



Can Fin Homes Ltd
(Sponsor: CANARA BANK)
HOME LOANS + DEPOSITS
Translating Dreams into Reality

CAN FIN HOMES LTD

Registered Office

No. 29/1, 1st Floor, Sir M N Krishna Rao Road
Basavanagudi, Bengaluru – 560 004
E-mail: compsec@canfinhomes.com
Tel: 080 48536192 Fax :080 26565746
Web: www.canfinhomes.com
CIN: L85110KA1987PLC008699

CFHRO SE CS LODR 140/2022

July 25, 2022

ONLINE SUBMISSION

<p>National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051</p> <p>NSE Symbol: CANFINHOME</p>	<p>BSE Limited Corporate Relationship Department 25th Floor, P J Towers Dalal Street, Fort, Mumbai – 400 001</p> <p>BSE Scrip Code: 511196</p>
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Dear Sirs,

Sub: Transcript of Analyst/Investor Conference Call held on July 22, 2022

Ref.: Our letter CFHRO SE CS LODR 137/2022 dated July 22, 2022

In continuation to our above referred letter, please find attached the Transcript of Analyst/Investor conference call/earnings call held on July 22, 2022, Friday.

The aforesaid Transcript is also made available in the Company's website i.e., <https://www.canfinhomes.com/announcements.aspx>

This intimation is submitted pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on the record.

Thanking you,

Yours faithfully,
For Can Fin Homes Ltd.,


Veena G Kamath
DGM & Company Secretary

Encl: As above.





“CanFin Homes Limited Q1 FY23 Earnings Conference Call”

July 22, 2022



MANAGEMENT: **MR. GIRISH KOUSGI – MD & CEO, CANFIN HOMES LIMITED**
MR. AMITABH CHATTERJEE - DEPUTY MANAGING DIRECTOR, CANFIN HOMES LIMITED
MS. SHAMILA - BUSINESS HEAD, CANFIN HOMES LIMITED
MR. PRASHANTH JOISHY - CFO, CANFIN HOMES LIMITED

MODERATOR: **MR. NIDESH JAIN – INVESTEC CAPITAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the CanFin Homes Limited Q1 FY23 Earnings Conference Call hosted by Investec Capital Services. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now like to hand the conference over to Mr. Nidesh Jain from Investec. Thank you and over to you, sir.

Nidesh Jain: Thank you Bikram. Good afternoon everyone. Welcome to the Q1 FY23 Earnings Conference Call of CanFin Homes Limited. To discuss the financial performance of CanFin Homes and to address your queries, we have with us today Mr. Girish Kousgi - MD and CEO, CanFin Homes; Mr. Amitabh Chatterjee - Deputy Managing Director; Ms. Shamilia - Business Head and Mr. Prashanth Joishy - CFO of CanFin Homes Limited.

I would now like to hand over the call to Mr. Girish Kousgi for his opening comments. Over to you, sir.

Girish Kousgi: Good afternoon, welcome to the earnings call. I will not get into numbers in details since you would have gone through the numbers. I will quickly give you a brief, then we can open the floor for Q&A. It was a good quarter. Quarter 1 was really good for us, so approval stood at Rs. 1,750 crores which is up by 111% on a Y-o-Y, disbursement at Rs. 1,721 crores up by about 93%; book from Rs. 22,221 crores it went up to Rs. 27,538 crores which was an all time high of 24% in last 21 quarters. There was a good growth in NII at 38%, PBT at 50, PAT at 50. We were able to maintain GNPA at almost same levels. It is 0.64 last quarter and this quarter it is 0.65. On the net NPA, it is 0.3. ROA, ROE, in all the parameters there has been improvement.

In terms of NIM, last quarter was 4.07, this quarter it is 3.6. The NIM basically has 3 components, one is the interest income, second is other income and third is income on the investment. So, last quarter NIM what we saw was a different operation because we made lot of investments in the last part of the year and therefore if you discount that I think NIM would have been some 3.8%. So, against that we are at 3.6%. This had an impact to a certain extent on disbursements and other income. Spread is at 2.66%, so we have improved over last quarter. Cost to income is 15.84, again I think as a guidance we will be in and around 18-19% on a yearly basis. Profit margin has improved to about 27%. PCR I think there is marginal improvement 54% and credit cost is almost 0 for this quarter.

In terms of yield, portfolio it is 8.46% and incremental yield was 8.21. Cost of funds, portfolio was 5.8 and incremental was 5.67. Cost went up, cost is going up since last few months because even repo has gone up twice. We increased rates last year, so that benefits we are seeing now and therefore we see improvement in yield which has led to good profitability in this quarter. I think last quarter we discussed about audit and all. Based on the board's direction, we have done audit in all the branches, all the 200 branches, we have done audit. There were observations and

most of the observations are now rectified and we identified small irregularities totaling to amount Rs. 2.43 crores which is fully provided. So, that inspection was done by our internal team to certain extent and statutory auditors. So, we had various statutory auditors appointed. So, together, they covered all the branches. It was concluded last month and the impact of that additionally it is about Rs. 2.43 crores and it is fully provided. So, last quarter what we had provided were 3.93. Out of that Rs. 1.4 crores is closed, that loan is closed. So, that book has now come down to about close to 2.5, incremental is 2.43.

