



“Can Fin Homes Limited

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- Questioner:** So, what is the momentum in this disbursement?
- Management:** Disbursement has been strong, I mean, you see, the last 5, 6 quarters, I mean, the disbursements have been quite good. In fact, last quarter, that is Q1, we had, I don't know, I think about 25%.
- Questioner:** Yes.
- Management:** But we actually did more than that. And even in July, for that matter, we spent INR900 crores plus. So, disbursement wise, [inaudible 0:00:36]. So disbursement is not -- in fact, last year, we had, you know, Karnataka and Telengana, we started off with a negative. And then, this Karnataka by end of the year, it became positive. But Telengana still ended up with a marginal negative. This year, from the Q1 itself, both Telengana and Karnataka also started in a positive.
- And other zones, of course, continue to grow, like north and west, because obviously, we have also added a lot of branches. East also, this time, we are looking at quite a few branch additions, because there we see a good traction, and we see a good positive trend over there.
- Questioner:** But then, I mean, back to where it was?
- Management:** See, there was a time when Telengana was doing, I think, INR180 crores it had touched in a month. But I think that was not realistic. Considering that, Karnataka with about 45 branches is doing about INR230-INR250 or could have gone to INR275. I think 19 branches in Telengana, we should, you know, to 180 was actually running fast. And we did get impacted because of that later on. So, I think where we are right now with about INR100-INR110 crores per month, I think that is comfortable. And the good part is, consistently now we are doing 100 plus in Telengana.
- Questioner:** Which of the East?
- Management:** East, we are a little positive. Because East, we are actually seeing a lot of, you know, at least particularly, you know, Vijayawada, Vishakhapatnam and all those places and entire state for that matter, we are seeing a lot of positive, good decision making and stable growth. So, that we are a little positive on that state.
- Questioner:** And the IPF system, I think in Q1 one pilot was done?
- Management:** Pilot was done in the month of first week of August. We have done another 75 branches, another 77 we have lined up and data and all those things. Maybe another 75 we will do on first week of September. So, by 15th of October, in fact, all branches will be live.
- Questioner:** But any with this impact?
- Management:** See, there is a little bit of 10-15 days where staff also has to get accustomed to the new system. But by and large, there is no issue. In the sense that, no, it will cover up. It will cover up. So, like for example, the first 15 days in the five branches was very, very almost slow. We had a lot of heating problems, the draining and staff was not close to it.

But end of the month, last week, we were able to do almost. Same way in this month also from day one, I mean, none of the activities we had a kind of a showstopper, be it a concretion, be it a sanctions, be it a disbursement, be it match, be it entry of collections or anything like that.

Questioner: Just a little bit. Like for example, in July, there were some issues. Okay. Because of the IT, particularly, because we do not want to stay in a situation where we didn't know that IT will be an issue in Q2, because we have been buying the stock currently?

Management: No, no, I will just give you.

Questioner: [inaudible 0:4:10]

Management: No, I will tell you. Like for example, I will tell you. The five branches, which we implemented in the month of July, they have done 26 stores in June. They did about 18 points something in the month of July, and that also that the pipeline, which now in this month, they will cover up. Okay. The 75 branches, which we have done in first week of August, they are -- right now, we are targeting them and keeping an eye as to how much they are doing.

So, what we see is that from day one, we are -- some of the issues which we faced in the 5 branches, like treating understanding issues or clarifications of this, we have already done over here. So, here we expect that the gap will be further lower. And so, basically, that INR3,000 crores that we are talking about, we are still very much in line for that INR3,000 crores. Out of INR3,000 crores that we have predicted for Q2, INR900 crores we have already crossed in July itself. Of course, but then the impact will be very less because only five branches were implemented, but still we have crossed INR900 crores.

This month also we will be looking at how much that 75 branches [inaudible 0:05:20] and that's why we had said that somewhere in mid-September, we'll come back with an update so that there is a little more, because this is the most crucial quarter. But as of now, from what we have seen in those 2 rounds of implementation in July and August, we don't see any showstopper. We do not see any major issue where branches are impacted.

Questioner: Is 75 should be contributing or portion of this?

