

Transcript of Recording (39)

Questioner: Yes, so, more or less, it's been, I'm new to this industry, so I just wanted, let's say I was tracking some MFI, so as we were discussing, there's a lot of stress there, so as you said that there is no stress that we are seeing, but a little bit of inching above GNP was there in the last few quarters, so any specific reason or it was the same systemic stress which is?

Management: Not really, see we had, Q1 normally there is always an inch up in the stage 3, that is NPAs, and last to last year we had in Q1 a INR32 crores increase in Q1, last year it was INR39 crores, this year also it is in the same INR45 crores, and additionally this year it is also a little higher than last year also because we have identified some 96 odd accounts, 94-97 and allowed them to flow because we also felt they were customers who were generally not yielding.

They were in SMA 2 and the willingness to pay was more of a problem rather than the ability to pay, so we decided to trigger an action by which, by pushing them to NPA, we didn't follow up and said it's okay, if you go, we'll recover through surfacic. So basically, but otherwise if you see our stage 2 has not, in fact there was a reduction in stage 2, and stage 1 in Q1.

So overall if you see the delinquency in Q1 normally is, goes up, whereas in our case we had a 280 crores reduction in our overall delinquency, SMA 0, plus 1, plus 2 and NPA as of March was INR4,266 crores, which came down to INR3,980 crores.

And so, March obviously was less than December, but then you can say it was more of a Q4 phenomenon, but Q1 being less than Q4 is one thing, and further in July also we have seen a further reduction from INR3,980, it has now gone below INR3,900 crores.

Questioner: And then let's say, are you pricing in more rate cuts or what is your positioning on the COF front, what is your guidance or how do you see it panning out?

Management: Cost of funds, yes, is slightly, will further come down, because one is in this quarter compared to June, we have had one large bank line which had, where they had not passed on that 50 bps June rate cut to us, which has now in fact happened. So, there we will see some benefit because our INR2,500 crores to INR3,000 crores liability set will come down.

Second thing is, 1st of July onwards, the NHB refinance, which is about INR3,000 odd crores on the floating side, there also the PLR has been cut by 30 basis points from 1st of July. But that will happen more over a period of time because NHB refinance, all of it is on an annual reset, the floating rate loans are all on an annual reset.

As and when the reset is triggered, we will see a reduction there. So, on the cost of funds presently, it was 7.55 as on 31st of March, which now is around, the book is now around 7.3 odd. So that is why we were able to, or 7.27 actually, that is why we were able to pass on 25 bps to our existing and new customers.

But with this INR2,500 plus crore where we are now going to get the benefit this quarter and the NHB refinance which is coming, I guess another 10 to 15 bps, we may be able to pass on somewhere in September or October.

Questioner: On repayment day with any initial signs, not probably housing is not the space where it is visible the first. Lot of commentary on small businesses, SME, where moderation is beginning to help in the first range. Anything?

Management: Not as such. As I said, our delinquencies have actually come down even in July compared to June. So not much because mainly I think because 70% of our segment is salaried customers. So there obviously this impact is not going to be there unless there are job losses. And that also only presently somewhat has started, or people are claiming in the IT sector. But our IT sector exposure is also not that high. So, so far, we have not. Presently about 6 percent of our customers are IT sector.

Questioner: Demand wise, any softness, challenges and so on?

Management: Not in our segment again because when there are 15 to 20 and today now, we are almost at INR24 lakhs. So that average 1BHK, 2BHK segment we are not seeing much. And in fact, what we feel is some of the tier 1 towns that we are visiting, there is quite a good amount of demand. Maybe in the big 7 cities because normally all the reports talk only about the top 7 cities.

Mumbai, Delhi, Bangalore, Chennai, Calcutta, Hyderabad. But other than that, if you go to the slightly lower towns, there is still a good amount of growth still there.

Questioner: So, I heard a couple of this developer meets and when they were saying that, how is the hiring? They track closely the hiring and there is a lag effect after a year. They see their sales picking up in that area. So, any particular sector or particular region, Bangalore, Hyderabad, you are seeing this kind of pick up in your loans or something. Have you noticed something?

Management: No, across if you see other than Karnataka where we are having this e-khata issue, where because of which to some extent it is subdued, and we are doing about 225 crores a month. And Telangana where we are just coming out of the Hydra issue. Other than that, all our zones are doing well.

Like our north zone, it is growing at 40% Q1. Last year it was growing at around 35%. Our east zone, which last year was of course negative in the Q1 but then picked up. But end of the year it ended to a flat growth last year. This year in Q1 itself it has started with a positive, 40%.