So, I would now request to start the Q&A.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Shreepal with Equirus. Please go ahead.

Shreepal: Congratulations on good set of numbers. You highlighted about the audit that was run internally, but there was also an audit which was conducted by Canara Bank which you highlighted during the last quarter, so are there any observation from there? And also what is the nature of irregularities that you have found in your internal audit?

Girish Kousgi: Basically, Canara Bank audit was, last time we had covered that in the results, so after that we got all the branches audited based on the board's direction which was done by internal team 25% and 75% by audit firm. Basically, these are multiple audit forms. We had engaged them to do the audit. Now, last quarter we covered based on the Canara Bank audit, we had identified the irregularity to the extent of Rs. 3.93 crores which was provided in quarter 4 and out of that close to Rs. 1.4 crores loan is closed. Now, the outstanding is about 2.5 and in this audit, after auditing all the 200 branches irregularity is Rs. 2.43 crores. So, this is the outcome of the inspection or audit in all the 200 branches.

Shreepal: So, what would be the nature of these irregularities, like if you could throw some?

Girish Kousgi: Irregularity, this is basically financial documents forged or something like that, basically these are forged.

Shreepal: So, with respect to the rates on the yield sides, so does that rate that we would have offered to our customers during say, January 2021 to March 2021, now that would have got repriced during this Jan to March 2022, right, so what would have been the repricing now for these customers that would have disbursed loans for?

Girish Kousgi: Now, this reset happens once in a year. So, depending on when the loan is availed, the reset happens. So, all the loans which we had given last year, after 12 months, it will get reset.

Shreepal: And the reset like increase would have been like by how many percentage of basis points?

Girish Kousgi: I told you now the yield is about 8.46, incrementally it is 8.21.

Shreepal:

And then one last question on the credit cost side, so while our yearly guidance is for 40 basis points and like we had created buffers during last quarter and which we have reversed during this quarter, so just wanted to understand like are we still sticking to the 40 basis point credit cost guidance or would we be revisiting it now?

Girish Kousgi:

No, I think we were referring to two different data points. So, if you are talking about credit cost for the year, there is no change, it will be about 0.2 to 0.24 in that band only. So, if you take overall it comes to 0.4. I think that was the, because we were talking about two different things in the last concall, so if we have to talk about credit cost during the year which is basically charged to P&L, it will be in the range of 0.22 to 0.23 and also you asked about the kind of irregularity, I think there are two parts, one is with respect to financial documents and second, there could be some deficiency in properties which I am talking about Rs. 2.43 crores.

Shreepal:

Sorry sir, what did you say, properties?

Girish Kousgi:

No, this Rs. 2.43 crores, irregularity which means basically fraud, so the deficiency would be with respect to either property or with respect to financial documents.

Moderator:

Thank you. We have the next question from the line of Ankush Agarwal with Surge Capital. Please go ahead.

Ankush Agarwal:

Congrats on good set of numbers, again on the orders, just seeking some clarification, what you said was in the last quarter, the Canara Bank audit resulted in what we call the 4 crores frauds that were discovered and the same was provided last quarter and this quarter based on our internal audit that we did across all the branches, we again found about 2.5 crores of frauds, that is what we meant, right?

Girish Kousgi:

It is not only internal, it is partly internal and partly we had engaged audit firms, external audit firms to do it. So, it is 25% our own audit team and 75% we had engaged external auditors.

Ankush Agarwal:

And this additional fraud relates to branches that are not the same, right, it belongs to the other branches that was covered in the last what that was discovered, right?

Girish Kousgi:

This audit covered all the branches, which include the earlier branches.

Ankush Agarwal:

But the additional fraud of 2.4 crores discovered in different branches, right, it is not the same branches?

Girish Kousgi:

Earlier we had one branch, so there was some incremental cases and we had two other branches also.

Ankush Agarwal:

Sir, any kind of communication that we have made to say NHB or Canara Bank and have we got any kind of response from that on the finance of this audit?

Girish Kousgi: I think whenever we detect the fraud, we have to report to the regulator that we have done.

Ankush Agarwal: So, at the moment status quo, nothing communicated from the regulators?

Girish Kousgi: It is status quo because you would appreciate, the fraud is part of normal business risk, right and now we have covered all the branches, entire 200 branches.

Ankush Agarwal: And we would have taken obviously the steps sensitively to curtail this, right?

Girish Kousgi: Yes, absolutely.

Moderator: Thank you. We have the next question from the line of Subranshu Mishra with UBS. Please go ahead.