Management: This 75 also, I mean, would be like, this would be doing about, I mean, in terms of this, they are the smaller and SBMP branches mostly, which is a small and medium branch, but still they are, they would be doing, I think, out of the INR900 crores, they will be contributing about INR100-INR125 crores, they will be contributing.

Questioner: 15% of the business which is coming, we will target that in August and then in September 75 branches will be lined up?

Management: 75 branches.

Questioner: So, in Q2, there will be a little impact in disbursement?

Management: Even if it is INR3,000, it will still be INR2,800 something. But I do not think still, as of now, we still are quite confident, because there is no impact and we are implementing in the first,

second, third of the month. So, what happens is even the 10-15 days, first 10 days if there is something, so they anyway catch up and push the disbursement, by that time, the heart adds up.

Questioner: And what is the level of transition? What changes are happening?

Management: Right now, only LOS, LMS is pending. Only LOS, LMS is pending. But that is the loan origination and the loan management system. That is the entire thing to do with the lending part of it. Rest everything else anyway.

Questioner: Does the customer come how to put that application?

Management: Everything to do with the lending side. Loan origination is from the time of onboarding the customer or enquiry lead management, right up to the time of first disbursement. This is LOS. And LMS is from the time the loan is disbursed after that every, you know, recovery, collections, you know, payment, closures, everything is a LMS. The old system was this vendor called Ancia. Earlier was ThinPro Technologies and then later on renamed as Ancia. So, that system was operational from 2011 onwards.

And that we have moved because it was anyway due for a change. We had a proper RFP. That is only the LOS. So, in fact, what has happened is, you know, when we went for migration, we were very clear, we will give -- we really do have a single vendor who can offer both LOS and LMS. Because most of the migrations, the problem was that LOS and LMS had two different vendors, so, that integration was a major issue. So, when we went for the LOS and LMS of the same vendor that was a prerequisite. So, we said, we are not going to take that. Pennant is being used at LIC or Bajaj.

Questioner: [inaudible 0:08:45]

Management: No, no, IBM is the system integrator. They have brought the entire OEMs. So, in IBM there are three components. One is the security, one is the infrastructure and the third is the applications. So, in infrastructure there are things like, we are moving to SD-WAN, we are moving to AWS, we are changing the Microsoft this thing.

And in security, we are doing a SOC, NOC. We are doing all those kind of technical this thing from security part of it, all that is managed by IBM. IBM is also going to enter lifecycle. They are going to give us the support, managing and everything is done by IBM. The applications which is the HRMS, we have brought in a work line. For deposits, we have brought a Kia. For F&A, it is Infor. And for LOS and LMS, it is Pennant. And for DMS, it is this...

Questioner: For ALM, it is Knight FinTech?

Management: Knight FinTech. So, basically all these things are the vendors who are there. IBM is integrating and IBM is doing all the security and infrastructure

Questioner: [inaudible 0:10:01]

Management: IBM, of course, it is a huge this thing. They have a full team and all. So they have implemented well. We have gone without. So, this is basically the transformation. And we also mentioned.

So, basically only the LOS, LMS and the reports portion of the thing was pending, which we have implemented as a pilot in the month of.

Questioner: [inaudible 0:10:31]

Management: The last 100 will be in the -- 90-100 will be 1st week of October.

Questioner: And what about repayment rate?

Management: Repayment rate, no issues, we are in fact, July month is also gone well in terms of collections, in terms of, in fact, our match bonds rates have also actually been coming down, we have not seen the last 5-6 quarters any major job, in fact, it has only been improving. Absolute value of our delinquent portfolio has also actually been coming down, stage 2, stage 3, so definitely yes, and SMA-0 also has been there.

So basically in terms of collections we see no challenge, whatever little forward has happened in SMA-2, in fact, the reduction in SMA-2 has been more than that in terms of what has moved forward, so basically the portfolio overall has come down. So we see no challenge, even in July there is no impact, so credit costs and all, I think should not be a problem.

BT out per se is not so much of a challenge, it has increase a little bit in terms of our total rundown and that has been mainly because of the part repayment where customers have paid excess money to us, but the loan is still with us, so last Q4 the BT out was around INR400 crores, in Q1 it increased to INR408 crores, now INR8 crores is not a major impact or a increase or anything, but what has changed is the amount which has come by way of excess payment from customers, that is high, but that reflects that the customers are not moved out.