Tamil Nadu which was growing at around 25% last year, Tamil Nadu and Kerala put together. This year is growing at around 35%. And west zone is continuing to grow at around 15% like last year. So, we are seeing a growth across all the locations. And as I was saying, in fact some of the smaller tier 1 towns, there is a good amount of promise there where we can still do more.

Questioner: Ticket size movement, how is it happening? Like tier 1 is moving slowly gradually the ticket sizes?

Management: See frankly what is happening is like in Bangalore city also if I have to tell you. In Bangalore city today you don't get anything. If my own staff if I have to look at the level of to say manager level, I wonder if it is a single income or in the family how they will be able to afford a new house in Bangalore. They will have to at least go 20 kilometers outside to be able to purchase a house.

So, problem in the big cities is definitely there. Even in Bombay I am sure you will be able to see this. It's always you always work to get a house in Bombay. That's always moving further away. So basically, it's the bigger cities that always get counted. And in the bigger cities this problem is there. But here you know smaller town there is also one article that the places where a lot of hiring and lot of jobs are getting created which are the future hubs.

If you look at it the places like Visakhapatnam, Vijayawada, then you have this Nasik, then Jodhpur, so quite a few Madurai. You know these are all the tier one towns which are really doing well. Ranchi, Ranchi was there, Raipur was there, Vishakhapatnam, Vijayawada, Jodhpur. I think Surat or Baroda one of them was there. I think Baroda was there.

Questioner: And in these towns which competition you face because there is a lot of regional players already there in those small towns.

Management: Regional players we don't see the smaller HFCs and all competing much. The banks of course are there but they are slightly above our ticket size. And I don't see them coming down in terms of the ticket size. So, our competition primarily would be LIC, Bajaj and PNB Housing. Because today if you look at our rate, today our book yield is around 9.9 something.

If you look at the kind of rates that the affordable housing finance companies and NBFCs are offering, first of all mostly they are focusing more on LAP rather than housing. On top of it even in the housing if you look at it the rates start from 11% and 12%. Whereas my book yield is around 9.9 something.

Questioner: Why would you think that banks are unlikely to enter?

Management: No, I am not saying they are unlikely to enter. But at the present juncture today they have had to cut their rates by 100 basis points. So today they were at 8.4, many of them have come down to 7.4. Whereas we have been able to pass on only 25 bps. So, the difference was about 55 basis points. They were at 8.4, we were at 8.95.

Today we have been able to bring it down to 8.7. So that gap has widened. However, because the deposit and their borrowing side has not come down, it is affecting their margins and spreads. But as and when the borrowing side for their deposit rates or costs also come down, then this will become a little more attractive. Then this difference of 130 bps can play a role.

And I think that is the reason why SBI has increased their rates by 25 basis points. So effectively it is a loss making thing. So once the deposit cost comes down for them, then they will be able to push a little more. So, we will have to see that by that time we are a little stronger and can pass on some more to our customers so that this delta comes down.

Questioner: Any desire to consider all this, let's say not the popular lab but affordable lab which can provide as a kicker because I mean largest one if you look at Bajaj, only doing mortgage will not deliver an hourly. Even with this mix it is 15% at best. So structurally as well for us probably at some stage, since we are already 30% self-employed, probably an extension to that.

Management: See we can do a little more but basically lab, the rates have come down so much that for the additional risk it is not very. Today I will tell you, our NPA in the housing sector, housing portion would be around 0.6, 0.7. For our lab it is 1.7.

Questioner: True. But that again sir is a reflection of intense competition. Everyone chasing that big ticket and slightly better yield. And that is only going to increase challenges for HFCs because of the cost of understanding. At some stage probably, because last 5 years, 7 years, 10 years growth rate also if you look at prime HFCs and affordable HFCs, the difference is 2 by 2.

We have always somewhere in between. But in terms of building capabilities, keeping next decade in mind, any measures you have planned?

Management: I think there is still a lot of scope for us to grow through our internal, through spreading our geographical presence because we are just 234 branches. Two, we don't have our sales team, we don't have digital lending which we are just about to start. So, I think given all those things we still have quite a bit of this lower hanging fruit without having to take the risk of a lab.

We can still, growth is not going to be so very difficult. We can still do it with, once we add all these channels, additional channels, sales channel we have started, APF we have started. Digital we are going to, once our IT transformation is done, we will be able to offer that also.