Subranshu Mishra: Couple of questions, sir, on the outstanding book, can you split the book into CAT-A, CAT-B, and CAT-C to the customer and what is the respective FOIRs for each one of them and the average income that we take for each one of them and same on the incremental book which is of the disbursements? And my third question would be on the concentration of the book sir, what portion of the book's capacity is based out of Bangalore and what is the portion of the book is based out of Karnataka?

Girish Kousgi: In terms of profile, we focus on CAT B customers and within that 50% would be government, 50% would be private. In terms of income, average income would be anywhere between 38,000 to 40,000 per month. That is the income cracked and in terms of concentration I think we are well diversified and Bangalore, in fact Bangalore is major portion in Karnataka, I think Bangalore contributes to about 21% and if you take Karnataka it will be around 22%.

Subranshu Mishra: And FOIR of each of these categories, sir?

Girish Kousgi: Again, regarding?

Subranshu Mishra: FOIR while originating?

Girish Kousgi: That will be common across. FOIR also depends on the income level, so basically I think the entire industry operates on lower the income, lower the FOIR; higher the income, straightly higher the FOIR. We had a set of FOIR metrics, so based on that we fix the FOIR. It starts from 40% for us.

Moderator: Thank you. We have next question from the line of Onkar Ghugardare from Shree Investments. Please go ahead.

Onkar Ghugardare: My question was regarding the AUM disbursal and the growth metrics, what would be your guidance for the full year in terms of all the?

- Girish Kousgi:** It will be around 18%.
- Onkar Ghugardare:** 18%, right?
- Girish Kousgi:** Yes.
- Onkar Ghugardare:** And what kind of deals you are looking at?
- Girish Kousgi:** We have been saying this at spread of 2.4 and NIM of 3 would be the threshold what would maintain. Today, the NIM is 3.6, so for next few quarters, it will be hovering around 3.5-3.6. I think on a steady state, long term I think we would protect 2.4 and 3.
- Onkar Ghugardare:** 2.4?
- Girish Kousgi:** Spread of 2.4 and NIM of 3, this is the threshold.
- Onkar Ghugardare:** And any capital-based planning you are right?
- Girish Kousgi:** Yes, we are fund raised capital this year, so it will be part of the enabled amount which is about Rs. 1,000 crores. We will be raising some portion of the Rs. 1,000 crores.
- Onkar Ghugardare:** So, this will be a tier 2 capital or what?
- Girish Kousgi:** That we will have to see, it will be tier 1 only, so we will take a call at the appropriate time, but it will be tier 1.
- Onkar Ghugardare:** And in case of NPAs, what are you targeting?
- Girish Kousgi:** We don't see significant change in NPA levels. We are at 0.65 now, so may be 10 bps here and there, but we don't see anything beyond that. I am talking about this year.
- Moderator:** Thank you. We have next question from the line of Anuja Jaikar with Dalal & Broacha. Please go ahead.
- Anuja Jaikar:** See, I just want to understand because of these irregularities what was the cause of this, was it people or the systems, what is the main reason behind it?
- Girish Kousgi:** So, it is actually combination since the amount is very less, considering the total book and fraud is part of business risks, so in some places it was people, but it is not system. In some cases, it is people, in some cases, it is channel partners. So, it is a combination of both.
- Anuja Jaikar:** How do we ensure that such things will not happen in the future?

Girish Kousgi: See ma'am, I don't think so today any financial institution would guarantee that no frauds will happen.

Anuja Jaikar: In there an efforts to ensure that such things may not happen?

Girish Kousgi: Whenever such things happens we identify and we do RCA and then we try to correct whatever has to be corrected, but however, you must appreciate that since last so many years, every year or the other, there is some kind of fraud which happens or may not. We should see it what is the percentage of that in proportion to the book and what is frequency of that. So, our systems are robust enough to prevent fraud.

Anuja Jaikar: And also just want to understand how are you seeing the demand for the housing loans in the raising interest rate scenario, assume that even if you increase the rate you feel that no demand can CanFin further or how it will be?

Girish Kousgi: I just covered that through, I told we will be able to grow at about 18%, so that is taking into account, interest rate increase, all possible economic factors which might impact fully. We feel that around 18% should be decent in that growth.

Anuja Jaikar: And on the asset side, what is the loan that are fixed price ones and floating price ones?

Girish Kousgi: On the asset side, all the loans are floating only.

Anuja Jaikar: And the repricing happens once in a year?

Girish Kousgi: Repricing happens once in a year.

Anuja Jaikar: When do you do that?

Girish Kousgi: It is on the annual basis.

Anuja Jaikar: Yes, that happens in the beginning of the year, middle of the year, just want to understand?

Girish Kousgi: No, uniquely after 12 months.

Moderator: Thank you. We have next question from the line of Pooja Ahuja with Monarch Networth. Please go ahead.

