



“Can Fin Homes Limited Conference Call”

December 08, 2025



SPEAKER:

- Interviewer:** So, if you could talk about the non-housing loan segment and looking at the projections geographical areas and how do you plan to grow, what are the focus areas and how do you plan to grow?
- Interviewee:** So, right now our entire housing loan portfolio is close to 86% of the portfolio. If we include the CRE construction of the housing portion, so it is 86% and we are otherwise it is 76% of pure housing loan based on salaried and other class. So, we are focusing to grow in this non-housing loan also little bit to change to shift the mix of the product portfolio because we want to earn our yield incomes to increase our spread in the competitive environment. And with respect to overall growth of the AUM and disbursement, we have been able to achieve remarkable Q1 and Q2. Q1'26 was Rs. 2,000 crore which is highest than any one of the Q1 disbursements, Q2 was more than Rs. 2,500 crores which was again record with respect to any Q2 disbursements in any of the years. So, while we have almost completed Rs. 4,500 crores in H1, we are targeting to close or deliver Rs. 6,000 crores of disbursement in H2. Splitting into two quarters Q3 and Q4, we are giving guidance of Rs. 2,800 crores in Q3 and in Rs. 3,200 crores in Q4. Initially during the earnings call we have given a guidance of Rs. 2,500 crores for Q3, but that was owing to the fact that we had planned for our IT implementation to be completed in Q3 itself. But now due to some one or two or rather some customization required in the LMS module, it will move to Q4. So, thereby we have revised our guidance for disbursement for Q3 to Rs. 2,800 crores and Q4 it will be Rs. 3,200 crores. The overall disbursement guidance for the year remains unchanged at Rs. 10,500 crores. So, we will be achieving 8% to 10% for a 10% growth in 26' and our guidance for AUM growth for FY'27 will be around 16% to 17%.
- Moderator:** 8% to 10% growth in disbursement you are seeing?
- Interviewee:** AUM growth of 10% for this year.
- Interviewer:** For this year. Next year?
- Interviewee:** Next year 17%, 15% to 17% AUM.
- Interviewer:** So, it is down probably, not sure, in terms of typical tailwinds. How are you going to achieve that acceleration? What is the basis of that?
- Interviewee:** Please come again to the first part of the question.
- Interviewer:** From 10 to 17, you are going faster. So, because of the non-housing loan business, how do you derive that 17%?
- Interviewee:** So, we are we are planning to achieve this by increasing our disbursement growth in the first place and that disbursement growth we will be achieving through our geographical expansion. We are opening up new branches. As of now we have 248 branches, so far, we have opened 14 branches. So, we will be opening up new branches and not that expansion will not happen will

happen not just in Karnataka or South we are also expanding in North and West and if you see the numbers we have reached the positive growth in almost all the zones except Telangana and Karnataka. So, while we say that Karnataka, which was lagging behind in terms of growth or coming back to its prime, it has started inching up. We have started doing Rs. 270 crore of business per month in Karnataka and even though as on H1 comparison in terms of comparison to last year we are negative, but we will be able to be positive by end of Q3 or Q4 because very soon we will be the Rs. 300 crore per month disbursement figure in Karnataka. In terms of Telangana also we have crossed Rs. 100 crore per month disbursement in the month of September. Initially our target used to be around Rs. 160 crore but we are still trading cautiously there because even though the HYDRRA issue is over there are no further demolitions in the state, but we are still keeping it little cautious there because we have seen, we have earlier we have witnessed some increase in delinquency there. So, now with two of our key markets, which is Telangana and Karnataka, coming back into its full potential we are confident that we will be able to deliver the volume growth leading into the AUM growth.

Interviewer: So, the 1,058 branch which you said, what are your plans for next two years?

Interviewee: We will be reaching up to 300 by '28

Interviewer: In this incremental growth that is coming, how much do you anticipate it through the existing DSA channel and how much through the non-DSA part?

Interviewee: No, while DSA continues to remain important for us and we are slowly if you have seen the presentation, we are slowly trying to reduce the percentage and thereby we have started working and implement developing our internal sales team. So, our internal sales team has done well, and it has delivered 7.24% of the incremental disbursements in Q2, in Q1 it was 5%. So, in Q2 it has delivered 7.2%, in terms of number we have been able to achieve Rs. 185 crore of disbursement in Q2 through our 90 staff.