Questioner: But this is non-requisite, I mean, some quarter they might pay, some quarter they might not?

Management: So, over a period it looks like that is there, because by and large and I think this is something which I would assume is also goes with the fact that recoveries also across industries, across this thing have been improving, which means cash flow in the system has -- customers has been improving, which is surprising, but it is there, what is there is a fact.

Questioner: But BT out was around INR400 crores, now it has increased to INR408 crores, and how has it changed?

Management: BT out has no more impact, for the last 3-4 quarters it has less impact, it was already INR370 crores or something, so it has gone in the first quarter also, so BT out is not so much of a problem as much as it is the excess payment which customers have been making to us.

Questioner: Then this run rate is normal?

Management: This is the normal thing. And as I said, this time, when we started the year we said our BT or rundown will be around INR7,000 crores, so this is INR1,750 per quarter, as against that it was INR1,857, so INR107 crores more than what we had anticipated. As against that the first quarter disbursement we said INR2,500, we have increased the disbursement also more. So, whatever was the accretion to the book we had anticipated is what we have achieved.

So, even if tomorrow this number slightly goes up or something, we will push disbursements and try to cover up so that we don't slip up on the AUM growth that we have done presently.

Questioner: This is a different question, but the disbursement of EPO is disappointing, their size is too small, but the reason they are able to do some nitration at branch level, some branch manufacturing, can that affect us?

Management: Attrition for us has not been, we only had 14.25 as per scenario, and most of the disbursement we have seen is only in the first three entry level stages, officer, assistant manager, so that is not even the branch manager level. Branch manager has to be manager and above that. So, this is not even that level, there are levels below that also. So, it is not for everyone.

Questioner: Sir, I just want to comment that there is some delinquency that they didn't salaried in 19, anything of that sort that you are seeing?

Management: In fact, my NPA in Karnataka has been coming down in absolute NPA.

Questioner: Okay.

Management: So, there is no issue. And frankly, I am, sorry.

Questioner: If the question is [inaudible 0:15:25]

Management: Concern.

Questioner: [inaudible 0:15:29]

Management: No, there is nothing of that sort. Whatever is there is the same trend which is there, like we know which are the geographies where generally our delinquency is open, high, collection efforts are poor, and so the same trend is continuing. So, there is nothing untoward or other than the normal which we are witnessing.

Questioner: And no issues in lab also, because some players have been seeing issues in lab also?

Management: No. In fact, salaried and self-employed both we have witnessed that improvement in our delinquency in absolute value that we mentioned.

Questioner: And what are margins, how are the cost of funds?

Management: Cost of funds slightly have gone up, but Q1 maybe also had some opportunity where we could reprice some of the loans. So, basically, our cost actually, in Q1 didn't change at all. We had said, unfortunately, whether it is 6.99, we ended up with 6.98. So, it didn't change much. Incrementally, if you see our bank loans, we are getting at around 7.25 and 7.5 sanctions basically. 7.25 we have drawn, 7.5 we are just holding on to the sanctions. We have not drawn the money.

So, there is a little bit of an increase over there. Last quarter, we had the advantage that we had some CPs which we could reprice. This quarter probably or going forward, we may have some

-- we also have some NCDs which are maturing. This quarter -- sorry, third quarter, we have January. We have 8.1% or something, which now we are getting at 7.8 or something. So, even if we have to reprice it or we have to replace it with a bank term loan or something, we will actually benefit on that.

Questioner: [inaudible 0:17:24]

Management: As per the guideline, what is required, I think we are, that is, that is, I think applied. We don't have that problem.

Questioner: So, you did that in the first quarter only?

Management: No, last year when we did in May, our last NCD issuance was in May 2025. So, this year we have, according to the guideline, we have 3 years time, but it is very nominal amount.

Questioner: So, what is the [inaudible 0:17:48]

Management: Incremental long-term borrowing should be taken by NCDs.

Questioner: [inaudible 0:17:55]

Management: Correct. Over the next 3 years like, it's not one year window.

Questioner: [inaudible 0:18:02]

Management: Increment has gone up.

