two branches. We expanded it. Then by end of '26, we had 82 people. This year we are targeting to take it to 150 people. So without adding any staff.

Questioner: So they are separate from these 750 people, 750 or 1000 people you have in branch, right?

Management: No, they are all part of it. The total staff that 1300 or 1400 now, which is their 1405 or something, that is inclusive of that 82 people of sales.

Questioner: And they sit out of branches only?

Management: Yes, in branches only. So without changing our template of 3, 4, 6, 8 staff and all, we will be still be able to have that 150 people. Within that itself, we will be doing exclusively sales.

Questioner: And these three people do not just sales, but also account services, right?

- Management:** Yes, these three people are doing the entire branch functioning. So attending to customers, logins, verifications, property visits, collections, all of this is done by those three people.
- Questioner:** So you covered all of these positions, where the central bank will only be focusing on sales, right? There will be responsibility not to be doing other stuff that you mentioned, that the remaining people in the branch. And how is this productivity?
- Management:** Those three people could very well be two people and one person for sales.
- Questioner:** I understand. But I am saying that how is the productivity difference, right? Now that you have covered all of them, verification, right? What is the kind of per month, files, disbursement, etcetera?
- Management:** See, I think that will continue to be our overall productivity. As I said, including that sales team will be 5 to 7. We want to take it up to 5 to maybe 6.
- Questioner:** I am saying that that gentleman should have a higher number of priority, right? Because he is not doing anything else.
- Management:** See, the smaller branches are, if you look at, are mostly tier 3 towns. Tier 3 towns may not have that kind of ability to have one dedicated person doing one thing over there. Because their ticket sizes will be smaller, maybe it will be 20 lakhs, 22 lakhs, 23 lakhs.
- Whereas in bigger places like Bangalore or Hyderabad or Pune or Mumbai or Jaipur or Delhi or Chennai, they may be able to have ticket sizes in the 30, 32, 33 lakhs also. So, the sales people most probably will be in those places only. Because otherwise they will have to do to achieve that 1 crore, they will have to do 8 or 9 cases or 7, 8 cases at least to be able to do that kind of.
- And leads will also be lower. So it is better to have the sales team more in the select 20, 25 branches. Or 20, 25 centers. Branches could be 100, 120 branches. Like in Bangalore, almost all the branches that we are having will be able to justify one salesperson because, you know the market is also big. Ticket size also is already justified. And all the branches are having a higher AUM. So, you know, you have 6, 8, 9 branch staffed branches where one person can easily be doing sales.
- Questioner:** Sir, out of the 60 people that you are looking at this year, the sales team, how many have joined so far?
- Management:** I think now some of them are in the process of joining. Now probably that number might have gone up to 90, 95. They are yet to join out in the process.
- Questioner:** Sir, now that LOS system is implemented, that will still be 3 days because of the evacuation?
- Management:** That we cannot do because valuation and legal will take at least that much time.
- Questioner:** Will this help in increasing the yields? In like squeezing out slightly higher yield like 10 basis, 15 basis, 20 basis once out of a salesperson in terms of buying price?

Management: See, I don't -- that will not come, you know, because of the system. The system will only ensure faster processing and, you know, improved productivity and all those things. Yield and all we will have to look at in terms of getting a proper segment better.

Because if you are going for, you know, a salaried segment, obviously you cannot charge them higher today. It is a little competitive. We will have to look at, you know, either some slightly different segments like, you know, more of cash salary, more of, you know, those kind of things where you may be able to get a little slightly 10 bps, 15 bps higher in terms of the yield and thereby support your spreads.

Questioner: DSA fees, right? Or the loan origination fee it went down from INR30 crores in FY '25 to INR8.7 crores in FY '26. I think the answer you gave was something related to like it gets amortized?

Management: Yes. So both in terms of the DSA payouts as well as in terms of the processing fee both are amortized. So, I think there was a note that was in June last year. No, we did not.

Questioner: June last year and March also.

Management: March also we have written. So, from last year June that is June 2025 onwards we have that amortization on both sides. So, it was a net-net impact was not much entire for the entire of last year the net-net impact was about 5, 4 point something INR5 crores only.

Questioner: So, last year's pay income will be sustainable and again the cost side will also?

Management: The processing loan origination fees.

Questioner: Processing fees. Both will be. Of its growth rate you have said of its cost to income will be around 19.5. But there was no increase in depreciation this quarter, right?