Interviewer: So, you said that in Telangana we faced some issue on the delinquencies, some increase in the delinquency that is why we went slow. So, is that because of that slowdown in the economy or it was because of the aggressive LTV or what was it?

Interviewee: It was very specific to that HYDRRA issue in Telangana. So, there was some demolition of houses of Hyderabad some development role this thing. So, it was a policy driven, government policy driven. So, that is I think over now but still there are certain hangovers pertinent to that. So, we are little cautious.

Interviewer: So, that 160 target is now like 140-150?

Interviewee: 125-130.

Interviewer: By this year end?

- Interviewee:** Per month by this year. This month also we have done in September also we have done more than Rs. 100 crore. So, these are all our conservative this thing. So, this is what we are, in the guidance whatever we are giving is the one which we will be able to achieve.
- Interviewer:** So, the original target was 150-160, cut down to 125-130. But next year again we will be targeting the same number, right? So, we will be like once this thing stabilize we will.
- Interviewee:** In Karnataka I think it has almost stabilized and in Telangana also it will be stabilized. So, we will be reaching out to 160 crore levels we will be looking only in the next year. For this remaining 6 months we will be doing Rs. 300 crore per month business in Karnataka in Q4 and Telangana we will be satisfied with Rs. 120 crores-Rs. 130 crores.
- Interviewer:** I think, I haven't really understood because few players are saying that housing market is getting more and more competitive or some 10 basis point, 20 basis point. So, any impact coming on dynamic there?
- Interviewee:** So, that side the housing market is getting competitive in terms of the rates have bottomed out and what we can see that what we anticipate that in the near future it will start inching up. And with that keeping that in mind we should look at our numbers. So, for Q2 our spread was 2.92, for Q2 alone 2.92 and our NIM was 4% something. So, this we have achieved because we have got the entire benefit of rate cut on the liability side, we have experienced that and we are able to borrow long term loans at cheaper loans like below 7.10%. And we are also able to raise some working capital requirements CPs and NCDs at a very competitive rate. Keeping this in mind we have passed on benefits to our customer the rate cut benefits to our customers we have passed of 25 basis point of rate cut benefits to our customers and we will we are further contemplating to pass on further benefits of another 10-basis point in the next quarter.
- Interviewer:** So, let us see yearly basis, what we have NIM, what as percent, continue to be like 3.75 on the NIM side and 2.5 on the spread side.
- Interviewee:** So, our conservative guidance in this regard is 2.75% of spread and 3.75% of NIM.
- Interviewer:** Because the quarter-on-quarter change has been there.
- Interviewee:** But yearly basis, it will be 2.75% of spread and 3.75% of NIM. So, this we can say on the strength of that we have got, we can borrow at a lower rate from banks, and we also got a sanction of Rs. 1,500 crore from NHB that money which we can borrow at less than 6%, less than 7%, 6.63%. So, that will help us to mitigate or set off certain of the downsides from when we give the when we pass on rate benefits to our customers or to tackle with the increased cost of borrowing.
- Interviewer:** I am referring next slide we are working it out, like coming from south to north, so kind of projection that you have given. So, what is the underlying work that we have done for to achieve

this? Because I see that in a very long time like from March '23 to September '25 we could change the mix only by 10%. And then now we are saying that from September '25 to March '28 we will further increase it by a 10%. So, what are the underlying preparation that we have in hand?

Interviewee:

So, the first and foremost is the geographical expansion. So, we are opening our new branches, and the focus is to increase mostly in North and West. If you see in terms of disbursement growth and AUM growth, we are growing in North and West at around 20% to 30%. So, keeping that in mind and our target is to reach 300 branches by FY'28. So, measure of the growth, all those this growth target to reduce the geographical concentration. Right now, yes till last year H1 it was 34% of Karnataka, now Karnataka is at 29% in terms of AUM.

