

Questioner: I think 6 April after that and then we owned the stall for 2-3 years. And then the, there was a bargain cash up period between when the price was going down. Then we sort of sold off and then we just didn't come around to it?

And now we are looking at the hoarding, the overall affordability of housing. The issue seems to be which we try to get our hands on this is, this e-khata thing right? So we don't understand what exactly it is, how it is impacting and what is the way forward because it is impacting you quite a bit, no?

Management: That is correct. See, basically what is happening here is that the government has come out with this requirement that you need to have a digital records for all the property transactions. And obviously, the government has been doing all the digital records from 2009 onwards.

All the safe deeds are registered and all those registration was also mandatory from 2009. So all those things are there. But the government, so why they went to it? May be there was a gap or may be the objective of the decentralization, I mean the digitization was not completed or we don't know what is the reason.

But basically the purpose of this e-khata is that they are going to digitize the entire land records so that any subsequent transaction that is there they can monitor and there is a, so that is the whole objective. So objective wise it is a good objective that they want to digitize it, and it is a obviously a transition phase which once done will have long term benefits.

But what has happened is this whole process of e-khata probably it was not tested or done thoroughly before it was implemented. So what has happened? There was initially a issue that the whatever records there was no clarity or SOP as to what are the sub-register supposed to take, what are the kind of things that are document that the customers are supposed to provide and does it cover new transactions, does it cover old transactions, what is it that you have to do, does it cover self-construction.

So there was a absolutely no clarity. So every sub-register was asking for some documents, and it was just becoming a very, it was the initial list of documents was such a huge list of documents that practically nobody could have fulfilled that document.

So there was a initial issue where practically from October to for almost a quarter there was no movement in the documentation or registrations almost came to a standstill except for some where the sub-registers were doing it, but we are still taking at their own risk they were doing it because there was no clarity on what was there.

Thereafter what happened it also created a lot of panic, then slowly the government came into the picture and slowly started giving the clarifications as to what are the documents, sub-register, whatever training they might have done or whatever.

So clarity started coming into as to what are the kind of documents that are required which and the list was also subsequently shortened to quite a bit because now it is possible for a lot of

people to just it is easy for them to have, you do not need to have old documents of many many years back to show your to get your e-khata. So those clarity was done.

Second thing that was done is between the sub-register office and your revenue records there was no linkage. So even if you go and say that you have done something in the sub-register office before registration they need to get something done in the revenue records. Now, if they do those things in the revenue record it would never get reflected to the sub-register office.

So they would still not be able to do it, but in the corporation limit BBMP they have been able to create this linkage has also happened. So now, at least in BBMP areas, that is the municipal corporation limit areas that the registrations have started happening quickly. In fact, within 7 days also you are able to get an e-khata if your paperwork is complete and then at least now what are the documents that are required.

So if something is missing then you will have to obviously do the process to complete that activity like suppose your previous document may not have been registered or was on a basis of a unregistered power of attorney then you get that submit those documents and then able to be able to prove it if it is some deviation case and what are the supporting paper. So although some kind of clarity has come, but that is also only in the BBMP areas outside areas it is still not possible. So panchayat areas and all it is still not happening.

Questioner:

So, but when the document list is standardized then what is the issue with the outside?

Management:

See in case of corporation limit there is a index 2 there is a all those kind of things in panchayat it is only the revenue records it is only a more of ancestor property that accounts are not registered all those kind of things. So that there the clarity and those kind of SOPs and things yet to need to be finalized. So there it is not happening.

So in our case what has what happened was up to September 24 our disbursements were we were doing quite well we had we were doing approximately INR275 crores disbursement in Karnataka per month. That in the third quarter that is October to December came down to INR150 crores and then we first we thought that it will get done immediately and it is just a matter of a few days it will get sorted out and that is just a glut of enquiries for e-khata.

So it is taking time and stuff like that. But then when we realize it is going to take much more and there is there are other issues we decided to go slightly have a change of our policy or our business servicing.

So we started focusing little more on lap because in case of lap you do not need a fresh registration. So you can still give the load based on the lap. So that we decided to increase our lap exposure.

Then as the corporation limit areas are now getting cleared we also started focusing more on corporation area from earlier it was 70% 75% probably was in panchayat and all those areas. Now, we started doing more a little more in corporation areas. So slowly now business is started picking up.

