



“Can Fin Homes Limited

Nirmal Bang - 10.08.26”



Management:

So, welcome everyone. To start with, I will just give you a brief update about our Q1. We have mentioned the same during our earnings call also. But as we mentioned, as we have given the guidance regarding disbursement and AUM growth, we have been able to meet our disbursement target. We have initially guided for INR2500 crores for the quarter and we ended up achieving INR2609 crores. At the same time, we registered a 11% AUM growth compared to Q1 '26.

That said, we did have some issues with regarding to BT outs, increasing BT outs. Our planned BT out was INR1,700 crores during the quarter. But we experienced repayment and amortization of around INR1,800 crores.

So, that INR100 crores we have sort of set it off with our extra INR100 crores of disbursement. So, we are committed to our disbursement target and AUM growth of 14% for the entire financial year '27. And looking into the demand, housing sector demand and looking into our performance across all the six zones, it looks like there is no major challenge with respect to our AUM growth target and disbursement.

So, if required, we can push for higher disbursement growth to meet our overall target of 14% AUM growth at the end of the year. Another major highlight for the quarter was our digital transformation. As we have been saying this about our digital journey, we have completed so many modules.

It was a complete overall of entire company, be it LOS, LMS, emailing solutions, data storage, security, everything. So, we have almost completed that. And as promised, we have rolled out the pilot five branches on 1st of July, immediately after the end of Q1.

And while we speak on 1st of August, we have rolled out another 75 branches. So, by now we have 50 branches on the new CMS system with entire infrastructure, entire ecosystem of the new LOS, LMS, work line, HRMS, everything. So, so far it has been good.

There is no major challenges. There is no major challenges that we have faced. There might be some initial teething issues, which are quite common to every system migration of this size and scale, but they are quite manageable. And to just to add to this point that we have been able to disburse INR18 crores of disbursement in those new five branches. So, that's a testament to the fact that things are working out well there. And our keeping this in mind, the entire Q2, we will be rolling out new branches into the new system.

And once we come, by the time we come for the Q2 earnings call, we will be rolling out all the 250 branches into the new system, thereby having this system digital transformation journey being completed in a proper manner. Apart from that, as we have mentioned during our previous meetings, that we are chasing growth and volume and also trying to achieve this by reducing our DSA dependency. So, we have been working on our new sales team.

So, the sales team has done well. They have contributed around INR276 crores in this quarter itself out of the INR2629 crores of this year. Close to INR300 crores was contributed by our sales team and similar amount of around INR300 crores rupees by the new branches.

So, we have been expanding. We are expanding also and we are investing now into our sales team. At the moment, the strength of the sales team is around 90 staff and we are planning to increase it to 150 by the end of this next year.

And similarly, we are planning to open 28 new branches in FY27, out of which one branch is already open in Q1 itself. Other five branches are just waiting for the inaugurals and other things. And the remaining 23 out of the 28 or 22-23 branches, we will be completing it, we will be opening it in H1 itself so that soon they can start contributing to the volume and disbursement growth.

So, this is it and from the cost side, we have maintained the cost income ratio of around 19.5% and spreads and neem which we have guided at the end of Q4 last financial year, we have been able to deliver that. Our spreads are above 2.8 and NIMs are also above 3.8 only. And we are continuing to give the same guidance on a conservative way.

We will say that for Q2, our NIMs and spreads will be maintained above 2.75 and 3.75 respectively. However, we know that we will be able to achieve little better than this, but in terms of guidance, this remains. Our delinquencies are under control.

Normally, at the end of Q1, we see a spike in NPAs as compared to immediately after the year end. Normally, it is a trend to see increased level of NPAs. Just to give you a perspective, in Q1-26, which is last year, June 25, the NPA amount increased to around 30 to 40 crores in terms of absolute amount, what it was in March, immediately preceding quarter, but this time the NPA has increased only by INR17 crores to INR18 crores. The increase is there. It is a cyclical thing, but it is much controlled. Our delinquencies in terms of SMA 0, 1, 2 are also under control. And accordingly, we do not see any stress in the portfolio. And our credit cost guidance will also remain below 15 basis point.

Questioner: First question is very simple question.

Management: Yes, please.

Questioner: What can you vote because 14% growth in that system is the growth at overall banking rate, not of the housing rate I am talking about, approximately 14%-15%. And given that there is much smaller size, somewhere around 40,000 or even somewhere around that. What more can be done to accelerate the regular number from 14% to 18%-20%, not in near term, at least two-three years. I understand hypercompetition is there from BSE Bank and other holding companies. What more can be done? How can you accelerate the growth from your outlooks?