Interviewer:

However, the question was that you are saying that you would have such kind of branch spread in terms of mix in North and South and then we are talking about the disbursement mix also on the same line. So, like you are opening a branch and having a disbursement, pari passu would not be possible. So, like you will open the branch, and it will take some time to saturate, you will have employees and all that. So, the projection of this kind of 8% to 10% increase in North, market is not virgin anywhere over the segment you are operating in. So, you are saying that you will have that kind of branch mix by March '28 and then again you will have same kind of a branch disbursement mix by March '28, that is not possible, right?

Interviewee:

No. For us, in order to start disbursement in a new branch it takes 2 months or 2.5 months like that. So, in the first month there will be no disbursement but slowly it will start giving these things.

Interviewer:

I think what he is trying to address is, have you already done certain groundwork in terms of underwriting and assessing the market out there since you do not have enough presence out there and then how quickly you can sort of ramp up out there.

Interviewee:

No, definitely we are opening branches only after some kind of groundwork and some kind of analysis. So, where we see potential then only we...

Interviewer:

So, what kind of, I mean so could you just elaborate a little bit on what are the mechanisms you have done to sort of assess or come to a conclusion as to this is the particular area or the catchment area when you would want to have your physical presence?

Interviewee:

So, we are going into the key cities and we as our primary target segment is a ticket size of Rs. 20 lakhs to Rs. 25 lakhs, so we are focusing on to the peripheries of those big cities or tier 1 peripheries of tier 1 cities or tier 2 cities we are mainly present. So, that way we are opening, we are seeing that there is scope for some numbers to be done and we are also getting some kind of guidance from the NHB also like these are the this much of housing growth is coming in this particular region. So, thereby the affordable segment and the 20 lakhs to 25 lakhs segment is huge market is growth potential is here.

Interviewer: The cost-to-income number that we have in mind by March '28, how that looks like?

Interviewee: For March '28 it will be below 20%. Right now, it is 18.55%. Next year we are, we will start absorbing our IT implementation cost. So, that will that means up to 19.5%.

Interviewer: It will slightly go up?

Interviewee: But it will remain below 20% and in this we are again conservative in terms of saying this because while we have absorbed the cost of the IT implementation, we have any upside due to increased productivity or release of resources and that can be deployed here and there into other departments or basically specifically into sales team that will be an upside.

Interviewer: Now, because of the DSA makes this coming down by 20%, would not that have very significant impact, positive impact on cost-to-income? Yes.

Interviewee: Because the DSA is coming around 20%. So, similarly we in order to compensate for the volume we have to increase our internal staff strength also. So, that will be on all on door staff at present.

Interviewer: But that is a positive leverage positive leverage of fixed number now sir?

Interviewee: That is a positive but at the same time it will be the...

Interviewer: DSA would not be a fixed cost that is a variable cost number but your own employees sourcing number loans that is a fixed cost. So, operating leverage would be high there, right? So, cost income ideally should come down.

Interviewee: Cost-to-income, see with that kind of set off with between the sales team and DSA this thing because our sales team will also grow, grow fast. In June it was 30. Right now, it is by the end of September it was 90. So, it can go up to 150 or 200. So, that will have some kind of cost, and we have also taken into account the salary benchmarking exercise and increase IT cost. So, these upsides and some benefits will set off, and we are giving guidance of less than 20%.

Interviewer: Got it. Have you seen any you know difference in the delinquencies or the NPA or the size when you move from the DSA to direct marketing or the marketing team? And how their incentives are structured?

Interviewee: With respect to delinquency, there is no much of a difference between a direct marketing and a sales team. Yes, when we go for a internal sales team the stickiness of the portfolio certainly increases because that will be our customer and we get better customers from this thing. So, right now we can't say that with DSA the digital business is leading to delinquency because right now also with the current mix also our delinquency is decreasing.