Questioner: [inaudible 0:18:19]

Management: So, while that has gone up, our other issue is that we have to reprice the lower terms. So, net-net, but our CP was -- like CP was 7.7, so we repriced it at 6.45. So, that is another INR500 crores.

Questioner: Okay.

Management: There is one more CP which also we repriced.

Questioner: So, there is a mix of opportunities.

Management: We did it in the first quarter. This time we did it. So, again, there will be some benefit coming from there. Or even worst-case scenario, we have to, you know, after all this planning, worst-case scenario, our 6.98 will go up to 7.03. As against that, we will be able to increase our yield because we still have some shift coming from us.

Questioner: But you are seeing the same trajectory within it?

Management: In fact, we will offset that a bit because our yield will also improve.

Questioner: How will the yield improve?

Management: Because we still have some, our salaried set number mix is also changing a bit. That is also increasing slightly on the book. Plus, our housing, non-housing also has slightly been changing which is within our, as per our statistics, will be what we have projected for 2028. So, that will be our slight improvement.

Questioner: Sir, I had a question on insurance income. The rest have a lot of insurance income. You have very less. The rest of the people we ask the lever patients that now EOM will come, you will have 15% PBT, then what will you do? But you don't even have it. So, why do you have to leave the lever? Will you take it and end it?

Management: No, the thing is, I was just explaining, we have, you know, you look at all our decisions. We have passed on 50 basis points, the highest among all the HFCs when the rates came down. So whatever transmission was there where we got the benefit on the liability side, we have passed on it. When it comes to fees, we are charging just what is the actual cost. We are not actually making any money out of the fees part of it.

Questioner: About this insurance?

Management: No, no, processing fees. Same way, today the regulator is talking about taking a consent from the customer to take insurance, not insurance, and all those things. That form has been applicable from many, quite a few years, ever since I know. So, when a customer comes and asks, do you want to take insurance or no? Are you ready to take it? Get it funded? Yes or no? That form was already there. So, today the regulator is telling us to do all those things. We are already doing it. We have 42%.

Questioner: Service function?

Management: So, it's a very small, whatever is there, we are taking from -- right now, we had only a partner of life insurance boss from Canara HSBC. So, the books is only 5%.

Questioner: 5% means?

Management: Whatever is the commission rate in the books we are taking that.

Questioner: 5% of the books.

Management: 5% of the books.

Questioner: 5% of premium?

Management: Collection is what is there in the books.

Questioner: We are charging 5% commission for premium.

Questioner: Sir, are you still charging 50%?

Management: So, there is of course, we are also using, you know, they are giving training, so, all those things. So, our offset works a little bit.

- Questioner:** But if the investor has a life insurance of Canara HSBC, then he can take the benefit. If he is selling it for 5% then nothing can be better than Canara HSBC for anyone.
- Management:** No, I mean, as I said, there is also, you know, this thing of expenses. That also happens a little bit. In fact, in that also, we are not...
- Questioner:** But now, there is no strategy to solve it, that we can charge it properly. We can charge the market rate. We can charge INR3-INR4 lakhs that these three have given me this tender. You fix it.
- Management:** So, again, the thing is, you know, when it comes to the customer's transparency, we are always being clean on that part. So, we don't want to do things in which there is a negative for all those things.
- Questioner:** [inaudible 0:22:29].
- Management:** No, no, I mean, customers will get a choice. That we are looking at that.
- Questioner:** So, how can we give a policy to the customer?
- Management:** I think they are quite comfortable with the rate.
- Questioner:** So, basically, how can we give an idealistic and clean approach as compared to climate or PNB, housing or other that we are looking at?
- Management:** At least, you know, today, our highest rate we offer is 12.5%. So, you can imagine that in terms of this, today, the regulator is saying that you cannot charge more than 5% from what I am giving it to you, right? So, we don't have that concern because that way, we're very clear, we don't want -- we are not going to be overcharging the customer. So, even with 3% or 3.8% NIM, we try to manage and operate at a 2.3-2.4 ROA rather than doing, you know, 7% spread and NIM and still operate at a 2.2-2.1 ROA.
- Questioner:** But let me say, so some people are [inaudible 0:23:37].
- Management:** So, there is a challenge. The regulator has been saying that kind of a spread is not justified.
- Questioner:** [inaudible 0:23:47].
- Management:** In fact, I am doing the most provisioning in my industry. If it is a matter of risk, then the ECL should be more. I have INR0.10 credit cost and the market has a INR0.25-INR0.30 credit cost. So, where is so much risk?
- Questioner:** But even affordable, there is a 50-70 risk.
- Management:** How much?
- Questioner:** [inaudible 0:24:22].
- Management:** Basically...