Management: So, Yes. As I just mentioned, investing in our sales team, that can not only contribute to incremental volume, but also bring stickiness to the portfolio. Because till now, we were completely relying on the DSS hosting channels.

Questioner: What we have heard from the market, because they might not be having direct contact, who is looking out for a loan, acquisition of a bank kind of setup, they have a contact, they need it. So, they also might be approaching to what they call [Cersai DSAs 0:8:3]. We are aware of that.

That could happen. And then he can share with what they call the DSA. Those things are happening.

Management:

Yes, we will be careful about that. That can be thought of actually. But we need to monitor that whether it's coming from a DSA or it's coming from a sales team. But we will be able to segregate that because our DSAs are quite old, loyal DSAs and all. We are bringing in sales people, sales team to search for deals and we are going to APFs and other kind of things.

So, in the long run, with respect to sourcing our so-called target, which will be 60, 20, 10, 10. 60 from DSA, 20 from sales team, 10 from digital channels and 10 from online and all those things, walk-in customers basically. So, that will definitely help us to achieve higher disbursement growth. And we are also expanding in, we are still opening our new branches.

We are there, not that we are not opening in South, but we are also expanding in North and West, basically the rest of India. So, with that, our target is to, for this year it is 14%. Thereafter, once the systems are robust, everything is completely, all the guardrails are there. We need to have a sustainable growth that has been the mantra, that has been the guidance of the company. It's not like in one year, two years, we show a sudden spike in AUM growth and then again we falter back to some kind of issues. You must be knowing the history of the company.

In 2023, there were some issues, fraudulent issues. So, the message or the mission of the company is to first guardrail, strengthen our internal controls, our systems, our practices. After all these things are achieved, after we achieve the necessary efficiency and then we will work towards higher, then we will aim for higher AUM growth. Maybe till 2027 to 2028, we might reach 16% to 18% AUM growth.

Questioner:

Three-year, five-year plan, are you running, I mean, you are making three-year, five-year plan? Yes, it's there in our organization?

Management:

It's there in our investment presentation, vision roadmap 2028. So, by 2028, we will be there to around 18% AUM growth.

Questioner:

18% is the aspirational target for FY28?

Management:

Definitely, but certainly not, I have not heard at least of 25%, 30% of AUM growth. Yes, in order to achieve that 16%, 18% over the next few years, if required, we will increase our disbursement growth because the only challenge which we face or which might be there in terms of this, in achieving this will be beauty outs. So, with more disbursement from our sales team, the beauty out will come down.

And you know, the best part of Can Fin Homes has been with the transparency, we have always been transparent to our customers in terms of passing on the rate cut benefits. So, we were the first one when the rate interest rate started falling down, we are the first one to use the rate benefits. Now, during the last full year, we have been facing beauty out because in a falling rate interest regime, the banks become more attractive.

But now since I think the cycle has changed now and it's already it will soon it will start increasing. So, that gap between the bank and our rates will be less than 40 basis point. So, the beauty out will also be addressed and we will not face any, it is expected that we will not face that much of challenge.

And we could see that impact in our Q1 results only. There were there were prepayments and part prepayment, but the in essence, the actual beauty out the balance transfer number has reduced to some extent. And we are consciously investigating into this how to address this, because we have seen that when while we were giving the rate cuts benefit to the customers, the EMIs remained same.

So, thereby it resulted to a higher prepayment, more principal paper. So, all those things will be plugged in with the new system with a with more clear reports and MISAs, we will be able to do more analysis. Not that we are not doing now, but with more ready hand information and this thing, once we are able to control our [12:47:6]beauty outs, I think we will be able to achieve our EM growth and disbursement targets. And as of now, most of our loan disbursement is salaried, right?

Questioner: And as of now, most of our loan disbursement is salaried, right? What is the rate of salaried for us?

Management: Salaried, it's more like 72%.

Questioner: Okay. So, if we do the pie of the 10, that's what is said by and given that 16%, 18% higher, which is easy to comply. So, are you think, are you doing anything in the world that is going to increase the component of self-employed or more like this ratio?

Management: No, our incremental, if you see our incremental disbursements, it's more going to self-employed.

Questioner: Okay.

Management: ACMP, non-traditional. And there also, we are, while we say that we are doing this, we are completely conscious of the risk associated with it. And we are not doing on an appraised income basis. We are doing this only on documented income proving. -- Income tax or idea returns? Karza and all those apps, we get there. It's nothing is done on appraised that this is your, I mean, PI this thing, we will just think and we will do the loan. And so far, we have seen, throughout last financial year also, we have increased our pie of ACMP. So, we have not seen any major issues with respect to delinquency or paid worthiness of its customers.