So last year in Q4 we were able to do about INR225 crores and per month we slightly were able to bring it up from a little more than INR200 crores. In this year in June, July, August all these months we have been able to touch INR225 crores kind of a thing on a regular basis barring April we have been able to do almost INR225 crores roughly we have been able to do. May we crossed 200 then June, July, August we have been INR225 crores is what we have done.

So and month on month slightly it is improving also. So now at least the old stability what we used to have in FY23, and FY is that that at least has started happening. So that is what it is.

Questioner: But this is like your main business body being pushed on you because your assignment is different and this whole admin is pushing you to do something which is not?

Management: No, that is correct but once the panchayat opens up and it is sorted out we will again go back, and we will start getting business from there also. So in fact our business again should go back to INR275-INR300 crores from Karnataka.

Questioner: So I mean you guys and others must have done the representation from government, may it is not working out and so on and so forth. So I mean are they taking seriously or they are going with their own pace, or they will?

Management: It is happening. See no doubt all the more than us it is the developers who have been more vocal about all these things and that therefore they all at least in the BBMP where mostly builders are operating it has already been sorted out also you can say. To a large extent it has been sorted out in the BBMP areas where now it is possible only if obviously the documents are not clear it will take time, which is quite understandable. So the thing is now we are only limited to this.

So from here we will build the model, and we will start growing from here. But once the panchayat opens up again it will open up the old thing where we used to do almost INR100 crores a month or something at least additionally we can start doing from there.

Questioner: So do you have a confidence in visibility on how long it is going to take in panchayat areas, or it is still a flux situation?

Management: No. So we are not building that right now. We are still saying from 225 every month we are growing a little bit. So by the end of the year even without the panchayat coming into the picture we should be able to do about 10% growth in Karnataka because last year we did about INR2,700 crores approximately.

So which means about INR225 to INR230 crores only per month is what we have done which already we are doing and it is slightly increasing month on month and normally H2 is the month where is a half where second half of the year where business generally picks up also. So given that thing if today we are doing 225 by next we will slowly be able to quickly cross 250 and then may be end of the year may be we may even be able to touch about 275. So in which case this year we are targeting about INR300 to INR3,100 crores from Karnataka.

Questioner: And then if I mean when panchayat area is open up back then it is there is an upside to it?

Management: There is an upside to it. Correct. That is correct.

Questioner: And sir this I mean the metro the cooperation area is it coming with a different aim structures because we see it is more cooperative than North side?

Management: Not very much because here also we are not still not been able to penetrate the Tier the Cat A builders. It is mostly the smaller builders only whom we are doing and so it is ok. We are been able to get the smaller ticket size smaller builders is what we are operating. So we are still able to maintain that kind of a spread. I mean it is not making too much of a difference.

Questioner: Okay. So it is not -- it was hurting growth a little bit now it is kind of decent at [inaudible 0:09:50] and profitability it is not as usual?

Management: Not impacting. Yes.

Questioner: Got it. And outside Karnataka I think there was I was seeing the call you mentioned. That you need to increase throughput there. So how is the throughput strategy?

Management: It is not increasing much, but today Telangana as last year did about INR1,200 crores only. So it is about INR100 crores a month and this month also we have done across INR90 crores. So I mean we will be a little better than last year in Telangana.

We would have preferred it to be already past INR100 crores by now, but it is still a little below INR900 crores. So but what is happening is after having coming down now slowly it is started picking up. So I am sure by the end of the year the rate at which we are growing now month on month this year also Telangana from what 70 it was it went up to about.

So end of the year we are still from there slightly picking up a few crores every month we are adding month on month to what we are doing from Telangana. So Telangana and Karnataka will just be about 10% growth for us 10%-15% growth in the entire year, but rest of the areas are doing good for us like north is growing at 35%-40% for us Tamil Nadu is also growing at close to 30%-35% for us west is doing 15% plus and.

So also is our east zone, which last year was almost flat, we had a 0.75% growth last year in east zone. There also now we are getting almost 30% plus kind of a growth we are getting in east zone.

And this month also August July and August both months we have done more than INR800 crores disbursement. So we are online in line for that INR2,500 crores target that we had given our guidance we had given for Q2.