- Interviewer:** And how the incentives of the marketing team is, is it all upfront based on the volume they generate today, or it will be linked to because it is too early to say any delinquency just 1-2 years maybe 3-4 years?
- Interviewee:** We are working on that. So, right now they are all our own roll staff, like our own staff. So, it is not incentivized. So, even if they do not do anything they will get the salaries. So, we are developing the sales team. So, going forward as you mentioned we will look into the numbers how to incentivize them and drive more business growth.
- Interviewer:** Today they are on the fixed salary kind of thing. Maybe bonus once in a year whatever.
- Interviewee:** Just like normal staff. Just that we are trained and deployed into the sales function.
- Interviewer:** And since we are looking within the presentation, we are looking at the you know higher salary coming from the digital and direct marketing team. So, any change in the risk management thing or it is like it is just the sourcing is different, but the all your due diligence will remain the same? What are the different parameters we have over there?
- Interviewee:** The due diligence will remain same, or it will be enhanced with our IT system once it is implemented. And we are also using some other external vendors like Maatrum for the legal search and documentation these things. And with Maatrum every new case is being...
- Interviewer:** What is that, Maatrum?
- Interviewee:** It is a vendor which we have employed for doing the legal search, LSR and all those things property check and documentation.
- Interviewer:** It is a third party.
- Interviewee:** Yes, will go and see the physical property check the documentation of the customer. The land records, the KYC of the customer also and give us a kind of certificate for every loan.
- Interviewer:** So, including the valuation to the title check?
- Interviewee:** Yes.
- Interviewer:** And in terms of the products where are you seeing like I mean since you are increasing the guidance also for the next year, so, apart from the core housing part among the other products which are the areas where you are seeing more traction?
- Interviewee:** Self-employed, construction. So, while this construction business will be funding more and will be in terms of the...

- Interviewer:** So, these are in nature of their own...
- Interviewee:** Plot plus construction, plot and plot plus construction.
- Interviewer:** So, SENP proportion actually in our total pipe has increased and we are further planning to increase it. So, what ramification it had so far on the yield number? So, that is the yield number is being kind of because of the volatility in the interest rate number it is not getting very clear. So, if you can help that, at how much yield traction we got?
- Interviewee:** So, the increase in the yield or the in this competitive environment wherever we are getting the cushion with respect to compete is coming from this SENP numbers only. Because earlier we used to think that SENP will be more risky and it will lead to more delinquency. But since despite the gradual increase in the SENP category and further both in terms of disbursements and AUM, we see that our delinquencies are continuously decreasing. Over the two past two quarters we have shown a decreasing trend in SENP also. And to be very precise, our reduction in NPA what we have seen this quarter, in Q1 our NPA was 378 and now we close at 373. So, that almost 99% of that reduction has come in the SENP category. So, SENP is and when we talk about SENP we give them the loan on the basis of the scrutiny of their ITRs. There is no other method of appraised income or looking into the cash balances or history, UPI history or something. So, all those things we do not factor, we mostly go for the appraisal of their ITR. So, basically that we only give the loan and so far they have been doing well and that will help us to as you mentioned to help us to increase the yields or help us in getting the spreads. So, our lowest rate is 8.5 percent for housing loan and as and when we move up it inches up with another 50% point like.
- Interviewer:** So, for SENP the pricing would be 50 bps higher.
- Interviewee:** Yes, 50% higher, in each category like housing loan, LAP something. So, if it is SENP everywhere it will be, our lowest rate is 8.5 and highest is 11.5 for LAP, top up and all the things. So, every category it will be 50 basis points higher than salaried one.
- Interviewer:** And what is our reading on like you know credit cost number for these two segments like over the period of like say 5-8 years, how the credit cost in individual housing salaried class and SENP has trended? So, the credit cost will be minimal in the coming years because right now we have given a guidance of 15 basis point. Earlier for the previous guidance of previous numbers we have given 20 basis point, but we have never witnessed that kind of credit cost.
- Interviewee:** Yes, we have provided adequate questioning to our ECL numbers is coming from the ECL model and we have adequately provided some 50 crores-60 crore, Rs. 50 crore of management overlay. We have also provided another Rs. 50 crore for the restructured cases. Restructured we mean the moratorium cases even though they are still in the books now performing well but we have kept a question of around Rs. 50 crores. So, there were 100 crores of ECL is provided already factored into this. So, with keeping that number in mind and the trend of reducing delinquencies

and reduction in NPAs we hardly see any increase in credit cost for the next 2-3 years. So, in terms of guidance we will we will keep it below 15 basis point.