Questioner: Sir, what would be the incremental disbursement percentage for salaried and self-employed?

Management: I think it is 40% self-employed. -46%.

Questioner: So, on this, like our self-employed disbursements were up by around 44%, and appraised were up by around 21%. But we have kept our credit cost estimate at around same at around 10 to 15 basis points. So, we are not seeing like any kind of risk that might come up. Because a lot of

NBFCs are also saying that there is some kind of issue which could emerge up because of the West Asia crisis going on. We are not stressing any kind of stress because of that.

Management:

So far, we have not witnessed any stress in our portfolio. As you can see that our GNPA ratio continues to remain at 0.87%. And just now I have told that the spike in gross NPA also is much lower compared to what it was, what generally is in at the end of Q1.

It was after all the concentrated efforts of collecting, which every company does in March at the fiscal year end. Normally, we see a trend that the GNPA hikes at the end of Q1. But we have not seen such risk. Rather, it is a better, as against INR40 crores of hike last year, we have seen only INR70 crores to INR80 crores of GNPA increase. And on the top of it, our SME 012, basically stage 1, stage 2, they have actually come down.

Questioner:

And on the rate hike possibility?

Management:

On the rate hike, see.

Questioner:

In the recent policy, Governor did not mention any kind of a thing. In fact, it was more than expected. So, do you think that the aggravation from PSU banks could continue in the home loans and this could keep pressuring our EUR growth even going ahead for the next two, three quarters at least?

Management:

See, the rates will eventually will be increased. So, they are just holding on to the momentum and just letting the market to settle a little bit because this uncertainty is, the uncertainty itself is uncertain. Because every time we feel that it is going up, going down or it will be resolved, it will continue. So, to your point, we do not complete directly with the banks because our ticket size are different. Our area of operation are different. Our customers stay in the outskirts of tier 1 cities or mostly tier 2.

Questioner:

Your BTOs are generally going to make LIC, peers make LIC housing?

Management:

LIC or maybe some other.

Questioner:

LIC housing, their customers are going to PSU banks. So, that is why I was understanding where could our new borrowers could come from and how could we compensate for that growth?

Management:

So, our new borrowers will come from our expansion only because we always believe in organic growth. So, we will search for new customers through our sales team, through our EPF project, through our different kind of projects and different geographies. We will reach out to the customers and we will fund those loans.

Our ticket size are 35. There will be some BTOs here and there which is not tantamount. It is a general listing because mainly then what we feel behind that is our DSM dependency. So, once our sales team is more robust, that part coming from the sales team, we definitely believe that the stickiness of the portfolio will increase. And with respect to SEMP, we do not see any challenge in in terms of delinquency and all because even though it is SEMP, we are doing it only on the basis of documented income growth.

- Questioner:** Spreads should move up, even that incrementally leading to the disbursement ratio moving towards fewer of 10 employees. So, gradually, in the medium term, we should see the spread moving up for the organization alone?
- Management:** No, our spreads will be stable because all our customers are on quarterly reset now. When we started last year, it was only 25%-30% of the customers were on quarterly reset. By the end of Q1, I think it is more than 80%-88% are on -- quarterly reset.
- Questioner:** So, we will be just passing on the gap between the self-employed that yields for self-employed is higher versus a salary customer. So, what is that gap?
- Management:** So, a best salaried, an ideal case would get around 8.5%. Then depending on the CVS scores and other things, documentation, it will move 10, 20, 20.1. Similarly, for the salary, salary product will be around 9.5.
- Questioner:** So, can we expect, say for every 10% mix change to a self-employed, we should see a 10% increase in spreads?
- Questioner:** Yes, that is the question. That should be. Are we moving in that direction next 5 years? Gradually, as we increase the mix for self-employed, we should see spread moving up for the organization?
- Management:** So, this mix change is to achieve our names and spreads. We are not saying that we will one day self-employed will take over the salaried case. So, to your point, rather than, I would like to put it this way, to protect our names and spread, we will change the mix to that extent so that we achieve this thing.
- Because we have to be more competitive in salaried case also. So, that also has to, that also will drag it down, right? To achieve that much of salaried cases, we might have to remain more competitive there.
- Questioner:** So, you see the spreads even for salaried coming down over the median term?
- Management:** Hi, if competition increases, then we have to protect our name also and so the spread will be around 2.8, give and take INR1 paisa, INR2 paisa here and there. So, if we are, we have to catch our salaried customers and remain competitive there, we might, to some extent we will go to the same thing. But the overall mix will remain as guided in this vision document 2028.
- Questioner:** Sir, any efforts, even the incremental lending is going to be towards the self-employed segment?
- Management:** Sorry?
- Questioner:** Given the major, it is skewed towards the self-employed segment in terms of lending. So, are we making any efforts in what we call increasing of the collection infrastructure? Because collection infrastructure, what for, what do you call the self-employed, since their income might be volatile. So, are you making any effort that, in order to keep the delinquencies in check for the self-employed segment?