Questioner: Now, I said so basically this or SOP this Telangana and Karnataka with 30% 15% 25% these rates are likely to sustain given the base or do you think they can taper off or there is some opportunity that might go away from here?

- Management:** Not exactly because we are quite confident it will improve because I will tell you this time also we are adding 15 branches. So north east and west we are adding branches. So therefore, this at this rate also that we are doing I think we should still have a good growth from these three zones.
- We should continue this 15% plus kind of a growth in west it is not difficult we will definitely be able to achieve that it could only improve from here it will not go down because if you see some of the branches that we are adding will definitely add more business in the west.
- Same also in east where we are adding I think 5 branches in Andhra Pradesh. Last year we added 1 and 4 more this year and in the north also we are adding branches. So again that will also add. So the way it is going we should be able to do quite well.
- Questioner:** So north you are saying. So Andhra you are adding 5. You are adding. So total number of counties how much should we get?
- Management:** As of 31st March it was 234, this year we are adding another 15 branches all of them will be kind of operational by 30th of September is the that we are working towards that kind of a target and so we should be having 249 branches.
- Questioner:** Are we by after 26 days?
- Management:** Yes.
- Questioner:** And roughly 15 is like 8%, 9% growth is like steady that you are going to do?
- Management:** In fact, this year we will do 15 is what is the target, but the way we are looking at micro markets and all those things we might in fact second half look at another 5 branches, but it is not yet planned or approved, but we will be open to opening 5 more branches in the second half of the year. So it could be ending up at 20 branches also for the year, but as of now I am saying it is 15 only. We are targeted for 15.
- Questioner:** On the basis of 235, 15 is like 8%, I mean because there are lot of other guys who are opening 15% growth rate and putting some more branches. So is it that your segment 8% is good enough or you are being conservative or cautious how is the target fits?
- Management:** No, actually when we had drawn up the strategy for FY28 5 year business plan at that time we had said by FY28 we will reach 300 branches that was the plan. So we have been working on that plan. So maybe instead of that 15 we may add if everything goes we will probably add 5 more branches this year and then so that next 2 years we may add 20, 20 branches or something of that sort.
- Because if we are FY26 at 249 branches then we will need to add 51 branches in the next 2 years. So probably we may add another 5, 6 this year and accordingly do it, yes.
- Questioner:** And sir 300 branches on a fully optimized throughput, what kind of loan would you be able to have at that point?

Management: At that time we have 300 branches definitely we should be able to do more than 1,200 per month, INR1,200 crores disbursement per month.

Questioner: Okay. And sir, if we go back to that point again because I just couldn't understand in the call also that volume of cases is what you are focusing on. So, how does that you need more sales force, you need more DSAs, so how is that going to be coming along?

Management: No, see basically there are 3 levers to growth. One is the branch expansion where you will be adding branches. So, consequently additional staff will also come for the branch expansion.

The second thing that happens is the ticket size growth where every year when on the incremental because of our what you call cost of property, cost of construction, your inflation and everything the property cost go up. So, if here this year cost of construction is coming to around INR2,000 a square feet maybe next year it will be 2,100, 2,000 or something like that. So, that anyway will happen because cost of steel, cost of cement everything keeps going up a little bit here and there.

That is the second lever and third of course is if you look at a new segment or if you look at a new product or something like that. So, these are basically the things where and existing teams also we have to keep pushing to do more by generating more business. So, which is can come through staff expansion or things like that.

So, these are basically the levers. So, obviously, this is one of the levers. Some of the people they do not know they are sticking on to the ticket size and doing more deeper penetration, but obviously, deeper penetration will also have a higher impact on the cost because if you are going deeper means the density of population becomes thinner.

So, you will have to do all the more and productivity levels in terms of cases per staff per month will not sustain the same level as you will be able to do in bigger cities. So, obviously, that will have a little impact on the cost, but you will be able to open more branches. So, there will be some offset which will happen in terms of more business, but more cost also.

Questioner: Right, right. It is in segment wise as I think you mentioned that you have been wrapping a bit of on the lap side. So, is it a target that this is where we are comfortable in terms of percentage of portfolio or it is the kind of opportunistic, and we will go back when things get better on the project side?

Management: No, again as part of the strategy we had said that we were at that point in time that is March 23, we were 89% was housing including CRE and non-housing which is our lap, our top up and our plot loans and marginal amount of personal loans was coming to around 11%. So, in the strategy we said we will open to going or taking it up to 80-20. So, 20% can be the LAP, the top up and the plot loans.