Questioner: Is this going to be only for sourcing, digital channel?

Management: Sourcing, customer servicing, both.

Questioner: And when we say we do not have sales team, what structure are we looking at?

Management: No, so we did not have a sales team. Last year we started with a sales team but instead of going for the DST, DME model where you pay that 15,000 20,000 fixed and then everything is on your incentive structure, we have gone for a staff model. So, we are taking people on the role. They are coming in with a fixed 40,000 45,000. Even at the entry level salary package.

So basically, that comfort of not having to perform month on month on month and that thing sword hanging on their head always, not there. So, they are still able to, only it only means that we will have to ensure that they deliver more than what a normal DST, DME does.

So, if they are doing 25 lakhs, 30 lakhs is the average performance level, here they will have to do a 60 lakhs average performance level, some doing 80 lakhs, 1 crore also. Internally we are pushing them to deliver almost 80 lakhs per month and given our ticket size about 20 lakhs, 25 lakhs, which means that these people will have to do about 3 to 4 cases a month.

Questioner: How is the experience so far?

Management: The experience has been good because last year we had started in June only. We started with 8 people and slowly added that to the team. End of the year we were about 39 people and in the Q4 if you see, they did almost a little more than 75 lakhs they were doing per month per staff.

Questioner: Okay, so they have reached the level.

Management: Yes, so that's why that gave us the confidence to add. Therefore, in this year we went back to the board, and we have been, we have got the approval and from 1st of July we added another 63 people. So effectively post net approval we have got now 100 people on the sales team.

Questioner: When you mentioned that this model of giving high fixed appears to be better than the other one which is more incentive. One would argue that probably, that structurally is better. They may have pressure of targets, will bring cases but end of the day underwriting is in your hand.

Management: Correct, but the attrition is a bigger issue. In that model the attrition is 65% to start with. So, you are basically only becoming a training ground.

Questioner: True. I think that's a common, I mean, 30%-35% attrition is like normal.

Management: Today as a company our total attrition including this everything is only about 14%.

Questioner: Are we seeing any possibilities of expansion in NIMs next year?

Management: See our guidance is 2.5%, 3.5% that's what we are guiding for. But yes, I mean because there is a lag in the, I think there could be a little bit of improvement. But I think that would be something which we probably can use to our advantage when the competition increases as I was mentioning earlier with this. At that time this will probably help. We can loosen this thing a little bit.

Questioner: Sir, I think we have majority of our bank borrowing linked to repo, right? 100% of it is.

Management: Yes, 80% repo and 20% is T-bills.

Questioner: That benefits us faster than.

Management: Yes, that's why we were able to get the entire benefit in that particular quarter itself. Barring that one which actually got postponed and we got it now. Rather than that all the banks they passed on immediately.

Questioner: Yes, so you said you competed with Bajaj in some space. So, when we meet Bajaj, we talk about the IT. It's an IT company they say, it's like a FinTech where our approvals are faster, anything that is. So, what are we doing? You know, have you invested in IT over the last six months to one year? What are things happening on the IT front?

Management: See actually we had an IT platform which was basically only an LOS, LMS which we had contracted and taken in 2011. So, it was way beyond its life period. We have gone for a complete IT transformation which is changing our LOS, LMS, adding new modules of HRMS or DMS and a lot of other things. And that project is right now going on.

In fact, it's a total INR300 crores project, INR100 crores of capex, INR200 crores of opex spread over. It's a seven year contract and one year implementation, three months handhold and five years and nine months when it will basically be operated. So, that whole thing is going to help us. And in fact, we have also gone for a Pennant for our LOS LMS, the same one which is there running in Bajaj as well.

Questioner: How does this change life in terms of the bandwidth?

Management: See, in terms of this project, there are 3 components. So obviously, a lot of the things we have already implemented in some small piecemeal manner. But once a complete LOS, LMS, DMS comes, the DMS will be a major reason for our customer service related issues. Because today, in terms of our onboarding, we have streamlined a lot of activities.

We have moved from manual to automated and all those things in terms of our backend, some of our reconsideration, this, that and all we have done. But in terms of our DMS, like providing documents to the customers, giving online some services for the customer like statements and stuff like that, the DMS will be very helpful. So that is one area where a lot of customer servicing related efforts will reduce.

The second thing is in terms of our LOS, LMS, this provides a much better API capabilities as compared to what we were able to offer earlier. So, in fact, going forward, even if we have to integrate some new modules, some new things, or the speed of change if you want to implement something, that will be much faster in the new system.