Management:

So, I would say the same thing here again that all our, the customers of, say, ACNP customers are the customers with documented income proof. They have, they have demonstrated that the income will be there. Till now, we have not seen any major change in our delinquency.

Like we are experiencing higher delinquencies or higher GNPA's because of -- self-employed. So, that is not the case right now. And just like any other customer, like whether it is salaried or it is ACNP, we are increasing, we are focusing more on our collections, collection efficiency by, by doing more and more of NSEH, by introducing BBPS and other modes of online payment, so that delinquencies will remain under control.

Because we have been doing this, this push for, say, ACNP for last one year now, right? And we have not seen any, even if we see our GNP, overall GNP is also less than, is around 0.87%. So, if we further do a slice and dice of these things, it is not pertaining, we do not see any differencing factor between a self-employed or a salaried. So, overall delinquency only is low.

Questioner:

Sir, although banks might not be competing with the unity, low ticket sales are there, but with advent of technology and AI, if they were to compete with you, in terms of what we call, I agree, that there are certain market sales are there, certain ticket sales are meant for you, certain tickets are meant for only for the large brands, but they have to go down the curve. Yes. So, then because with advent of technology, with advent of collection infrastructure, UPI has been getting fed, could we have, could we face a tougher time?

So far, I have not done, I agree, but they have not gone down the road. I do not understand. They have not gone down the road, but there is a chance that with the advent of technology and AI, because they might, they might be interested in high ticket loans, low ticket loans might not inflate their, what do you call, balance sheet sales percent. So, how are we going to tackle that, in case that were to happen? As of now does not happen, but in case that were to happen, then because it will be difficult for us to, in order to, in order to compete in that scenario.

Management:

Yes, that is a very good question and very thought provoking, I would say, because the answer again will remain with the type of customers which we deal and their geographical areas. So, suppose you are taking or a premium customer is taking one floor flat housing loan from a bank, he will really enjoy the digital transformation of the AIs and all those things.

But the moment you step out into tier two cities and outskirts, then the customer needs for him that INR5, INR10 paisa here and there is not that material, he is more worried about his documents, some personal attention, some guidance, you do like this, you take the loan, we will help you to fill up the forms or this document is required to get through your loan.

So, there I think the personal attention is more important, he will not look for more digital onboarding, he needs clarity and more compliance, but definitely at a time of onboarding and documentation, paperwork, he needs some personal attention, which I believe our DSA, our old and experienced DSAs are doing very well over there and our trained sales personnel and branch staff will do very good.

And as we talk about our major differentiation from other MDFCs is local sanction. So, the moment he up to a particular threshold, they will, the loans will be sanctioned at the branch officer itself.

So, that not only adds speed to the entire process, but it also gives a reliability in the mind of the customer, my loan is done and I will proceed. So, we are mostly relying on 62% of our borrowing is from bank term loans, 15% is NHB refinance, 15% is NCDs and remaining 8 percent is from CPs, which is mostly for working capital, short-term working capital, nothing else.

Questioner: So, what is the difference between a bank borrowing and NCD?

Management: Bank borrowing and NCD. --The difference, the NCDs are at around 7.3, 7.2. So, last year we have raised one NCD in May, May 2025. Thereafter, since the rates were continuously increasing, we have not raised any NCDs.

Because you know, we have to be very positive in order to achieve this kind of spread and needs. So, the difference is there, the delta area now the rates are increasing. So, we are planning to issue some paper in order to block some funds for the next three or four years.

But now also the rates are quite high. So, while after this West Asia crisis and all those things, all those liquidity challenges, we are getting new sanctions at 7.5 from banks. Bank is 7.5 now. Bank is new sanctions -- 7.5. 7.5. And NCDs are around 7.9, 8.

Questioner: So, bank book rates and what is the, or bank borrowing, what is the rate? 7.2, 7.3? Bank borrowings, what is the cost? It will be below 7% only.