Interviewer: No, that is correct sir. I was just trying to understand the credit cost in these 2 verticals, the salaried HL and SENP loan. So, what is the credit cost difference that we have like in the last 5 years?

Interviewee: In the last 5 years, we just went to SENP and salaried. So, SENP we have started increasing the number just now only.

Interviewer: Vintage book is not there.

Interviewee: Vintage book is not there and if you talk in terms of LGDs, if you talk about the LGDs it is close to 15%. So, that is why I am saying that wherever there is there was an NPA case and we have been able to implement the SARFAESI rules and get back the money the losses are below 15%. So, if you take as a standalone number also it will be lower than 15 basis point.

Interviewer: Yes sir, we are driving this the entire initiative to digital and direct marketing in the management.

Interviewee: Sorry?

Interviewer: On the direct marketing team and the digital platform because these are totally new issues, so who is driving from the management these?

Interviewee: So, the direct marketing we are from the registered office there is a national sales head who will be managing this team, and we will have trainings for them and help them to improve on that.

Interviewer: So, that is from the Madhu Kumar's team, right?

Interviewee: Sorry, I am also new to this, so I am not able to recollect.

Interviewer: That is okay, why I asked that question is because I saw that...

Interviewee: So, that system is being managed from the RO. It is at the corporate level and digital marketing it has it is the idea as of now. So, we have not seen much traction there as of now. Slowly it will gain with once the IT transformation is completed.

Interviewer: So, any new hiring we are doing on the leadership or still like it is on the digital platform where we are saying 10% of our growth over the AUM will come from the digital. Are we hiring new?

Interviewee: As of now, it is target for I think 2028. So, first the IT transformation will be completed then there will be in house trainings and all and hiring is continuously going on across the Company across every department because as you see staffs it was 1100 now it is close to 1300. So, as of

now we are expanding we are able to we are able to attract talent from the market and people are joining.

Interviewer: The register is going to be internal only.

Interviewee: It is going to be internal only.

Interviewer: None of that kind of thing, right?

Interviewee: No.

Interviewer: So, I think it is just like 2-3 months to you just to familiarize the thing?

Interviewee: Okay, it is one quarter for me now.

Interviewer: Correct. So, how do you find this different than the old stream? You are mainly in the vehicle side right?

Interviewee: Yes.

Interviewer: And so can you explain how it is different than what you are doing earlier?

Interviewee: Since I am recording this call. So, I will be happy to answer your question. So, since this is from the same industry it is okay for me, it is good and I have seen many good things here in Can Fin. So, that way not much of a difference because ultimately we are still into the money lending business. So, we assess the risk, we price the risk and we lend and we collect that is a basic principle.

Interviewer: So, it is a very simple company compared to other banks and other NBFCs.

Interviewee: Yes, it is because the sustainable companies and the sustainable things are mostly boring and simple, but they are sustainable.

Interviewer: Boring but good to make return. Sir, in terms of growth for you we did not do too much of DSA earlier from we generally were more for organic sourcing. How is that kind of changed for you? Is it still the same strategy?

Interviewee: No, rather we were more into DSAs and now we are while recognizing the fact that DSAs will be important for us we are not doing away the DSA thing, but we are trying to increase our internal sourcing also. The mix is slightly it will change.

Interviewer: Okay and from this year to next year I believe you all have given a pretty good improvement in the growth trajectory. What do you think will be primarily responsible? Is anything changing from a strategic point of view that will help you achieve a higher growth rate next year?

Interviewee: There are two things. One is geographical expansion that is one part. Second part is that in the current this year whatever growth we have seen or good things we have seen that is despite of the fact that two of our key markets have not started performing to their full potential as they used to be before those government issue related things. So, once they are back and we have a geographical expansion and we are also increasing our sales team which will add significance to our portfolio and help us to get good portfolio we will be able to increase our disbursement target in disbursement numbers and that will help us to achieve our AUM growth. So, just in connection to this only I think before you joined, we were discussing that or I was telling that Q1 and Q2 has been record performance in terms of disbursement. So, Rs. 2,000 crore in Q1 we have never seen before, Rs. 2,500 crore in Q2 we have never seen that number before. So, despite such good volume we have not seen it getting translated into AUM growth. So, for that the reason was some early payments and some BT outs so that we are addressing the focusing on that and we will be working very closely over the next quarter to convert our annual result book into quarterly result so that we can transfer the benefit to the customers based on the interest cycle and whenever it goes up it goes up. So, there is no delay in transferring our benefit and that will help us to retain our customers and as I mentioned with a growing influence of our internal sales team that will definitely add stickiness to the portfolio.