Questioner: Okay. But LAPS, I mean like the average ROEs are always exceeding 2%. So, LAP would be how much higher than this then [inaudible 0:18:16]...

Management: In our case, the LAP we are charging almost 1 percentage higher in terms of the ROI.

Questioner: Okay. So, same cost structure will be the yield goes to ROI statements?

Management: Yes.

Questioner: Thanks. And the mix will still be similar in the salaried and unsalaried?

Management: No, there also in fact I have mentioned that there also our this thing said that we were 73% was salaried as on 31st March 23 and we said we are open to take it up to 65. So, 73-27 can go up to 65-35. As of today as of 31st March or 30th of June we were at 70-30. So, that 73-27 has already moved to 70-30. We are okay to take it up to 65-35.

Questioner: And this should help also in kind of cushioning the low rate interest environment which will go be putting some pressure on the interest?

Management: Yes. Correct. Basically it was so that if you are moving a little up on the economic ladder we are slightly or ticket size we are inching up a little bit. Then in that case whatever competitive pricing we will have to offer there will be offset. So, we will we will do not want to compromise on the spread.

Questioner: Okay. And sir sourcing strategy for this segment because do you need to change sourcing strategy more DSAs more connectors?

Management: Not for this segment because by and large even for us percentage of business from the DSA segment was already very high. So, for us it was in more necessary that we also built an alternate channel, sourcing channel. So, that we do not have to be reliant only on one. So, we wanted to also start our own DST or sales team basically not necessarily DST because we are having a different pay structure for them.

So, we are having our developing our own sales team which today is now almost doing 6% plus of the incremental business in the month of August they have done. Otherwise in Q1 they did more than 5% of the incremental business is coming through the sales team and now this IT transformation is scheduled to go live on November.

So, once that is there that will open up our digital sourcing option also for us. So, we will slowly want to do that also and again what we have planned by that by FY28 we want to have the mix in the sense that 60% should come from DSA which today is still around 79%. It will come down because our sourcing from direct channel, which should be around 20% will go up which is today about 5%, 6% and our digital sourcing which is almost 0 for us will slowly increase and we could take it up to 10%.

Questioner: And the DSA channel consists whole problem of BT also, right BT to DSA?

Management: Yes, that is true it is there, and it is particularly there in some places more than the others, but yes it is there. That risk is there. So, obviously if we have our own team sourcing the business then the stickiness of the portfolio or the book will also increase.

Questioner: If BT problem will get solved to some extent or not?

Management: To some extent, yes.

Questioner: And sir this whole connector channel you will use that much more?

Management: So, basically when we say DSA we mean connectors only because we are paying from 0.35%, 0.4% to 0.7% only. So, it is basically it is just that we call them DSAs, but they are connectors. We do not have any corporate DSAs like the Andromeda, Aryaa Money, Paisabazaar, Money Control or anything of that sort.

Questioner: Okay. We are Andromeda, I heard something today to see what Andromeda that the customer that they get 80% is that – where is 20% rest of it is gone?

Management: So, that is the case and what happens once that the corporate DSAs come they come, they always expect at least 1% or 1.5% payout, 1% for housing, 1.25 to 1.5 for LAP. And then what happens is today our actual payout is roughly around 45 to 50 paisa only which will immediately shoot up if we start having this. So, it will impact our profitability also.

Questioner: I said so, combining all of this the mix shifting gradually is going on, sourcing shifting that is gradually going on and the rate cycle, how should we figure out the margins let us say in a year or two from here?

Management: See, currently we have a spread of 2.62 as of June and margin is 3.64 is the NIM. See, in terms of the spread I think we are very clear we will not go below 2.5% is definitely the case. So, whatever rate of interest we have passed on is only after what after experiencing it in the on the liability side.

So, once our cost on the liability book comes down to that extent only we are passing on. So, there is no compromise on the spread or NIM. Whatever NIM compression happened in Q1 is mainly because compared to Q4 where there was a provision right back in Q1 obviously, there was an increase in NPA.