Pooja Ahuja: Sir, firstly wanted to understand that on the disbursement while you have guided for an 18% growth, just wanted to understand the trajectory while on a year-on-year basis, of course, we have seen a strong growth, but we have seen a sequential decline in this quarters, so do we expect to go back to the disbursement level that we saw in Q4?

Girish Kousgi: I had told for the whole year, generally quarter 1 will be muted compared to quarter 4, so this is the industry trend. So, I have told around 18% taking into account the whole year.

Pooja Ahuja: And what was the BT out during the quarter, just wanted to understand has that been normalized right now, I mean what is the competitive intensity like with banks?

Girish Kousgi: It normalized I think about 4-5 quarters back only, so it is around Rs. 100 crores for the quarter.

Moderator: Thank you. We have next question from the line of Ratik Gupta with Guardian Asset Management. Please go ahead.

Ratik Gupta: Sir, I was trying to reconcile the cost of borrowing for the bank, basically the funding basket, what I can see is the average approximate borrowing based on the annual report is approximately 6.5 to 6.6%, but the cost of borrowing that we are reporting is 5.8, so can you give a light on how is this actually be reconciled?

Girish Kousgi: On portfolio, the cost of borrowing is 5.8, so if you look at the mix, today we have 54% is bank, 22 is from NHB, NCD 11%, CP 11% and Deposits 2, so I don't know from where you got this 6.5, if you could please help me, we can check and come back to you.

Ratik Gupta: Actually, I have taken the cost of borrowing based on your 2021 annual report with average cost of borrowing for each individual basket and based on that I have arrived at it. Anyway, I can take this offline. Sir, my second question is, where is the minimum cost of borrowing that you see at foresee level? I mean is it from the bank or is it from the NHB that you are assuming going forward?

Girish Kousgi: As of now it is NHB.

Ratik Gupta: So, NHB will have the lowest cost of borrowing from you?

Girish Kousgi: NHB, then bank, then NCD.

Ratik Gupta: And what will be the approximate rate for the bank?

Girish Kousgi: See, now it will be easier, it depends 6.1 to 6.2.

Moderator: Thank you. We have next question from the line of Souresh Pal, an Investor. Please go ahead.

Souresh Pal: I have two questions, my first question is, may I know what is the status of the restructured book as of now and whether any loans from that book has slipped into NPA? And my question would be whatever guidance you have given, what are the things that you think it can prevent us from achieving that kind of growth rate? These are my questions.

Girish Kousgi: Restructured book was about Rs. 709 crores, so now out of that Rs. 45 crores book has come down by Rs. 45 crores, so these are basically loan closures, either from own source or the switch to other institutions. So, today, it is 709 minus 45. That is the outstanding book from the initial level. As of now, no account is NPA from restructured book.

Souresh Pal: And sir, my second question was, what are the things that can prevent you from achieving 18% growth guidance that you have given?

Girish Kousgi: If you look at the performance since last 5-6 quarters, I think you are seeing the growth in all the parameters. Market is quite robust. Real estate industry has revived and it is reviving. Interest rate of course there has been increase, I think last two changes were on the higher side and one more time I think rates might go up. We have factored all these things, but I think what we should talk about is demand. Demand is very robust. Since demand is so robust, I know that there will be some impact because of increase in cost and also because of increase in cost of construction, so I know that construction cost has increased and cost of funds will go up. In spite of that I feel that achieving about 18% growth shouldn't be a problem given the architecture what CanFin has in terms of sourcing underwriting and servicing the customers.

Moderator: Thank you. We have next question from the line of Krishnendu Saha with Quantum AMC. Please go ahead.

Krishnendu Saha: Just on the lever side, we are on 8x, so how much debt we will go ahead to the lever part? And second is that we repriced our assets once a year, so right now what portion of the book is going the external benchmark and what is the benchmark, so like I suppose it should get repriced, I was under understanding as it gets repriced every 3 months, so what is the benchmark and how many branches do we expect to expand in the coming years, because our productivity is increasing at the rate of 7% per branch, so what do you see out there?

Girish Kousgi: Our RAC rate now is 8.25%, our DER is now 7.84 and as per the regulatory I think up to 12 times it is allowed that is the borrowing limit. In terms of branches, we will reach about 210, I would say.

Krishnendu Saha: By the end of the year.

Girish Kousgi: By end of this year, yes.

Krishnendu Saha: And you said the lever is going to be 12x at the max you are looking at, is that right?

Girish Kousgi: 12x is the maximum permitted by the regulator, I said.

Krishnendu Saha: And how much are we looking at?

Girish Kousgi: Times are comfortable where renting is comfortable with around 80 share price, so depending upon situation, we plan to think about the capital raising. You are referring to the capital raising and referring itself. That is what we have been planned.

Krishnendu Saha: And what portion of the book is excellent benchmark, what is the benchmark you can tell me?

Girish Kousgi: You are referring to the borrowing?

Krishnendu Saha: No, on the asset side?