Questioner: NIMs will maintain. You don't see any pressure in NIMs, disbursement?

Management: Will grow. Will be at 20% plus. We are targeting 13,000. So, 13,000 is around 23% growth.

Questioner: BT-out is under control. Will there be any depreciation of Tec when the commission...?

Management: We have already guided that our cost-to-income ratio which was around 18.5 last year, we should increase it to 19.5 because approximately INR40 crores extra expense either in this first year, which will be there but over a period impact will reduce, because our base will go up. But INR40 crores extra impact either INR60 crores total cost against that INR20 crores saving because the old one will be sold out. So, net-net impact will be INR40 crores additional.

Questioner: Tec expense will increase?

Management: Will increase.

Questioner: [inaudible 0:25:27].

Management: No, means, percentage wise it will reduce because on 40 -- 4,200.

Questioner: You have been working for 5 years.

Management: Actually, our project cost was INR300 crores project cost of IT. INR100 crores is the capex and INR200 crores is the opex over a period of 5 years. So, effectively when you even it out over 5 years, it will be around INR60 crores.

Questioner: [inaudible 0:25:55].

Management: Depreciation will be there. Of INR100 crores, INR20 crores of depreciation will be every year. And INR40 crores AMC or usage cost.

Questioner: Will there be a hit?

Management: First hit will be there.

Questioner: And where will be the benefit?

Management: Efficiency will be low in terms of all three in terms of our control and risk and all those things. Second will be in terms of efficiency improvement and third will be in terms of how we are able to do that. And so, basically in first year about 70 odd people will be able to or 70 people will be able to pull out from the business and convert them into sales.

Questioner: And which branches have implemented 70. Can you tell any zone or branch if we try to check channel?

Management: You can see in north and west we have done more.

Questioner: And in any specific term you can say anything?

- Management:** You can -- in Jaipur there is a big branch, you can check that or whatever if you want in Bombay, but in Bombay there is none. But we have this in Bangalore. We have taken a branch in Hyderabad. We have taken a branch in big cities. There is a branch in Coimbatore.
- Questioner:** But you are confident that the tech transition is going to be okay? There will be no shocker? Everything will be under control smoothly?
- Questioner:** People are adapting to it all.
- Questioner:** Because such a big organization with such low level employees it's a great challenge. People can give up that you have brought any other shocker?
- Management:** No, it's not like that, because first of all it's a tried and tested module. Plus many of the things are kind of more of obvious that the staff also wants the change to give better service to the customers, automation of various activities anyway the staff also have to be experts.
- Questioner:** And so where do you check the realization on handover?
- Management:** We give the DD and it is on handover. So what we do is we give the DDs and so in the system because that is the first thing that is captured. System will trigger the disbursement and the interest calculation. As soon as the handover date is updated the difference whatever 3 days, 5 days, 7 days it is reversed and given to the customers. So basically it starts from there and this practice has been already in place
- Questioner:** But NHP is okay with this also?
- Management:** NHP was saying that if you can instead of first charging and then refunding it to the customer after 5, 7, 10 days instead you start only from that day. So that we said, we will do it in the new system so P&L impact nothing will come.
- Questioner:** Disbursement per one quarter will look different right, optically?
- Management:** That is somewhat you can say.
- Questioner:** These 2-3 companies have different disclosures than PPT that old method and new method
- Management:** In our case the thing was it was by way of check. You show it on the date of disbursement and you handover after 15 days, 1 month, you are not out of pocket but the customer is paying for it. In our case when we do a DD even if we prepare it today and handover after 5 days we are already out of pocket, we are paying interest on it
- Questioner:** So let's change this.
- Management:** In the new system it will also be only from the date in which the handover is marked, but still in P&L there is no impact because we are refunding the money anyway which was to the customer.
- Questioner:** Whenever you implemented 5 days of disbursement we'll move to the next quarter, which I mean by that 5 days looks bigger to us. So whenever you do it just show both the things in the paper.