Management: It will now start kicking in.

Questioner: INR20 crores per annum?

Management: Whatever we had INR100 crores is the total capex, but actually out of INR100 crores only about INR70 have been done till March 2026. Some of the capitalization is also happened in the first quarter. Approximately it will be INR100 crores.

Questioner: Once we go live with the entire set then we will.

Management: Then only the. Then only it will start giving. But yes.

Questioner: You know, the branches, you mean?

Management: Like some of the LOS, LMS implementation, some of the extra things have been capitalized. After 31st March, it was only about INR70 crores was capitalized. And then INR30 crores was yet to be capitalized. But approximately it will be INR100 crores is the total capital outlay.

- Questioner:** So, that 19.5% cost to income will be the net number for this year?
- Management:** Yes.
- Questioner:** And if the 8 pay commission comes out in FY '28?
- Management:** That is in effect.
- Questioner:** Around that makes that?
- Management:** We are not governed by that technically.
- Questioner:** In terms of the state level, you mentioned the e-Khata thing for Karnataka. You said the villages are still not implemented?
- Management:** Correct.
- Questioner:** How long will that take? And Telangana also...
- Management:** Telangana, I think it is behind us. That HYDRAA issue which was there which resulted in some demolitions. It affected the same thing. But then the government, it has been almost 8 months to 9 months or around that time. And the government gave a guarantee that no, we are not going to do demolitions. So, that, you know, eased the pressure.
- And slowly now the demand is also coming back. The prices are also slightly moving up. Because that demolitions impacted one, the sentiment and two, also the prices. So, you know, now both are kind of stabilizing. Telangana now we are almost, in terms of business, consistently we are doing INR100 crores plus.
- This year we are targeting about INR1500 crores to come from Telangana. And consistently we are doing more than INR100 crores. And slowly we will be improving. I think that is not a problem.
- This year Q1 onwards, last year of the whole year, Telangana was in a negative. This year from day one, we are in positive. And one is the base effect and second is now we know we have stabilized at INR100 crores plus per month in Telangana. And slowly it will inch up. And anyway second half of the year is a little better. Usually 45-55.
- Probably by, you know, when we come by October and all, I think Telangana will start doing INR125-INR130 and so on. So, 1500 by end of the year.
- Questioner:** In Karnataka, what kind of loans?
- Management:** In Karnataka, we are doing about INR230-INR250 crores per month is what we are doing. And for the full year, we are targeting INR3500 crores. I think that should be okay.
- Questioner:** Tamil Nadu, like on the call you said you are doing 9-11, it might not be such a big number for you, but Tamil Nadu you are doing...

- Management:** Tamil Nadu, we have more branches also.
- Questioner:** But everyone, particularly the MSME guys are facing a lot of issues in both, in terms of the employee churn and also in terms of the ascent growth. You are like one of the few differentiated players who said that Tamil Nadu...
- Management:** In housing finance, all the players have been talking about Tamil Nadu being a good market. Maybe some of them because of Tirupur and all those places, they had some issues. But I think that also now, it would have stabilized. I don't think now even they would be...
- Questioner:** So, the question is, is it like Tamil Nadu, having been ahead of the country in terms of development, has it become very penetrated?
- Management:** Penetration, yes. If you look at it, I think Tamil Nadu is the third highest in terms of the housing finance penetration and in terms of contribution also. I think that has always been there.
- But it is a state where there is all-round development. It is not only focused on Chennai being developing or even Coimbatore developing. Unlike even, you know, in Karnataka, you can say it is more skewed towards Bangalore city alone or Hyderabad alone.
- But in Tamil Nadu, it is not the case. You have development happening in Madurai also. You have Salem developing, having its own system, you know, strength. You have Tirupur also developing. You have Shivakashi also developing. You have Tirunelveli also developing. So, across the state, the development is happening.
- Questioner:** So, the disbursement will be 25%-30% per year in Tamil Nadu?
- Management:** Tamil Nadu, yes, I think they are growing at 20% plus.
- Questioner:** That will sustain for 3 years-4 years at least?
- Management:** I think consistently, they should be able to grow. Last year, they were doing almost INR160-INR170 crores per month. Now, they are doing about INR200 crores per month.
- Questioner:** And the new states, underwriting experience, how has it been for you?
- Management:** No, it is not new states for us. We were already there. Our Delhi branch, our Delhi 4-5 branches in Delhi or our Jaipur branches and all are very, very old branches.
- Questioner:** It is one of the 28, you said...
- Management:** Yes, new branches are coming up. That is true. But they are not new geographies for us. We have been there, but now we are having more branches nearby.
- Questioner:** So, experience-wise, how has it been for you?
- Management:** No, we have not had any issues. We have not had any issues. All the new branches have been fairly...