Not to mention that digital onboarding is currently not offered or not much active. We will be able to offer that, so that will open up a complete new channel for our sourcing. Today, our sales team also that we have implemented, they are purely dependent on the leads that they generate from the market on ground.

But once we are able to have this thing, we will be able to purchase leads from the lead aggregators and pass on the leads after some duration to the sales team on ground to convert. So, the conversions will also improve and we will be able to utilize them better. So that will also help.

So, IT is definitely all those things will help. It is going to help us in terms of expanding our sourcing channel, plus at that time, reducing our TAT so that we can free up manpower to again go back on the field and source.

Questioner: What is the current TAT looking like?

Management: See, currently, since it is mostly DSA driven, we are able to even do it in three days, but I would roughly still say it's about seven to ten days. It's a TAT for a conversion or the disbursement to happen.

Questioner: So, seven to ten days when all documents are in place, you have it in your hand from there to disbursement?

Management: Now, in fact, we'll have to retain that or improve that even for the cases which are not through DSA. That is where we will be able to now, that is where the new system will help in ensuring that we are able to, even for the direct business also, we are able to churn it faster and do it.

Questioner: What would typically TAT be for peers, let's say?

Management: I think it's the same here, not much of a difference. Some of them, of course, affordable housing finance companies would be a little longer than this because there is a more intensive appraisal mechanism required. So, there it could be a little longer. But by and large, if you look at it, Bajaj probably might be claiming lower also.

Questioner: So how are they able to deliver that?

Management: See, Bajaj, of course, is in a slightly different segment where they are doing more of data churning analysis before they even approach the customers. So only if you are in a 40 lakh plus segment with a regular salary, you are being approached.

Questioner: Pre posting will happen. Okay. Because a lot of these regional banks claim that they take 7-8 days to process SME cases, which naturally is relatively more intense underwriting. So that is possible in 17 days. I am sure in the home loan...

Management: In our case, only delay is mainly because of the property documents. That is one thing which takes a little more time. Like, for example, once we do a title search, the title search takes anywhere around 2-3 days, 2-4-5 days also. So, we have to wait for the documents to be first delivered to us. Means we have to follow up.

Sometimes the customer also doesn't know that X number of documents are required. You can only say that your ownership document. Now ownership documents, there are 20 different types of ownership documents that can exist. Now which one is applicable for the customer?

Only when we talk to the customer, we will be able to... In your case, you will have to get a probate also from the customer because it is an ancestral property, which has ... So, all those kind of things we will...Once that is collected, then we have to go for a title search, go for encumbrance, no due and all those things.

So, this is where the maximum it takes. Otherwise, credit appraisal, go, no go can be done. You know, in a day's time, we can give them go, no go. We just have the CIBIL bank statement, the ITRs, everything and it's perfectly fine. All their liabilities are known. All your, the asset side, your income, everything is known.

So, I think that is not the problem. It's the legal and technical. Technical also, in fact, our visit doesn't take much time. Legal is where the maximum thing, where MSME will not be so much.

Questioner: True, true. Title, [Inaudible 0:24:20] itself is not there.

Management: Not there.

Questioner: And when we say title search, any way to kind of shorten the period, by way of tech or something or this is what it is?

Questioner: Just to add to what he is asking, like at state level, are you seeing some of the state governments being more proactive on digitizing this land at cost or property at cost? There are. Gujarat, Karnataka, I think they are leading the race.

Management: That is true. There are some states which are much ahead in terms of the digitization. But there are certain softwares or certain applications which are there which help you toward digital search. And of course, it is possible only in those states where the digitization has happened. But what we have done in, POC, we have seen that, there are still a lot of anomalies.

So, we have not been able to adopt them as of. So, at least I personally don't think we are ready for that today. We ourselves would have evaluated at least four different vendors who are in this space. But that 100% accuracy or that thing doesn't, even it is not there. That is the issue.

And there are things like Teal is there. Then there is, few others are there who are doing it. Mataram is there. Teal is there. So, what we have seen is that 100% doesn't come through in that.

Questioner: And everything is done in house, or you take third party?

Management: No, everything, at least for this, we have to go for qualified advocates only. So, we have empaneled advocates across all our branches who are doing this.

Questioner: Yes, on payrolls and everything.

Management: Not payrolls. So, it is obviously, whenever we require, we give it to them and they do the job for us and do the search, give us the report. What we have done is, like for in technical part of it, we have onboarded with a firm called Velocity. So, they actually standardise the kind of reports that have to be given.