Interviewer: What is the reason for the spike in the second quarter?

Interviewee: BT outs and certain amount of pre-payments. Balance transfer so some buyouts from other banks.

Interviewer: The same situation in the last quarter also. But why was there an increase in the balance?

Interviewee: It is same now also but sometimes the competition gets aggressive, they want to now as you know there are no pre-payment penalties or foreclosure charges the customer is free to go anywhere, so anyone can approach a customer for sale.

Interviewer: So, what are you doing to manage the increasing competition in your traditional markets as you expand outside in your home markets how are you managing this?

Interviewee: So, first our rates will be competitive, and we will as compared to some of our large competitors we provide more service or better service to our customers. We are more transparent and we always like we were the first ones to pass on the rate cut benefits to our customers, we have done 25 basis points. There are many good things which we are doing at that level. Because of that only we are able to achieve our Q1 and Q2 new disbursement growth rate.

Interviewer: Sir, at what point it was?

Interviewee: It was in May and June, 15 basis point in May and 10 basis point in June and we were about to pass another 10 basis point but that time the rates started inching up a bit little, so we held back thinking that it's not it cannot be good it cannot be expected that we pass on the rate benefit now and immediately after 15 days we for one month we increase the rate.

Interviewer: And sir, can you just elaborate on the earlier point, that you used to pass on it on an annual basis and now you are thinking of doing it on a quarterly basis to address this prepayment issues?

Interviewee: No, no. So, we for all the new loans and right now we are it is on quarterly reset. 59% of our portfolio is in annual reset as of now, 41% is in quarterly. So, that 59% will gradually will be in any case 8% to 15% of those things will move to quarterly because not everything will come at a time.

Interviewer: Incrementally in quarter basis?

Interviewee: Yes, incrementally all you are in quarterly and for the annual reset also when the time comes for the reset automatically either we will be able to give them the benefit of the rate cut and we will tell them to move it to the quarterly thing and in despite of this thing we are sending out messages we are sending out emails and trying to reach out to the customer to convert to quarterly thing.

Interviewer: Annual reset sorry what is the rate?

Interviewee: 59 is on annual reset

Interviewer: And quarterly reset is how much?

Interviewee: Balance is 59, 41.

Interviewer: And we are moving more towards the quarterly?

Interviewee: Yes, since all our borrowings are also on the liability side also everything is EBL are linked repo linked or T bill linked. 57% of our outstanding borrowing is bank borrowing. So, there we have moved to quarterly. So, basically going forward or volatility in the spread will keep coming down as the borrowing and the assets both goes on the quarterly mode.

Interviewer: But the NCD proportion that we have increased to 20% to 23%, that would not be on a quarterly, there would not be any reset?

Interviewee: There will not be any reset but that is Rs. 1,000 crores we are repaying now for that, and we will be again borrowing NCDs for another 5 years. Now, we are coming in the dual. So, that will that will have a long, it is not very near future, it will keep on impacting the yields.

Interviewer: That is volume based ALM another is value based ALM. Correct. So, volume based ALM you are always on the positive side. So, that is done. On the value based you are saying that my like AUM would be on the quarterly basis incrementally we will translate all the numbers on the quarterly basis.

Interviewee: That is right.

Interviewer: Correct. So, and your bank borrowing is basically you are saying that all are on repo.

Interviewee: Repo or T bill.

Interviewer: MCLR?

Interviewee: MCLR is not there.

Interviewer: Your NHB borrowing would be like repricing at what interval?

Interviewee: It will be annual, some 50% of that is annual reset. 50% is fixed and 50% is at annual reset.

Interviewer: But other HFC they say that it is all on annual.