Management: Now, incrementals are getting at 7.5%. Incrementals are 7.5%, but that will gradually increase.

Questioner: Agreed, agreed. But now the new marginals that we are getting at 7.5, blended it will be far lower, below 60. So, there the cost of funds will start increasing. But we are trying to navigate to increasing lending to the self-employed segment, right? -- Correct. So, that we maintain the NIMS in the state?

Management: And also, whatever, because since all our borrowers are on the quarterly spread, it will go to them also. Some portion of the increase will, they got the benefit now once the rates are on the, going northwards. So, they also have to share something. So, by the way, this is like, this is okay with the customers also, because they are also, they also want a transparent. -- Both way, downward, upward. It will be around 6.08, 6%. While we can go up to 8, because.

Questioner: Yes, you might, he is backing you. So, that you make it. We will take the ROE?

Management: As and when it is required, we will take both, both. But since then the rating agencies. I agree.

Questioner: We will be appointed by the rating agencies?

Management: For us, since we have that percentage of the Canara bank.

- Questioner:** Housing finance company with cumulative write-off of I think INR50 crores or INR200 crores, since inception. It is less than INR20 crores. What is the amount? INR20 crores. Hardly what you will happen, right, since the history, since the inception. And your housing secure product is there every day. In that context, what do you call it, a possibility there to increase the leverage, you should do. Maximize ROE.-- So, ROE is the voluntary guidance 15%, 16% for us?
- Management:** It will remain about 17%. Our guidance is around 18%. But we will achieve around 18%, 18% ROE and 2.4% ROE for '27. Later once we have, there is more release of resources, after the IT transformation is complete, we will start getting the benefit of cost and saved expenses. That will definitely improve.
- Questioner:** Got it. So, that is a five value on one IT. As you told that you have done complete overhaul. So, what was the problem earlier? It was not best in class. That was the problem. What was the problem that we did? Complete overhaul of the IT system. One fraud incident happened that was related to IT system. I don't know?
- Management:** That was not related to IT system. We cannot directly associate with that system. But again, once IT systems are there, there are pervading controls throughout everything. And the most interesting part here is that it was not with respect to bringing state of the art IT things. Our old legacy system was so old, it had become imperative to do IT transformation. So, if you don't have anything of that sort in IT, you will improve or tired or something.
- Then also, it was quite inevitable that we have to have a. So, once we are doing it, so the management thought and we got the approval also from our sponsor. Once you are doing it, so why not do it in a proper way. So, I think it is one of the most rewarded projects with respect to our digital transformation. Our project Tejas has been rewarded as one of the best digital transformation projects.
- Questioner:** I just want to go back to the margins. So, you had said that bank borrowings blended is about 10%. Incrementally, you are getting at 7.5% of market borrowings. In this quarter? In this quarter, at the moment, it is 7.5%. Whatever you borrow extra, you will get more. So, in this quarter, how much of the debt will be retiring? How much of these old borrowings at older rates you will be repaying?
- Management:** It is INR300 crores to INR400 crores per quarter. It is because all our tenors are seven year, eight year, 10 year loan. So, that shift will not happen so soon.
- Questioner:** What is the average lending tenure?
- Management:** Average lending tenure is 20 years to 30 years, but the duration of the book is 7 years.
- Questioner:** And for the market borrowing similarly, by writing just INR8,000 crores, INR10,000 crores, what are the average rates, the book rates for it right now? And at the moment, if you raise new market borrowings, what will be the rates?
- Management:** I did not get your question.

Questioner: For NCDs?

Management: We are getting quotes at 7.9, 7.8, but we will issue the paper which is most beneficial to us around 7.5, 7.6, because this situation again will improve. And when I say that new chances, we are getting at 7.5, I would also like to mention that recently in Q1 itself, we have raised INR1,500 crores from bank at 7.25.

Questioner: So, that was for tenure?

Management: Sorry?

Questioner: The tenure for that Q1?

Management: More than five years.

Questioner: More than five.

Management: So, this is the index which I am now.

Questioner: This is in first quarter?

Management: Q1, okay. So, banks are also watching this. They are also monitoring their situation. Their internal team is also, you must be hearing that they are suffering on ninja and spreads between two banks and all. So, they are also assessing their things and it will be, if they increase more, we will also have to resort to other ways of, other innovative ways of raising funds, but we have to put, at that of the day, we have to protect our ninja and spread.

Questioner: If you could just explain the benefits of borrowing from NHB and like why we are not able to take that money up further from NHB?