So, there was a provision, and all those things impact which otherwise if you look at it our NIM is quite steady and as I said we pass on only after we experience on the liability side and on the asset side it gets passed on with a LAP because if it is a quarterly reset then it happens in over a period of 3 months. So, basically there is a little bit of a buffer that is available over there because of the lag effect. So, probably by September this 2.62 spread might slightly inch up to about 2.65, 2.68 also.

Questioner: Okay.

Management: So, there is no compromise on the spread or NIMS that will not be there. We do not want to take that cost.

Questioner: Okay. And in terms of the credit cost side I mean is there I mean you are shifting the index and all that. Do you think it is the equilibrium may change there, or it should be a business as usual?

Management: No, it is absolutely business as usual. Last year excluding the management overlay our credit cost was 13 paisa. It is basically only about INR50 crores approximately. INR25 crores we have put additionally for our management overlay. So, our credit cost was only INR50 crores. So, that was about 13 paisa. So, this year also in fact we are confident it will not cross that.

In fact in Q1 if you look at it contrary to what normally happens that delinquencies go up in Q1 our delinquencies in Q1 actually came down. So, we had INR4,266 crores was a total delinquency 0 plus on 31st of March which came down to 3,980. In absolute value it came down by INR280 crores in the first quarter and as of August 31st August again it has come below 3,900 also. So, that way in our delinquencies are under control. So, the provisioning requirement it may not be there. So, we are sticking to the guidance of maximum 15 paisa 15.15% is what we are looking at.

Questioner: Also some of the peers kind of highlighted ok this affordable segment has to be overpaid at 38 bps or 40 bps of their cost. So, is it that they are over guiding the street just to shoot it later or you are doing I mean different segment and different challenge?

Management: No, the segment is different. So, that for I think one is 70% salary, second is we are doing purely on afford this documented income proof. So, obviously the segment itself is a little different, but natural that our credit cost should be lower than that of the affordable housing finance companies.

Questioner: And PMAY are reserved is there payment from there?

Management: I think we should be looking at some improvement and so far it has been not at all good. PMAY has not picked up so far and for us also it has been very, very slow. But we recently had a meeting with NHB and even NHB is planning to do some marketing and campaign and all those things.

Even we are initiated something where we will be calling up our customers to who are prima facie eligible and we will be asking them to log on and check if their eligibility and if it is there we will be passing on the PMAY benefits. So, hopefully it should slightly start picking up now because in PMAY 1 also the push started happening only when the advertisements happened, when the government started advertising it.

When the NHB started asking for a separate product. We also now in PMAY 2 also have launched a separate product in our system for capturing this data. So, now that operationally we are ready for it, I think some improvement should happen. I can't say how much it will happen because some norms have been tightened in PMAY 2 compared to PMAY 1, but having said that at least some pickup should improve.

Questioner: Because I mean lot of people are saying that the process will be made to others?

Management: No, that is true because this time all the learnings from PMAY 1 the government has incorporated in this. So, things like family unit taking multiple benefits under the PMAY by taking multiple smaller units within the same family and then immediately after taking the getting the credit of the subsidy selling of those units. So, those kind of things on the same

house multiple people taking multiple transactions happening one after the other and each party claiming a credit for claiming the subsidy credit.

So, those kind of like or those kind of open areas which were there those have been blocked in this one plus number of cities have also been reduced compared to PMAY 1. PMAY 2 has less number of cities which are eligible or qualifying for it. So, obviously it makes a bit up plus what has happened is now the HFCs or NBFCs have to do all the work of capturing about 140 fields or something is what I am told. So, obviously the operationally is a little more cumbersome, but still I am sure it will pick up slowly.

Questioner: Got it. And see you mentioned about an IT upgrade system going live. So, what is that about?

Management: See our current LOS LMS was taken in we had acquired that in 2011. So, it is almost 14 years. So, it was long due that upgrade or this thing. So, we did at least an upgrade into the higher version in November 2024, but so that at least has enabled us to integrate a lot of third party solutions and all those things, but still the fact that it is a very old system and we needed to add and it was purely an LOS LMS without any added things like HRMS and DMS and all those things were not there in the current package.

So, we have gone for a complete overhaul where we had floated an RFP, IBM has emerged as the L1 T1 bidder and the project is currently ongoing. So, we will be completely changing our LOS LMS new GL package for our CBS kind of backend business accounts, HRMS package, treasury module, there is a DMS for document management and then there is a lot of other improvements on the infra and security side also.