Management: That is okay.

Questioner: Otherwise growth starts looking optically.

Management: P&P housing.

Questioner: P&P housing, India Shelter, Aadhaar did it?

Questioner: On the borrowing side how much face tag is there? How much floating is there? What happens if the interest rate is high?

Management: Borrowing is almost 65% is floating, laboratory around 35%. So basically NCD is all fixed Some part of NHB is fixed which is there. Deposit is fixed. Almost in fact almost 30% I would say is fixed and 70% is floating. On the bank side everything is floating. Part of NHB is floating.

Questioner: So floating is on a higher side?

Management: Yes, because NCD today for us is only 15%. In some places NCD is more so fixed will be more.

Questioner: You don't think the interest rate will be high you should remove NCD?

Management: We have the enabling provision, but still rate is around 7.9. If it will be around 7.6 I think we will definitely grab it. I think that will be better for us

Questioner: I think you are very mismatched really when I see India compared to other countries. So if I see in your less than one year around INR6,000 crores is a mismatch?

Management: The receipt annual report or?

Questioner: Yes, receipt annual report. So your borrowings I think around INR12,000 crores borrowings I think and advances are much less INR6,000 advances in the one year.

Management: No, no, ALM wise that is, one is, we have this one, collection itself, I think we had one suggestion from NHB that we should include the projected or the experienced repayments also in our listing which we were not considering earlier.

Questioner: Okay.

Management: So I think that was one suggestion from NHB that why are you not considering and everybody else is considering that. Now, collections if I have to tell you on a monthly basis, INR800 crores is a collection that we get.

Questioner: Okay, so that is not considered

Management: So repayments and rundown and everything is not -- EMI, this thing is able to run well

Questioner: [inaudible 0:32:59].

- Questioner:** Lending Bar side, there is any term called loan for sites notice that exactly because that has seen a rule change.
- Management:** So we changed this thing from 18 months to 12 months. So basically what was happening was the guidelines is that within 36 months the commencement of construction has to happen otherwise it has to be reclassified as a site loan. So at that time we were doing it as 18 months while regulations said 36 months we are saying 18 months.
- But in between there was a guideline change which says that, so when 18 months were happening and customer was not commencing the construction we would convert it to a site loan and charge from the original data at the site finance rating, because we have to provide for capital and all those kind of things.
- Then NHB or RBI came with a guideline that no such change or this thing can happen with retrospective. It has to be from prospective Okay, so then we said after 18 months customer enjoys this thing so we reduced it to 12 months. So now suddenly there is a larger chunk of customers where commencement has not happened in a composite loan from within 12 months. So they have converted to 12.
- Questioner:** So 18 has moved up to 12?
- Management:** Has moved up to 12.
- Questioner:** Okay.
- Management:** Whereas regulation is still 36, we have moved it down to 12.
- Questioner:** Okay. So everything which was sitting above..
- Management:** 12 to 18, we have converted into...
- Questioner:** That has happened this quarter itself?
- Management:** That has happened. I think we have this change.
- Questioner:** Subsequent quarters there won't be a similar jump. That number would be similar to the...
- Management:** And marginal whatever extra in site finance.
- Questioner:** And the rates here would be different compared to...
- Management:** Yes, site finance rates are higher because it is considered non-housing and obviously come to the higher risk advantage.
- Questioner:** What would be the spread?
- Management:** It would be at least, I think site finance starts from 11.5 Then we will get a higher rate of interest, 11.25 or 11.5.