Interviewee: No, 50% and that is at a very low rate. So, even though it is fixed or not it is less than 7%, it is 6.63%.

Interviewer: NHB borrowing, rate would be lower but reset could be.

Interviewee: Some of the affordable portion is this thing and the other part is there is a weighted average thing know, some PLR rates are also there. So, that will be fixed that which is based on annual reset.

Interviewer: Like you will increase the bank borrowing proportion or you will decrease it?

Interviewee: Going rate will be around 57% only. There is no drastic change in the borrowing rate.

Interviewer: Because I am thinking from the rising interest rate scenario maybe after 3 years from here not now. So, rates will plateau for 1 year or 2 years then it will start rising.

Interviewee: That is right.

Interviewer: So, basically when you are putting the value ALM then it will become very important.

Interviewee: Correct that is right. So, with this kind of borrowing mix there will be suppose if you are investing into or we are raising money through NCDs. So, that will have a time of 5 years gap. So, cycles will keep changing. So, now, the rates are bottomed out and we know the rates the interest cost is we are hitting the rising interest rate cycle. So, that is why we want to raise some

NCD and block the money for next 5 years. But that again will not drastically change the borrowing. So, it will not be even though we have approval for Rs. 10,000 crores of NCDs on the board, we will raise it very pragmatically.

Interviewer: In terms of the loan tenure, what is the difference between this new plot construction versus the typical housing? So, what is the differential in the tenure?

Interviewee: There is no difference in tenures, it is just like a housing loan 25 year-30 year loans, but what we experience that it remains in books for 10 years to 15 years. So, the overall duration of the book is 7 years registered.

Interviewer: Any final guidance on the ROI side by FY'28?

Interviewee: It will be in similar levels of 2.46%-2.5% ROI.

Interviewer: So, 2.5% ROI, and the growth will be better in the next year?

Interviewee: Yes. So, basically in these two quarters we have, I will have to repeat that we have ticked almost all the boxes of growth or improvement or what we have delivered almost on all the numbers. And the only thing which concerned us or needs to be looked upon is the pre-payments and early payments or BT outs. So, that we will be monitoring and addressing it. And with the IIT transformation, which is getting completed in January and all, we will be able to deliver full-fledged growth in next two quarters and definitely in the next year because both our markets will be up and functioning in full strength.

Interviewer: It will be good to have in the next quarter or sometime to have that, since we are planning 20% of the disbursement or the asset coming from the new sourcing thing. So, whatever we are thinking, how we are developing the acceptability, who is leading that, what to expect?

Interviewee: Now, when you say to 20% of this thing from new team is?

Interviewer: The direct marketing team and the digital, that is what we are putting the same.

Interviewee: That is '28, that is the wish list roadmap where we want to achieve. Exactly. So, it is the sourcing, it is the AUM proportion, right?

Interviewer: Correct. So, this one thing, when you are putting this 28, obviously the work would have started in '26, '27, it is not like you will start in 28 and...?

Interviewee: No, it will definitely start in '27.

Interviewer: So, the work is already going on.

Interviewee: After April '26, so our first key thing is now to complete the IT transformation, it is a big thing and so by June it will be over and we will be closing the year with some good numbers and then we will start working on the digital this thing, digital platforms.

Interviewer: So, when you speak of IT transformation, could you tell us exactly what changes are we making?

Interviewee: So, almost everything has been revamped, everything has been transformed. It is starting from LMS, LOS, financial accounting package, whether it is an emailing solution, whether it is a collaborative solution in terms of implementing of SharePoint, Teams and all. So, everything, almost everything. Borrowing and investment.

Interviewer: Who is your vendor for?

Interviewee: Pennant. The same used by Bajaj and LFC. So, it is a trusted name.

Interviewer: Canara Bank IT team, it was developed by them, right?

Interviewee: By whom?

Interviewer: Pennant, there is some IT team, right?

Interviewee: I will not be able to comment on that.

Interviewer: Would that be...