Girish Kousgi: Our advances? Everything is in a way linked to PLR on the asset side.

Moderator: Thank you. We have next question from the line of Franklin Moraes with Equentis Wealth Advisory. Please go ahead.

Franklin Moraes: Sir, just in case, in terms of the fraud, what were the total number of branches that were impacted by this?

Girish Kousgi: 4.

Franklin Moraes: 4 branches, so initially it was one branch, right, so on subsequent?

Girish Kousgi: Yes, initially it was one branch, correct.

Franklin Moraes: But at that time the quantum was also about Rs. 4 crores?

Girish Kousgi: Rs. 3.93 crores, correct.

Franklin Moraes: So, now also our outstanding quantum still remains at Rs. 3.93 crores which has come down now to Rs. 2.43 crores.

Girish Kousgi: If I have to club both the quarters, last quarter, now the outstanding is about 2.5 and now it is 2.43, so both put together less than Rs. 5 crores.

Franklin Moraes: Sir, are all these borrowers standard as of now?

Girish Kousgi: No, in one branch, all the accounts are standard. In the other branches, it is different buckets if I may. In terms of DPD they are standard, but since we have declared as fraud, so we have force marked as NPA, so any account we declare as fraud will be force marked as NPA which means technically all the accounts are now NPA in spite of customers paying on some of the accounts.

Franklin Moraes: Sir, also Canara Bank had deployed some personnel, I believe in risk and audit team, so are those personnel still being deployed?

Girish Kousgi: I think I have clarified this in the last concall only. I think it is a regular normal process, so whenever they deploy it is for a 3-year period. So, that is on.

Franklin Moraes: And sir, last question, in terms of your salaried share, that has been on the raise, I believe you want to kind of try and reduce that share, but so far that number is a bit sticky at about 74%, so could you throw some light in terms of what is the trajectory that we are looking?

Girish Kousgi: We are looking at 70:30. It used to be 70:30 and when COVID started, this 30 came down to 12 and the 70 increased to 88 and when things started improving, from 88 it has now come back to 74 and CNP is 26, I think in another few quarters it will come back to original 70:30 mix.

Moderator: Thank you. We have next question from the line of Subrat Dwibedy with SBI Life. Please go ahead.

Subrat Dwibedy: Sir, on the restructured book, just wanted to understand how much was the moratorium given and by when are the loan payments resuming on this accounts is the first question? Second, just wanted to know the Stage-2 numbers?

Girish Kousgi: Actually, we have in different buckets, so it is a combination of morat and then step up EMI, in some cases full EMI, so we had a combination of that. So, the initial amount was about Rs. 709 crores, now Rs. 45 crores is closed. Now, most of the accounts have not fallen due. So, it will start falling due may be after two quarters or so. Having said that, we had initially anticipated 7% of the book would flow to NPA. That is if it is a book of Rs. 700 crores. We were anticipating Rs. 50 crores to flow as NPA, but I think now we are moderating that number to about 5% which means Rs. 35 crores, so initially this number was Rs. 49 crores and now we are anticipating Rs. 35 crores that is for the simple reason most of the account, even though restructured, customers have started paying back. So, in terms of percentage, it is close to about 17% to 18% of the customers. They have already started paying even though EMIs were not due and therefore this percentage of 7 is moderated to 5% which means Rs. 700 crores into 5% is about roughly Rs. 35 crores which might slip into NPA over a period of time, let us say next 5 to 7 quarters. Having said that, we also have a large NPA pool which we are working on, on the recovery front, so if you see the net impact, I don't think so our NPA level would drastically change, today it is 0.65, may be it might go by another 10-12%.

Subrat Dwibedy: And the Stage-2 number, sir?

Girish Kousgi: 471 is the Stage-2 number.

Moderator: Thank you. We have next question from the line of Rohan Advant with Multi-Act. Please go ahead.

Rohan Advant: Sir, in one of your earlier answers, you mentioned that on credit cost, you expect what will hit the P&L is 0.22 to 0.24%, but overall, it will be 0.4%, so can you explain what are these two different numbers that you are talking about to clarify?

Girish Kousgi: No, as far as the way we mean, you and I, both of us track is charge to P&L that will be in the range of 0.2 to 0.24.

Rohan Advant: And sir, 0.4 is what number then?

Girish Kousgi: That is reporting to the regulator. That is overall, total on the portfolio, so incidentally that comes to 0.4.

Moderator: Thank you. We have next question from the line of Harshvardhan Agrawal with IDFC AMC. Please go ahead.

Harshvardhan Agrawal: Sir, can you please help me with the total borrowing number on our balance sheet?

Girish Kousgi: Our borrowing is 25,408.

Harshvardhan Agrawal: And sir, another question is, what is our incremental yield on the loans that we have underwriting now?

Girish Kousgi: Incrementally, it is 8.21.

Harshvardhan Agrawal: Sir, just wanted to understand like if I were to look at your website, there is a period where we have given the yield and on that thing the yield starts from 8.75, so I am just confused as to why our incremental yields are at 8.2?