- Questioner:** So how much of the business in self-construction?
- Management:** Large component is self-construction. That construction that we show majority of it is where it is as per stage of construction which is almost I think 56% or 38% or something.
- Questioner:** [inaudible 0:35:11].
- Management:** Under construction where it is as per stage of this thing.
- Questioner:** Basically not an apartment, right?
- Management:** Majority will not be apartment. It will be self unit -- self contain unit. But there would be some amount of it which could be apartment also.
- Questioner:** But mostly are those people who are making your own building?
- Management:** Yes, making themselves or they buy gated community under construction. It comes with land basically.
- Questioner:** So will you fund land or no?
- Management:** No, we don't fund land. If it is a composite loan then we do fund the part of the land because the customer has come for a land plus construction. So there we may fund it. But if the land has already been purchased and he is coming for we will only do the construction.
- Questioner:** In [VxSource 0:36:04] is it decreasing?
- Management:** It is decreasing at low rate. Not at the level that we would love to. It was 87%, now it is little less than 80, it is 79. But we would like to allow it.
- Questioner:** [inaudible 0:36:20].
- Management:** That is why the sales team, in fact, we delayed a little bit because sales team started earlier. But anyway, we have -- whatever we started. Now incrementally almost more than 10% consistently is coming to the sales team and this number is increasing.
- Questioner:** But when will it come? Because more than that sales team is there?
- Management:** Yes, so now sales team is there, but walk-in customers, repeat customers everyone has it, that is also there. So that is where this number is slightly coming down, but we need to increase it.
- Questioner:** Can you tell us what are the digital [inaudible 0:37:00]?
- Management:** So in IT implementation we will be able to do digital journeys, we will be able to get from the lead aggregated state data, we will be purchasing. We will be converting that. That will be full life cycle of the customer, the journeys on the system. So that customers will be able to apply online and complete process can be done online, those will come over there.
- Questioner:** But what will be the cost from here?

- Management:** I mean cost would be not -- in fact, since it is everything done by the customer, online journeys and all it will be much less for us.
- Questioner:** So there will not be any afferent fee or anything there will likce?
- Management:** That will not be there.
- Questioner:** In different question I am asking. In western community today is more kind of PNB housing buyers versus entrepreneur for obvious reasons. But what is your view on this? In terms of how they are approaching business, how you are approaching business They seem to have gotten a much more free hand in terms of say, going after affordable, going after the construction, charging too much of insurance. If we exercise we can also expand ROE. Your ROE already great, but that is because of higher. But on ROE you would still have levers. I mean, insurance, this all, I think we have left in table. But how should as an investor we think what are I think we are today?
- Management:** I think it's more of a philosophy that you know as a Canara Bank which was the promoter and which to a large extent is through the board we also have board presence of Canara Bank and the directors also -- it's a more conservative approach, in the sense that we have been more transparency with the customer, fairness to the customer, all those things. I am not saying, I mean, otherwise for anybody else.
- I am just saying that we have that philosophy. And in terms of growth when it comes, I think you know, we actually had some challenges couple of 2-3 years back. One was IT, we had to improve on IT side. Second, we also had to you know because of a couple of old fraud issues we had to completely revamp our process policy, controls and all those things which we have done.
- So last 5-6 quarters, you will look that there is a higher growth in terms of disbursement. And once the disbursement continues to grow at 20% the AUM will continue, it will return. So we had our own challenges that is point, number 1. And 2 in terms of this income and all that you are saying, I think we have generally been a little more conservative in that approach
- Questioner:** Head on right to win like I personally struggle to find a right to win for LIC housing. You have to fight with Head on bank. Bank has CASA. This has no CASA, makes the business case very, very weak. Where are we positioned and what is our right to win? And also with this BSA sourcing business model it makes the overall business case a little weak. And BSA is of no one. Today he bought and day after he take another one to sold.
- Management:** See, like I am giving this table in page 44. You will see, you can try of INR200 also. I think this rundown rate will be either comfortable or better for us compared to them.
- Questioner:** Or they would be higher rather?
- Management:** It maybe, it much higher. So if BSA loan takeover percentage is more, so this would have been higher. So, I mean, while BSA has a concentration risk or depending only on one channel is a

little negative for us. At the same time the BSA per say, have not brought in bad cases or resulted in too much of takeover. It's not like that. They have been quite fair and loyal to the company.

So there is nothing negative to the BSA channel that we have. For example, today my gross NPA is 0.8, 0.85. If you see the BSA gross NPA percentage also it is not on similar lines. Its not like that BSA percentage is 1.2%. It is not like that. So in that way if you look at it, it is quite fair. Even in pre-payment if you have to look at it, there is not much difference in pre-payment.