So, all our valuers give in the same uniform format. If you want to add something, then the billing part is easier. The payouts is easier, monitoring them. And then Velocity over a period, if you go for the next version, we can also go for some added value add services. Like, Velocity will also compare with the database, within their database of all the things as to which are the last transactions which have happened.

What is the average rate in that particular PIN code? So, some kind of value adds can be done. In case of legal, what we have done is, we have tied up with Mataram, where once the documents are collected from the customer. Now, this is not the same agency which is doing our title search. Title search is done by our empaneled advocates.

Here is another firm which is also empaneled. They do the vetting of the documents which are submitted. Because today, you say this is the property and you show us the documents. Eventually, some other documents are given or not. What is given is not what was supposed to be, which ensures 100% ownership and mortgage leasing.

So, then we have this agency which does a double check on it to see that. And then they give a complete report and scanned documents and everything. So that subsequently uploading on to our DMS with all the, this thing becomes much easier.

Questioner: So, what is your view on incrementally on the interest rate trajectory? Let's say the GST cuts are probably disinflationary, and the inflation numbers are also down. So, are you pricing in one more rate cut? If yes, then how much or any kind of compression on NIMs? And then on a medium term basis, what kind of ROAs and ROEs are you targeting?

Because let's say liquidity is flushed and right now the rate cuts or after the rate cuts, let's say the demand is stable. Then what kind of AUM growth are you targeting?

Management: Firstly, on the rate cut, if it comes, then we will also pass on once we get the impact of the rate cut on our liability side.

Questioner: So, you will pass it on afterwards?

Management: Obviously, we will pass it on afterwards. Therefore, in terms of our spread and NIMs, there should not be any negative impact.

Questioner: But overall, what is your view? Are you pricing in 25 bps rate cut or you are saying it is bottomed out?

Management: No, even if it is there, we will pass on to our customers. It doesn't matter. If it comes, good. If it doesn't, it will remain the same. So, in terms of spread and NIMs, I don't think there will be any compression. Because there is a lag effect or a little bit of it on the asset side, maybe it may in fact only support us in terms of our, couple of basis points improvement could be there.

In terms of our ROA, ROE, I mean, we are guiding for around 2.24 or something. We would like to remain around 2.1 plus in terms of our ROA. In terms of ROA, we are targeting around 17%.

Questioner: 2.2 is for FY25?

Questioner: I think if I am not wrong, then you are able to do probably 10, 20, 30 bps more historically. So, any kind of reasons like whether in terms of, I think we are able to do 18%, 19% in some years. 18%, 19% of ROE. So, any specific reason or is it just that this is the trend right now for a long time?

Management: No, no, it is not like that. I mean, our gearing has also come down. But in terms of ROA, we have definitely, maintained or kept it. Now, the rest is also gearing has been coming down consistently for us because our growth rates have also been lower. The last few years. So, I think there is a scope for us to also improve our gearing and as we grow, we can...

Questioner: Are you considering?

Management: I mean, obviously, if the growth comes, obviously, we will not look at raising capital. We will try to as much as possible increase our gearing and go up to 7.5% and whatever.

Questioner: You are not expecting any dilution based on that for the next two years?

Management: No, no, not required. Our ROE is around 17% and we are comfortable.

Questioner: What kind of AUM growth are we targeting?

Management: This year, we would look at around INR10,500 crores disbursement which should get us around 12-13% AUM growth. Next year, we will be targeting about 15% AUM growth.

Questioner: So, the title transfer problems and the legalities that is linked to the properties, is that one of the reasons why you do not want to expand in the lab section?

Management: No, no, in fact, in lab also the process is the same. Only thing is in the lab, in fact, it is better because one is the disbursement will be one shot. Second thing is in case of a lab, the documents will first be collected like in case of a takeover. We first have to release a check, then the documents will come subsequently.

Suppose in case of a disbursement, we will be doing it. There is a risk of the property will get constructed over a period and phases. What if it stops? But in case of a lab, at least that risk is minimized in the sense that the property is standing. The property documents are already with the customer. We just have to take over and take the collected documents and give it.

So, in terms of the security, we are, in fact, better off in the lab as compared to the rest. But of course, in lab, the end use is not for home. In our case, it is mostly first time self-occupied house and first time ownership. So, that kind of a comfort is not there. So, sometimes the end use not being for this thing, there it could be a, that's why the delinquencies are higher there.