Management: Sorry?

Questioner: For the borrowing from NHB, I believe they are at a lower rate. Why can't we take that?

Management: Generally, they support the weaker NBFC, weaker HFCs.

Questioner: We have also.

Management: I understand that. We also have decent share. What I, generally, what the preference is only going to support the triple B or triple A minus, right?

Questioner: Correct.

Management: That is the more objective.

Questioner: They have come up with separate products for triple A, less than triple A companies. Last year, we have raised INR1,000 crores, we have got a sanction of INR1,500 crores, which we were able to, the weighted, the blended cost of fund was 6.4%, 6.4%. This year, our, we have already filed a refinance approval?

Documentation, everything is complete. We will get the sanction maybe early first or second week of September because they follow, NHB follow their year-end out, June to June. So, that is one part, right?

Questioner: So, how much are you expecting this year?

Management: 1,500. -- So, his question is, can we increase the company of NHBFC directly? I do not think so because the NHB will also, like you mentioned, 1,000, 15%, 16%.

There are certain rules also, if you go to the NHB guidelines, that if it increases more than 20%, you will have to have an additional direct independent actor from NHB and also although. -- And it is a development finance institution. So, it requires the sector development rather than one specific NBFC benefit out of it.

Management: Then that entire philosophy will be put it, then it will become towards one or two companies and we will say the, this is also NHB will be, NHB will start funding itself.

Questioner: And sir, you said on the in-house sales team being built up, how big is the sales team now?

Management: As of now, it is 85 to 90 people. By the end of this year, you will, this team will, the science will be of around 150. And for the year '27, therefore '27, we are targeting to, the target disbursement is INR1,500 crores.

Questioner: For the year?

Management: For the year.

Questioner: So, 150 people with INR1,500 crores. 150 people. So, somewhat around INR9 crores to INR10 crores. [Inaudible 0:35:02] And if I am to convert it to 5 per person, 5% person, how much would that come up?

Management: As of now, it is close to INR3 crores per person.

Questioner: INR3 crores per person. So, at the year end, it would be 150 people in the sales team. So, can we expect INR4 to INR5,000 crores? Sorry, INR3 crores per person per quarter?

Management: No, INR3 crores per month.

Questioner: INR3 crores per month?

Management: 85 people, 85, 86 people. For the year, they contributed INR886 crores, close to INR900 crores last year. And 85, 90 people, INR276 crores this quarter.

Questioner: So, that would be INR10 crores per person per year. That math I have to do. I am losing out on math. Can you please explain that?

Management: Yes, yes, yes. Yes. It is there in our presentation also.

Questioner: INR10 crores per month?

Management: INR276 crores per month. For Q1, it is 105 people, INR276 crores.

Questioner: 105 people and INR276 crores?

Management: 105, 105 this thing, 105 cases, 90 people. 85 people, the officers have garnered a business of INR276 crores with an average of INR3.24 crores per staff. INR3.24 crores per staff.

Questioner: For the quarter?

Management: Yes.

Questioner: Okay. So, that is how we are expecting 150 people will do around 1500 crores per year. Okay, sir. And what is the plan on that for two, three years forward, sales team?

Management: Yes, sales team will increase because I said, you know, our target.

Questioner: No, I am asking on how much would that be growing?

Management: Yes, so that is what I am coming to. Our target disbursement, our sourcing will be 60, 20, 10, 10. So, 20% of our disbursement will be from our sales team.

Questioner: Okay, sir. Okay.

Management: Because as I know with the portfolio, the expansion of branch, right now we are seeing 3500 in a good quarter like March. So, maybe if it is, maybe next year if that number is 4000, for 20% will be 600.

Questioner: As for Can Fin, the major concern is the balance transfers and the prepayments. So, can we expect any additional measures taken by the Can Fin in upcoming duration?

Management: So, the one of the most major steps taken in this direction is our sales team only again. I am coming to the same point because that only will increase stickiness to the portfolio. It can, it means to happen when you are over dependent on the DSAs.

So, the DSA would want to have the commission second time also on the same loan. But if it is, there will be more individual attention to the customer, more support to the customer. And as I said, in interest rate, rising interest rate regime, the gap between the bankers and our PLR rate or at the rate to which we lend to the customer, the gap narrows.

Questioner: Why it happens per se? Why it happens when more people, the gap narrows?

Management: Because.

Questioner: It does not, what do you call? --Because. Interest rate, the gap narrows and there is no rising rate, the gap again, what do you call?