Girish Kousgi: Because we will have offers also, so if you see the weighted average, it comes to 8.21.

Harshvardhan Agrawal: And again this 8.2 incremental yields or incremental borrowing cost are at 5.8?

Girish Kousgi: Incremental borrowing cost is 5.67, 5.8 is portfolio, incremental is 5.67.

Moderator: Thank you. We have next question from the line of Aswin Balasubramanian with HSBC AMC. Please go ahead.

Aswin Balasubramanian: Just wanted to understand on the borrowing side, how frequently is the rate reset and what is the amount of borrowings which is linked to the external benchmarks?

Girish Kousgi: In terms of frequency, I think whenever there is a change in repo, I think it is aligned with that. So, the rate reset follows change in repo. In terms of external and here I will tell you.

Prashanth Joishy: Total book is around 21% is linked to repo and 22% is linked to the T-Bill and 7% is linked to the NCLR, whereas NHB borrowings have a separate yardstick which is their internal rating, so it is a mixed bucket of borrowing.

Aswin Balasubramanian: In terms of the borrowing cost, then because you mentioned the incremental borrowing cost is about 5.67, so that doesn't seem to have gone up much because the repo rate has moved up by 90 basis points in the past couple of months, so just trying to understand?

Girish Kousgi: This also would have a cost on CP, so this is weighted average incremental cost of bank, NHB, NCD, CP and deposits.

Aswin Balasubramanian: But even on the overall book it is 5.6, right?

Girish Kousgi: Overall book is 5.8.

Prashanth Joishy: Portfolio is 5.8 and incremental is 5.67.

Aswin Balasubramanian: Yes, that 5.8 has moved from 5.5, so in the coming quarter that would reprice further higher by, how much of the repo rate goes up by?

Prashanth Joishy: Yes, it is just a mix to the asset because repo rate , T-Bill linked is there, so it cannot go parallelly that much hike. We have to see how the repo rate changes like this take place.

Moderator: Thank you. We have next question from the line of Gaurav Jani with Prabhudas Lilladher. Please go ahead.

Gaurav Jani: Sir, firstly, last quarter, you have quantified the treasury income impact on the NII, correct me if I am wrong at about Rs. 16 crores, so what would be this quarter?

Prashanth Joishy: Just carry on with this call, I will just refer and come back to you.

Gaurav Jani: And if you could also help me out with the total investment income recognized in FY22, that would be helpful?

Prashanth Joishy: Sure.

Gaurav Jani: Sir, secondly, we saw in terms of disbursal this quarter, while it could be of course seasonal, but the bid seems to be sharper, sir that is one part of the question, so how would you sort of look at that?

Girish Kousgi: In terms of amount, Rs. 16 crores this year that is this quarter is about Rs. 22 crores. Referring to the disbursement generally quarter 1 will be muted in terms of disbursement and generally NPAs would go up and it will normalize in subsequent quarters.

Gaurav Jani: Because 18% considering the 36% dip on the Q-o-Q basis seems a bit steep, so just wanted your thoughts on that?

Girish Kousgi: Because this is a regular phenomenon for the entire industry, not just for CanFin, so generally if you look at quarter 1 because what will happen is after Q4, quarter 1 will be slightly muted and then they pick up from quarter 2 onwards.

Gaurav Jani: What I was also trying to understand that have we sort of reduced our aggression also more to focus on quality customers or nothing has rather changed much?

Girish Kousgi: No, across, whether it is depending on early part of the year or quarter 2, quarter 3, quarter 4, I think quality of customers that is very, I think that is paramount and we have enough filters to source while sourcing underwriting, so quality of customers is something that we always take care. So, quantum of business doesn't determine on the quality necessarily.

Gaurav Jani: Sir, you mentioned the figures for the investment income, so Rs. 22 crores is for the quarter 1?

Girish Kousgi: Yes, it is at the start of the year, yes correct.

Gaurav Jani: And what would be for the entire year, FY22?

Girish Kousgi: On this basis, if we calculate because these are all, most of the investments are in government securities, so on this basis only it can be calculated.

Gaurav Jani: No, correct, I was trying to get at the annual report number of investment income for FY22, so if you could help me with that it will be great, but sir, coming to again the credit flow side of the disbursal side, I wanted to understand that probably we have sort of managed down our guidance and earlier we were guiding at about 20-25% and right now we were guiding to 18, so any sort of reason for change or how could you look at that?

Girish Kousgi: No, as of now, if we are talking about disbursement growth, I think 18% is very much possible, we have seen in the past few quarters that demand is quite robust and 18% is something which we can achieve. I know this is taking into account the increase in the cost and also increase in construction cost because these two would have some kind of impact on growth.

Gaurav Jani: Sir, coming to asset quality, the restructured that declined by Rs. 45 crores, that was during the quarter, right?