Questioner: So, just your view, like, I don't know whether it is specific to Can Fin Homes. What's your view on the MFI? Is it MFI stress overall going on? Like, is it kind of bottomed out or you see further stress going on? Because, like, we can see early signs that the situations are improving. But, like, what's your view on the...

Management: See, in Karnataka, that ordinance is only hurting. Same also for Tamil Nadu, although it is not as much as Karnataka. So, MFI, I think, in fact, now also if you look at it, while the data is showing this, but there is also one line of thought that this, all these tariffs and all will eventually affect the MSME, eventually will, on the bottom end of this thing, only it will be impacting.

Questioner: So, you think that there is some, still some stress which can be visible in the coming months?

Management: It could be there, I feel. You know, normally stress cycles don't start and end so quickly. If they start, they would generally tend to go on for a while.

Questioner: In a year, hopefully.

Management: Yes, but new, new things are also coming, that's the little, that's not only MFI.

Questioner: So, in Karnataka, from MFI, naturally, I mean, there is a lot of data that comes in, but for us, from housing perspective, any implication of the overly poor usage of MFI?

Management: Not in our segment, because I'll tell you, our 84% of our customers are having a CIBIL score of more than 700. Okay. And 9% are first time home, first time to, first time to, first to credit or new to credit. So, our segment where the below 700 where there could be this is very less.

Secondly, if you see our incremental disbursement data, our below INR10 lakh loans are actually reducing. So, slightly it is more in the 20 to 30 and more than 30 plus where the ticket prices are moving. So, obviously, that segment is not the one where there will be overlap with micro finance much.

Questioner: True. We are fine with this ticket size shifting, I mean, that will happen because of inflation. But let's say, if you take example of some of the affordable housing finance companies, this higher shifting, if not accompanied by geographically deeper penetration, it tends to, one separates a new picture which is different from original focus and though clearly shows in the entire ROE tree. So, the 250 branches we have?

Management: 234 will become 249 by end of the year.

Questioner: So, we will still focus on district levels or let's say depending on where it is easy to operate, digitization of land records, life is easy, risk is less, we will go deeper there?

Management: So far, it is still in district level only. We still have quite a bit of scope in the district level to work on.

Questioner: Which states excites us the most?

Management: Right now, in fact, we are more on the west and north. So, we still have a lot of scope. We have opened lot of branches in and around Delhi. So, Hapur, Saharanpur, Mathura, Bareilly, all those kind of branches, even Jalandhar, Bikaner. And then, of course, we have other states also we are looking at. Even on East UP, we have done a branch and all.

Rajasthan, we have opened a couple of branches. So, again more towards north Rajasthan like, Kotputli, then we have Alwar.

Questioner: And when we enter a new state?

Management: No, we are not. These are all places where we are already there. They are not new states. We are already there in 21 states. So, that is not a...

Questioner: As a presence is already there, it is a matter of district.

Management: Yes, yes.

Questioner: Any change in branding strategy that you guys are thinking of? Because, as you said, north is more prominent because, actually, your brand is more recognised or whatever. You are more known out there in that state. So, any...?

Management: No, I think, pan India is known. We are promoted by Canara Bank. And anyway, we were there. So, all these places, actually, like Delhi branch, I think, would be more than 20 years, 25 years

old. Jaipur branch is again more than 20 years old. If you see Ahmedabad branch, or Panvel, Vashi branch, or if you look at, our Bhopal branch, Indore branch, they are all very, very old branches. It is not that we are new to the states or are not.

It is just that the penetration in between also, we had post 2015-16, the expansion has slowed down. And then, after the COVID again, it completely almost stopped for the last three to four years, which now we have again started again.

Questioner: How much business comes from these branches, just if I am not wrong?

Management: These branches as in...

Questioner: In your Canara Bank branches?

Management: We don't have any tie up with Canara Bank. No.

Questioner: There is nothing, you have tie up, nor they have any arrangement with you, right?

Management: No, no. Only for banking purposes, wherever they are there, we have our, each branch has an account with their Canara Bank.

Questioner: And there would be branches which are, let's say, close proximity of Canara Bank?

Management: Yes, many of the branches, because our bank account will be with Canara Bank, we would be somewhere in that. And even Canara Bank would be having a branch in a main city center or place like that. We also would be there. So, maximum it will be 2-3 kilometers distance, you will find a branch.

Questioner: And for their own housing loan product, they would be like, our segment would be overlapping with them?

Management: I believe their average ticket size is INR35 lakhs.

Questioner: Thank you very much for your time. Thank you so much.

Management: Thank you.