Management: Because, I am just explaining that, our 40% only is bank borrowing. Bank borrowing with respect to that repo-linked all our bank borrowings are on EBLR. But 40% is, 40% to 50% is directly linked to repo. So.

- Questioner:** So, you are borrowing from bank out of a total borrowing?
- Management:** Out of a total borrowing. So, suppose if there is a 1 percent repo rate curtain, then I will give, it will not happen abruptly, but per quarter rate, they will reduce 25 basis points. For every 25 basis points, I will reduce the rate by 15 basis points. But bank will reduce 1%.
- Questioner:** Entire, they will reduce. You will not reduce the entire thing?
- Management:** Entire thing.
- Questioner:** Because. Our mix is that of that part only. And other parts of borrowing are not getting the benefit. For example, in NCD, we are borrowing. Then the rate remains fixed only. We do not get that benefit. So, gap narrows?
- Management:** And when the rate increases, bank will increase 1 percent. But similarly, it will increase only 15 basis points. For every 25 basis points, our increase will be 15 basis points. So, that seems, for them it is like just like I have increased by 15 basis points.
- Questioner:** Like a formula basis point. So, this harmonization of this rate what has come, what RBI has said, before some of the agencies, but they are asking for all the regulatory entities. So, anything are they looking for this or our rates are more or less transferred in the mean, which are transferred?
- Management:** Yes, Yes. In fact, what I have heard, I think we have been only in the most transparent company in transferring all the benefits. And we have our own PLR. And everything is linked to EBLR. All other HFCs, which I have heard from my colleagues, I think that they have been facing difficulties on how to compute that number to pass on the benefit. Because in their case, I think the lending in the borrowing will be benchmarked against MCLR, not that EBLR repo or TBH.
- So, that way we are good. And the only challenge with respect to that was during the beginning of our year, it was most of the customers were on annual visit. But we have been chasing them, calling them, educating them that it is for your benefit. So, now, 88% are on, 85%-88% are on quarterly.
- Questioner:** Actually, you are saying it is for your benefit, maybe. Inter-cycle. I agree. But now, we are going to move on the interest rate up cycle. So, then it is quarterly, then you get the benefit sooner. Again, we are moving to an interest rate cycle, right, in near term. In the next 6-9 months, if the rates were to move up, right?
- Management:** No, no. We were chasing them when they were, when the rates were going down, then also we are chasing. So, the way I look at it is, whether it is your benefit or my benefit, so long as the thing is transparent, both of us will be happy about it.
- The moment there is that opacity and we are not able to explain to them that why I am increasing, why I am decreasing, that causes more concerns and doubts on the mindset.
- Questioner:** And the rate is PLR, you have defined the PLR. PLR is, we can see the PLR on the website. -- Yes, yes, yes. PLR to a certain basis point is registered. That is the PLR, so that has transparency in that report, we said also. --Correct. We were going to reduce the PLR in case the rates were

not able to go down, they are unlikely to go down, the asking the rates were to go down. --Yes, yes, yes. Then we will reduce the PLR in the website?

Management:

Yes, and we submit this calculation to NHB also. Depending on weighted average cost of equity capital, cost of risk, cost and our reference and all, then we, that calculation itself is reviewed by the regulator. And at that point, I think we were the only ones who have been able to give a logical computation and basis of our PLR.

Many other companies, I do not know, I do not know whether I can take the name off or not, but if not, my colleagues were reaching out to me that how to pass on that benefit, what should be the ideal calculation, because there is no one-to-one link between the repo and the TPL and our PLR rate. So, many companies were metering three, four kind of PLRs.

Questioner:

Is there any thought of entering into prime, I understand it is a low-yielding product, low-stake product, the interest up cycle, that is, and what is your internal thought, do you think the interest rates will move up given the way the situation is moving, although. Yes, it is. Have you added it, the RBI governor seems to be more, do you think? Do you think?

Management:

It is going down from here, for sure.

Questioner:

By end of this year, by end of '27, we should see interest rate moving up to the internal assessment, that is saying?

Management:

It will definitely improve, increase at 25 basis point quarter on quarter, the way it came down and all, so we have seen so many cycles right from 2020, from the COVID era, we have seen reports of 4.54, right, so this is the way it will go up and down and it has to be.

Questioner:

So, by end of this year, you are expecting a 25 basis point increase to come, so?

Management:

That is very good, and that is, that has been the, one more interesting point you were saying, I forgot, just now you were.