Questioner: Sir is it because you say just for example, when I have asked it recently and then we were kind of in a very poor growth stage in that whole implementation. So, do you see a risk or it is very gradual or it is different mechanics in your case?

Management: See actually we have tried to do it a little differently in the sense that our past analysis showed that wherever the delays have happened it is mainly because LOS and LMS there were different vendors. So, the integration between LOS LMS took a lot of time and it had a lot of issues.

So, we stipulated that our vendor should be the same for LOS LMS. So, that at least it comes as a combined package. GL, of course, we will have to integrate and all those kind of things, but at least LOS LMS has to be from the same vendor. So, we have got Pennant which is already operational in both LIC as well as in Bajaj and it is LOS LMS comes from the same vendor. So, it is starting from A to start to end it is the same product.

So, there is no question of integration, there is no question of issues between two vendors and another layer of testing and stuff like that. It is already a seamless kind of a thing. So, those kind of preventions or precautions we have taken. Additionally, last year itself when we floated this tender we decided to separate a team so that there is less impact on our business functions.

So, we have already got a fully functional project implementation team which is involved. So, so far whatever testing, whatever user requirement specification, whatever fit gap analysis, whatever documentation and all that has happened, nowhere the branches have had to get impacted. Everything has happened without affecting the business.

So, only the matter of October and November when the trainings will start and when the actual implementation happens where we expect some kind of some impact on the business because that is when some people will have to be pulled out for training, pulled out for sessions and all those things.

Questioner: Okay, good. And also sir in the industry you have also noticed there are a lot of CEO changes and rapidly what we are hearing is that the private sector is spending a lot of money on people. So, at Can Fin is there a retention thing because you just saw PNB housing so on [inaudible 0:32:40]. So, is there a worry in the system that okay this seems to be a challenge and we need to get some retention to avoid something in the future? How do you think about that?

Management: See at Can Fin at least in the stability has not been much of a problem. Even today as we speak our attrition is just about 14% and in terms of the senior management basically all the people if you would have seen our presentation also we give the management profile also. Most of the people if you see have been with us for more than 15 years barring a couple of who have joined recently.

So, by and large we have had a very stable team and attrition is not a worry at least not in. Of course, there are -- it is very lucrative offers are being thrown no doubt about it, but I think that is not an issue. It is more actually a PE kind of PE driven strategy or a PE kind of a phenomena wherever there is a PE heading the company that these things are definitely happening yes.

Questioner: Right. And there has always been chatter that Can Fin might sell some stake at some point and is like on the net like [inaudible 0:33:58] came to PNB Housing. Is there at a governance level any strict deadline that you will never do it or you are okay if something happens nicely?

Management: See as of now I would say it is more of a regulatory push which will only drive this kind of an event because earlier also when Canara brought it down from 45% to 30% it was more because there was a regulatory requirement that by X number of years you have to bring it down to something and so on. So, that kind of a thing was there.

Today we are at below 30% there is no further requirement as of as we speak. Although there was October 4 circular, but since then there is that was the initial talk was there, but after the change of the at the RBI also the new government does not seem to have be very pushy about it.

So, since then there is no talk on the on this matter at least neither at Canara Bank or from any communication from the regulators. So, as of now there is no intent or no discussions or nothing on the table on this in this regard. However, since as you as I mentioned if there is a regulatory push or a mandate from the government that it has to be done then in that case Canara will definitely honor it.