It is not like that BSA business mix is weaker and they are getting all low yielding products and all high ticket loans and low ticket. It is not like that. There is no such kind of reason to believe except for the fact that, one, there is a concentration risk of depending too much only on one channel and not having a diversified channel. And the second, perceived risk that generally BSAs take over their loans, which can happen. Okay? And why it can happen is because today for the BSAs there are corporate BSAs we don't have corporate BSAs.

Tomorrow if a corporate BSA starts giving this file. He will say, okay, he will give 0.6% so why will he work at 0.5% with us, because the corporate BSA gets 1.1%-1.5% so that is also possible. So these are certain risks which you know rather than wait for it to happen and then react we want to be a little more so that we are not entirely concentrating on BSA driven business. That is the part of it. Otherwise there is no major risk of the BSA that we are talking.

Now as for our you know right to win or what is our USP, I think decentralized sanction is a very big USP for us. Local branches may 75% of the cases get sanctioned. So they are sanctioning power up to INR35 lakhs, of course, depending on the grade and experience and all those things. So therefore when the customer walks in they themselves get an answer yes no and it is honored.

So the comfort that they get dealing with us rather than having it given to a sales guy who will then say that our operations guy will talk and credit guy will give another, in that there is a little comfort is more for the customer. And that is one thing plus the segment that we are working on, we are a little below the radar of banks. So our 25-30 lakhs average ticket size banks are having 35-40-45 lakhs average ticket.

Questioner: Small banks are basically?

Management: But they are not operating in banks. I start with 9%. 8.4 is a lowest rate they are offering. Today, even small finance banks are, you know, they are offering [inaudible 0:44:17]

Questioner: [inaudible 0:44:22]

Questioner: So that is a little sweet spot where we can operate. [inaudible 0:44:30]

Management: Correct. And today if you ask me, can I compete with a bank in say, Bangalore city? No. If I have, you know, there was a time when all the Puravankara, the Sobha, the Prestige and all have taken loans from us, their customers have been funded by us. But today, they have become big. Today I cannot fund a Prestige customer.

He cannot build a property worth less than INR3 crores. Even if he takes a loan of INR2 crores, we will not match it with INR7.15 crores. But can't be build a slightly outskirts of the city where you know the presence of banks or the aggression is a little less there we can compete because there we can pick and choose the customers because other players, affordable players are having a much higher rate of interest.

Questioner: With this AAA rating and with this cost of fund, you are able to operate with certain this thing? Any decentralized sanction or there you will not have any credit risk [inaudible 0:45:36]?

Management: It won't be possible, because we have adequate checks and balances. We have a CRM department. Before disbursement there is a CDD department. CDD is a centralized disbursement, every disbursement is vetted by them, every sanction within 24 hours is vetted by the CRM credit review monitoring department, so all those things are already there.

Plus today, if you look at it, my PAN, Aadhaar, bank statement, ITR everything is online pulled from the portal or either bank statements from aggregator, ITR from the portal, PAN from the portal and this from the UIDA portal, so everything is -- so therefore the question of customer not doing it is not there.

If it is about whether the customer has been visited, whether the property has been visited, we have an online mobile app where the staff has to do it without the geo-tagging and the photograph, again the sanction will not happen.

Questioner: Sir, question regarding Bangalore market, since there were multiple issues for last 2 years in terms of new approvals, some changes in the record keeping, all those issues are sorted or not?

Management: No. Gram Panchayat interior brokers, it is still, you know, E-Khatas are not coming.

Questioner: There are so many zones, I think...

Management: But the E-Khatas are not coming other than the, you know, this. So E-Khata, at least city limits and all, it has started, that is how it has -- that's why we are also now able to do INR230-INR250 crores per month in Bangalore, I mean in Karnataka. But if you go deeper you know, rural areas, it is not happening, it is still a problem. So we, I mean, had the problems been completely resolved, probably we would have done about INR275-INR300 crores, but now we are at INR30-INR50.

Questioner: And most of the development is coming in these areas, like before Bangalore city development is being on the outskirts, so that issue were?

Management: Wherever it is a builder and all, they are at least RERA approved, they are getting all those things, they are complying and getting it happen. But when it comes to single individual construction, there is a really...

Questioner: And is that zone wise by profession, six zones, that is everything, that part is clear?

Management: That's all is okay. They are okay. But you know, Gram Panchayat areas, still a problem.

Questioner: Thank you so much