Questioner:

I forgot what was the first question was. Yes, that is what I was trying to explain. Well made, well made, but like he had made a point about the BTA out of this being a concern. Like can you spell out like operationally what changes are being made? Prime segments are going, prime segments?

Management:

Yes, that is the one, because now, even though that overlapping business has been addressed now.

Questioner:

General bank

Management:

So that was one of the main aspects so banks is doing more than that ticket says we are doing this therefore we do not want to venture into that segment more now we can go.

Questioner:

Now that you go because the RBI has given clarification or the RBI has suggested that it should not be overlapping.

- Management:** Yes, so RBI suggested there was RBI suggested long back there is overlapping business so we have to demonstrate that their business even though they are also doing housing loan we are also doing housing loan but the customer the target customer segment the manner of doing the business the ticket size and all are little different not
- Questioner:** because PNB is doing that that is the reason because the PNB is able to do the ticket PNB also might be in bank or some other kind of business?
- Management:** Any more questions before I can stop the transcripts.
- Questioner:** I have a BTE like what operational changes have been made what are trying to do so that we can reduce the BTE or changes anything?
- Management:** Operational changes one I would suggest is strengthening the sales team more interaction, more influence over the customer more connect with the customer to improve stickiness rate benefits timely rate benefits and what else how can we stop it is an open market so if someone is getting a BTE out offer we cannot say the charges are not there so more transparency so the customer will be aware that here the rates are increasing similarly when the rate falls he will again get the rate benefit so once he has experienced that journey, the upward and downward trend he will stick around.
- Questioner:** So adding to sir's question like you were asking about BTE out last quarter BTE runoff was in the rate of around 17%, 17.8% I think so are we seeing any improvement in the runoff rate from this quarter?
- Management:** Yes, it's the runoff rates have improved, in fact I told during the beginning of the discussion only that the BTE out number per se has reduced with respect to the previous year Q4. The prepayment and amortization have increased but with respect to BTE out it has come down but --then total runoff rate. Total runoff rate has increased because of the reason that we have given the rate cut benefits we have not changed -- their EMI we have not increased their tenures straight away we have just passed on the rate cut benefits so the EMI has remained same the principal amortization has increased.
- Questioner:** Because the EMI has reduced so no turnover is there. So the overall runoff rate has remained the same in this quarter also?
- Management:** Yes.
- Questioner:** I don't understand so what we can expect in Q2 regarding the prepayments can we expect to improve numbers or...
- Management:** Definitely it is highly expected that the numbers will improve.
- Questioner:** And like the sales team initiatives that we have taken so much what are the expectations means how fruitful these things can be to which extent, to which extent. we can expect that means how fruitful that can be the sales team initiative and lot of companies are even taking digital initiatives to stop the outs and all we are also taking the digital initiatives but these things will be for the

reducing the tap and improving our disbursements so any plans for the digital initiatives any thoughts about that?

Management:

The digital initiatives are definitely there it's part of our sourcing mix but that will mostly help into sourcing and increase the disbursements because it's an open market. As I told it has to be always beneficial to the customer so we cannot stop by these initiatives if we are trying to curb outs then I think it will not be fruitful or the right thing to do the more interest we have on the customer the more transparent we are to the customer in terms and more competitive in terms of rates and our services I think the customer will remain with us bank wise we cannot say anyone that some customer is getting a very good offer and we want to go out. We have to remain attractive.

Questioner:

So how much of a cut will you make suppose if a customer is getting a loan you are offering at say 8.5 and the customer is getting a loan we will not do anything?

Management:

Because we don't follow that discriminatory whatever it is in a particular section it will be applicable to all these things over a period of time the customers will realize this so they will stick around whatever my yield I am talking about is on the book yield not only with respect to new customer or old customer or customer during this period.

Questioner:

When is the next launch of that issuance expected that issuance is expected in recent times?

Management:

of NCT NCITIs last paper we have issued a paper in May 2022.

Questioner:

[Inaudible 0:51:30]?

Management:

So mostly that will be like this again we will not issue any paper even though we have approval last year we got an approval of INR10,000 crores this year during the AGM we got an approval of INR5000 crores but keeping in mind our overall cost of fund and our competitiveness we will only issue the papers once the rates are in our hold. Because we will raise the money.

Questioner:

Most of the agencies are contributing their borrowings because of expectations so is there any plan from your side to do that [inaudible 0:52:27]?

Management:

But since we have very good sanctions. So we will do that only and our philosophy has been we raise the papers only when we don't need the money, because if you want to raise the issue the paper when you need money then you are not in a position to -- get a better rate.

Questioner:

Thank you.