Girish Kousgi: No, this is not quarter, this is from the opening balance.

Gaurav Jani: So, what I am trying to understand is, between how many quarters this Rs. 45 crores occur?

Girish Kousgi: This will be restructure; I think last 3 quarters I would say because once the restructuring window was closed.

Prashanth Joishy: That is started from actually for the month of December 21 to June 22, 7 months period, it is Rs. 45.49 crores.

Gaurav Jani: Sir, the fraud total amount that you mentioned of Rs. 5 crores, how much of that is provided?

Girish Kousgi: Entire amount is provided, full amount, 100%.

Gaurav Jani: Sir, last two question from my end, you mentioned that some other branches also saw this phenomenon of fraud coming through, whether from the same locality or those of that across India?

Girish Kousgi: It is different region altogether.

Gaurav Jani: Because I think the first one cropped up from Rajasthan, but so were they from the same state or?

Girish Kousgi: No, the other things cropped up from Tamil Nadu and Andhra and the mode is totally different. So, these are from different regions.

Gaurav Jani: Sir, lastly, you mentioned that Canara Bank personnel are deployed every 3 years, my question is when was the last time they are deployed?

Girish Kousgi: No, it is not every 3 years of deploy, whenever the deployment happened, it is for a period of 3 years generally.

Gaurav Jani: No, that I understood, what I was trying to ask is when were they last deployed in CanFin?

Girish Kousgi: I will tell you, it used to happen in the past frequently. After that at a senior level there were people being deployed such as MD level or may be on the DMD level. Now, DMD level is continuing and we also have now some people in various departments as we have seen in the last quarter.

Gaurav Jani: No, just I was trying to understand whether that earlier whenever the deployment used to happen was that in the regular course of business or are there particular reasons for that?

Girish Kousgi: This deputation is to happen before, it is happening now also, it will happen in future also.

Prashanth Joishy: It is a regular course of work.

Moderator: Thank you. We have next question from the line of Ritika with Ocean Dial. Please go ahead.

Ritika: Firstly, sir, if I could just request again share the incremental yield and cost numbers?

Girish Kousgi: Incremental yield is 8.21, incremental cost is 5.67.

Ritika: 8.21 and 5.67 and the reported number for this particular quarter?

Girish Kousgi: That is on the book, yield is 8.46 and cost is 5.8.

Ritika: And sir, how to maybe reconcile these two numbers?

Girish Kousgi: No, incremental is for the quarter and book is entire book.

Ritika: I mean both are actually lower than the blended, so is there something if I am not getting correct?

Girish Kousgi: No ma'am, one is on the book and one is incremental, see for example, one is the entire portfolio, let us say.

Ritika: What was the incremental yield last quarter?

Prashanth Joishy: You are referring to the March one ma'am?

Ritika: Yes, sir.

Girish Kousgi: Yield is 8.07. Last quarter incremental yield was 8.07 and this quarter it is 8.21.

Ritika: And sir, if you don't mind again, just explaining again the 40-basis point and the 20 and the 24 basis point?

Girish Kousgi: No, 40 basis point that is different, that is to report to the regulator. The way you calculate credit cost is charge to P&L every year, correct?

Ritika: Right.

Girish Kousgi: So, that will be between 0.2 to 0.24.

Ritika: So, sir, what additional goes to the regulators?

Girish Kousgi: That is overall.

Prashanth Joishy: Portfolio ma'am. That is on portfolio.

Girish Kousgi: That is portfolio. What we hold total provisioning in the books of account.

Moderator: Thank you. We have next question from the line of Dhruvish with Mirabilis Investments. Please go ahead.

Dhruvish: I have 3 questions. Firstly, wanted to understand the unutilized buffer which we have right now and when do you expect it to run down?

Girish Kousgi: We are holding liquidity close to Rs. 3,000 crores, so it will take it up for next 6 months approximately.

Dhruvish: I am referring to the unutilized COVID buffer which was I think some Rs. 29-Rs. 30 odd crores?

Girish Kousgi: We don't have any COVID buffer, we have withdrawn entire amount.

Dhruvish: So, the Rs. 3.7 crores which got utilized and it is the total buffer, right?

Girish Kousgi: Which Rs. 3.7 crores?

Dhruvish: Which got utilized in this current quarter?

Girish Kousgi: No, COVID provisioning we had withdrawn long back.

Dhruvish: So, this 3.7 came from where, utilization?

Girish Kousgi: We had additional provisioning and general category, not under COVID.

Dhruvish: And secondly, like wanted to understand that when the yields go out, do we increase the tenure of the borrower or the installment goes up?

Girish Kousgi: We will see, depending on the residual age of the customer, we increase the tenure or if customer intends to increase the EMI, we increase the EMI, so basically we go by whatever customers chooses.

Dhruvish: And the BT out of Rs. 100 crores which you mentioned, so like anyone in the banks or NBFCs which took those amounts and secondly what was the reason for that, so was it some topups we couldn't give or some aggressive pricing by them, so that is the question?