Interviewee: No. It is a third party software. So, for this IT transformation, we have appointed IBM, who is interacting with the various OEMs and implementing the software. So, IBM will be negotiating or with the different OEM because we need someone and IT expert, right? And PwC is also there in terms of checking whether things are done in a compliant manner or not. So, till now we have already implemented borrowing and investment solution. Now, the borrowing and treasury module is live and functioning. Our accounting package Infor, that is also live and we are able to, we were in fact able to generate the balance sheet and financial statements through our new package. And emailing solution is ready and working and currently we are working on HRMS tool, which will be completed. And the details are given in the investor presentation with respect to various, various this thing in page number 14 with the timelines. So, the only thing is that we were during our earnings call or as per our previous listing, we were able to, we were supposed to complete the entire thing by last week of December, sometime in December. But due to some more customizations required in few part of LMS, our vendors told that we need some more UAT, some more testing. So, that has spilled over to next quarter, sometime in January, so Q4. So, that is the reason that we have simply, we have little bit modified our disbursement targets also between the two quarters.

Interviewer: The DSA contribution to our AUM sourcing is pretty high and it has been so. So, what is the vintage of the DSA? So, like particular, like say, our top 20 or maybe top 25 DSA that we have, what is their vintage with us?

Interviewee: They are working with us, and they are not our exclusive DSAs.

Interviewer: And that was it, they have been working with many others.

Interviewee: Yes.

Interviewer: So, by us, in terms of vintage, we are talking about the portfolio on the book, or they continue to remain our DSA?

Interviewee: No, they remain our DSA.

Interviewer: So, for how many years they have been with us?

Interviewee: They have been like, there is no major such thing that they have performed and they have moved out. So, they are continuing to, some of our key DSAs are very old DSAs for that matter.

Interviewer: Like 20 years, 10 years, 5 years?

Interviewee: More than 10 years-15 years. So, that vintage is there. So, they are all continue to remain our DSAs. Suddenly, they will not disappear. Many new people will come, but most of the DSAs are old existing DSAs.

Interviewer: And what is the total Aum that they have been managing?

Interviewee: 79%?

Interviewer: No, that is there. Like I am saying a particular DSA of yours, he would be clicking to many other HFCs, NBFCs. So, what is that particular DSA AUM that he is managing himself?

Interviewee: It is not that I can give that thing. For me, I do not have the numbers as of now. So, I will get back to you over the phone.

Interviewer: And sir, the cost of borrowing has fallen by around 30 bps sequentially. So, if my 60% of borrowing is on EBLR, so that would have got replaced much earlier. So, what led to this 30 bps? So, 30 bps decline divided by 40%. You are getting my point. Because only 40% is like you are driving your borrowing cost falling by 30 bps.

Interviewee: So, one, you are saying why there is a delay in reducing the cost of borrowing, right?

Interviewer: Why is falling of borrowing cost even though the bank borrowing is on EBLR.

Interviewee: Because one lender has delayed in passing on the benefit to us. One large lender, SBI. So, we got that benefit in Q2.

Interviewer: But that, they cannot do that.

Interviewee: So, we have changed like it was not on this thing. So, we have transferred it to T-bill this thing.

Interviewer: This thing was on MCLR.

Interviewee: Not MCLR, but it was on, it was not on MCLR, but there was a, since it was on T-bill thing, it was not linked to repo rate.

Interviewer: No, sir. I think this is T-bill. It would have got repriced even before the repo rate fall. Because T-bill fell before, repo rate fell later. So, if your loans, if your borrowings is on T-bill, that would have got repriced even much earlier, I think.

Interviewee: It got repriced, but the pass on of benefit was little delayed. It came little slowly like 50 basis point till June, another 40 bps...

Interviewer: This thing is not in the bank's hand now, sir. If it is on EBLR, they cannot do it. It is not on their subjectivity. It is not their decision because if it is on repo rate, then the picture is blurred actually for us.

Interviewee: No, it is not blurred. I will just confirm about this, whether it was on MCLR with that particular thing. But everything, as on today, after June, everything is in EBLR based. And if that particular lender, whether that was on MCLR or EBLR, that way I will confirm it to you. And also say if it was EBLR, then why there was a delay. That I will get back to you.

Interviewer: You can help me. I am just inquisitive about the numbers. That is it.

Interviewee: No, no. I will definitely, I will.

Interviewer: Thank you, sir.