- Questioner:** Okay. So, there is no value blocking thing [inaudible 0:35:18] enjoy the rating and all.
- Management:** In fact, our Chairman sir who is also the MDC of Canara bank has repeatedly said that we still see a lot of value in the organization. So, definitely we are not keen to do it at this price and there definitely the way the company is growing, and consistency is there in the performance I think this value will keep on improving because -- so today if it is 1,000 tomorrow year down the line the expectation will be 1,200 if it is and then probably little more. So, I think it is just the goal post will keep changing.
- Questioner:** No, I mean to people like us it is a puzzle like why it is so cheap.
- Management:** No, I think there is always this question keeps coming at every meeting and I think that is one fear, but otherwise if you look at the performance, if you look at all those things, I think that is no issue and unless for a regulatory, even [inaudible 0:36:26] for that matter came in at a time when there was a push from the government in 2018-19 post ILFS that banks should exit from their subsidiaries, unlock the value and bring in capital because there was a need for capital in the banks you know. Subsequently capitalization, recapitalization happened, merger of banks happened. Today of course, it is a completely different story of in the banking sector today.
- Questioner:** Sir, because, I mean, I have seen here the performance and in whole COVID you passed through with a 2% ROA. I do not think who has done it other than you guys.
- Management:** So, in terms of this clarity is there that we may, at least when it comes to the ROA, ROE we are very clear that there has a clear decision to do it. It is there is no pressure to kind of say, achieve some number and in a very short-term kind of a strategy to only do a 3-year kind of a push and then take some call. There is no short-term objective. It is purely a consistent long-term kind of an objective that is being followed in the company.
- Questioner:** And is there caution from the bank in terms of example that, okay, if you want to grow up 25% then they start getting edgy. Is there a cultural mismatch like that?
- Management:** No, I think it is not that, they nobody stops us from growing at 25% or trying to push for a kind of a growth. But I think when the industry is growing at 12% to 14%, I think running too fast just for the heck of it would not be a very advisable thing. You can obviously have mishaps. So, I think that philosophy is there in the bank and which I think has very clearly visible in our philosophy as well.
- Questioner:** And Board level the Chair person is from the parent, right?
- Management:** Yes, the MDC of Canara Bank Shri Satyanarayana Raju is our Chairman.
- Questioner:** And then some independent and two managed MDs?
- Management:** Yes. So, other than Mr. Raju sir, we have one more ED from Canara Bank who is on our Board. Presently it is Mr. Ahluwalia who is the Hardeep Singh Ahluwalia ji who is on our Board. These are then there is one our DMD is also from Canara Bank, he is also having a

Board position. So, three people from the [this team 0:38:50]. Then we have five Independent Directors.

Questioner: So, broadly irrespective of the other situation [inaudible 0:39:01] you should be able to do 275 by the exit of the year per month run rate?

Management: So, overall it will be around INR3,000 crores-INR3,100 crores in Karnataka this year.

Questioner: And then by '28 you should be able to take a [inaudible 0:39:18] 250 branches and around 70-30 on salary and non-salary and lab of around 8% to 10% right that is what the...

Management: Currently, currently, but by '28 it should be 65-35 salary and self-employed, 60% DSA. Then we would be having about 80-20 for housing and non-housing and 300 branches by FY28.

Questioner: Correct. And 300 branches will be able to do almost.

Management: 1,200 per month.

Questioner: 1,200 per month. And sir the risk what risk do you worry about? I mean, it is really straight forward, I mean, your business is always been steady. So, minor is regulatory issues and etcetera. But do you see any risk that might be not so obvious?

Management: No, I do not. I think today the biggest threat obviously will be IT and cyber threat and all those things. Cyber security. Of course and that, we are included all those aspects in our RFP and the new IT system that we are looking at. We have incorporated lot of security aspects also. So, that is one thing which is there.

I think in terms of risks, I believe we get a little advantage in the sense that because we have a parentage of a bank. So, lot of things that are coming in the banking sector get passed on to us earlier than when it comes to the housing sector by way of regulation.

Questioner: Correct. Correct.

Management: So, that is a slight advantage, like, for example, we were much before the thing came into effect, we were the first among the all the housing finance companies probably to implement the ICAP policy and the ICAP this thing.

Our LCR when we were always with them LCR guidelines have been applicable or internally for us and now that the regulatory cap is also 85% for us, we are already operating at a higher level of 100 in terms of LCR.

So, those kind of things which same way even in terms of IT security, whatever comes to the bank at least in terms of a guideline not necessarily by way of regulation, but comes as a advisory to us that this has become applicable. So, you can apply it. So, we slightly managed to be a little, prepared for those kind of things. Operational risk is another area operational risk which we normally see is growing in the industry.

Questioner: So, you had some issues.

Management: Exactly. So, that is something which we have tightened over the last 2 years, but operational risk and internal control is something which we will keep on monitoring on a regular basis now. Much, much more in a much bigger fashion, yes.

Questioner: I think that is all I want to say. Very helpful. Thank you.

Management: Thank you so much. Thank you.

Questioner: Thank you.

Management: Nice talking to you. Thank you.