- Questioner:** Last question from mine. Like, so the controls for the fraud, now that you are moving more and more slowly towards centralized, not just with you, I can probably say underwriting as well, though it is still the branch level underwriting.
- Management:** PRM is there. Everything is now...
- Questioner:** What kind of fraud risk will be left at the end of FY '27 and end of FY '28 or '29 or '30? What kind of frauds, as we can see, that are possible? And how to avoid...
- Management:** See, I think, you know, in terms of credit, if you see credit legal techniques, so in terms of credit, I think we have done a lot of automation in terms of, you know, account aggregator, in terms of, you know, I have with Karza which now is Perfios for this IT download for Aadhaar, PAN.
- So, identity frauds, income frauds, I think, you know, to a large extent, we have kind of minimized. Okay? The only thing would be if you are going for an assessed income, the thing is, if you do not do a visit, assessment visit and, you know, this thing, then it is a different thing or if it is because, you know, businesses last 3 years would have been good, but now, so that is the only other assessment issue which is there.
- But otherwise, by and large, we have now streamlined most of the thing. And credit frauds, even otherwise, if the security is good, then credit a little bit here and there, it can still be managed because there will always be ups and downs in business, which can always, it will be more of a time factor.
- In terms of legal, I think that is one thing where we have stream -- as I mentioned to you, we have streamlined in terms of the path from tie-up where verification and documentation and all those things are there.
- For valuation, again, we have, you know, improved in terms of our -- this velocity tie-up where it is there. So, only thing could be if, you know, in terms of assessment of valuation or, you know, those kind of things could be a slight risk if valuations come off or things like that.
- Like when HYDRAA happened, suddenly 20% drop in property prices, obviously, will impact the customer's value. So, those are the kind of risks that we now see would be there. Otherwise, you know, whatever precautionary we could take in terms of technology production or in terms of, we have now, have a very good EWS monitoring mechanism.
- We are also investing in EWS tool, which will give us a tough thing. In terms of our audit now, you know, whatever was the earlier this thing, now we have streamlined our audit, our vigilance and all those mechanisms. So, I think, you know, a lot, whatever is happening, we are doing, we have kind of introduced.
- I am not saying there will be zero frauds, there could be anything. But by and large, you know, there is no systemic kind of an issue, which I believe is there. There could be sporadic one or two cases, which could be judgment errors or lapses in process or staff lapses and all those things, which could be there.

But by and large, we are trying to look at it. Third party risk, which is comes from by way of DSA or a value or that also we are trying to minimize. But, you know, that is another area where, you know, third party risk in terms of, you know, value or not doing a job properly or this advocate not doing.

Again, sporadic issues could be there. But otherwise, I think, you know, in terms of systemic as a system or as a process point of view, I think a lot of strengthening has happened.

Questioner: The first part that you said, right, was assessment error. This error, can you define what is the assessment error? Is it the local officer going to be reminded of the...

Management: Like we have a system of PSVR, we call it a PSVR, where we do the employment verification, residence verification and business verification. So, if it is a salaried customer, employment verification and residence verification. If it is a business category, business verification and residence verification.

Over and above the property verification is done. Now, if you do not do a visit of the business and it is a business, which is now, you know, it is a failing business, going business, which is on a down cycle. And, but the past 3 years, 8 years are strong, but it is a business, which is going down.

You can only verify when you go and do a business verification. It is done. So, PSVR is also, we have a tool. We have a tool called Sampark, which also is used for the sales team, also used by the current -- they have to do a business verification.

Now, but if you are going to a business site, you can say he visited the site or not. But whether the person really asked the right questions and all, we can -- you know, can go wrong sometimes.

Questioner: But at least you can know whether...

Management: Yes, we have it. So, PSVR is mandatory. PSVR visit of all those things is mandatory. And that also is one of the no-go items in the CRM, credit review monitoring. If the thing is not done through the PSVR tool, through the Sampark app, then it will -- it is a no-go.

So, those kind of checks are there. Yes. Okay. Thank you.

Questioner: Okay. Thank you very much.