Girish Kousgi: Normally, we have a bank institution list which is more than 20, so it has spread wide across and reasons are both, one in terms of incremental exposure, additional exposure and rates.

Dhruvish: So, can you name some banks or NBFCs which took it over?

Girish Kousgi: To name the bank it will be right because almost all the banks would take over, the private, the PSU, HFCs, large HFCs, midsized HFC, so NBFCs.

Dhruvish: So, largely this came because of aggressive pricing by them or because of top-up which we couldn't give like which was the bigger reason for the (Inaudible) 49.54. I know the number is normalized, but still trying to understand why is it happening?

Girish Kousgi: So, I think if we compare both, I think it will be skewed towards pricing and this is a regular phenomenon.

Dhruvish: And my last question is on the branch expansion, so like I think in Q3 which is some 6 months back, we had mentioned some 12 to 15 branch expansion which we expected in FY23, now we are down to 10 branches a year and if we look at the last two-year branch expansion, we have done just two branches, so like why is this like stagnant? And secondly, if you look at the level of the growth in last two years, whatever happened was due to the operational efficiency, so like our business done per branch was some Rs. 100 odd crores which is now up to 147 odd crores, so what is the cap of this, like this can't go above 160, 170, so what are your thoughts on that and like why is the branch like expansion stagnant?

Girish Kousgi: It is more of a strategy and also because of COVID we couldn't really expand but having said that our current set of branches would be able to grow the book right up to Rs. 40,000 crores. Having said that by this year end, we would reach about 210 branches.

Dhruvish: So, do you have a number in mind where you think that the caping of branch efficiency, so like business done for our branch can't go about Rs. 200 crores which is at Rs. 147 crore right now because if we do the math like if I take the same branch efficiency of Rs. 147 crores and add up the 10 branches, still 18% growth seems quite unlikely, so trying to understand how much headroom more we have with respect to branch efficiency like business done per branch, like if you can say a number?

Girish Kousgi: Basically, it is function of two things. For a minute, I am just leaving the branch expansion. Out of existing branches, it is function of two things, one is potential in the catchment and number two adding manpower. So, by doing these two things, with the existing set of branches, we can grow up to Rs. 40,000 crores. Having said that we also have plan, every year we will open several branches and by this yearend will be at 210.

Dhruvish: Last question, so wanted to understand how different is the cost in setting up of satellite center and affordable housing loan center vis-a-vis branch and operational metrics for the same?

Girish Kousgi: I think the cost difference is very less, so I think the category and tagging is more to do with the location and potential, not with respect to cost. There is a much difference in cost. That is what I mean.

Dhruvish: So, if we look at the satellite center and affordable house loan center business done per branch, what would that be like, Rs. 40-Rs. 50 odd crores or may be more?

Girish Kousgi: When we open branch, we are opening the regular branch, we are not opening any satellite center because satellite center only in terms of the office space it will be less in number, manpower debtor would be less, it will be tagged to the nearest branch. So, since we see opportunity in every pocket, now we are opening only branches in all the pocket and over a period of time even the satellite centers will be converted as branches.

Dhruvish: And the 10 branches which you mentioned which you plan to open this year that would be in the locations like, can you name the states or the locations broadly?

Girish Kousgi: For example, it will be Karnataka, then Andhra Pradesh, Tamil Nadu, Maharashtra, Rajasthan, so across.

Moderator: Thank you. We have next question from the line of Mudita Nahar with Abakkus AMC. Please go ahead.

Mudita Nahar: Most of the questions are answered, just one thing I wanted to ask, sir, on the overall portfolio, how much percentage would we have repriced this quarter, sir, loan book?

Girish Kousgi: Every quarter, I will put it this way, so whatever business we do this year for example, roughly about 20-21% would be repriced in the quarter.

Moderator: Thank you. We have next question from the line of Sanket Chheda with B&K Securities. Please go ahead.

Sanket Chheda: I had two questions, one was that we said reset on asset side is yearly, but it would depend on the origination of loan and basis which every quarter there will be certain loans which will be for the repricing, right?

Girish Kousgi: Not every quarter, every year.

Sanket Chheda: And the second question is, sir, on restructuring, now we have about Rs. 650 crores of restructuring left, Rs. 660 crores, so on that we would be having 10% provisions which is like 60-70 crores and we say that we expect Rs. 35-Rs. 40 crores to slip eminently. so on that even if it falls to end there, you need to provide 25% of it. That means 10, 11, 12 crores would suffice, so that will release up to say Rs. 50 crores even if on conservative basis, if you want to put higher PCR on the NPA, then also may be Rs. 40 crores of amount it would release, now whether you want to take it as a writeback or not but is that understanding correct that we may have Rs. 40 crores available as we are into Q4, which we will then decide that whether to have a writeback or keep it on the books?

Girish Kousgi: We will have writeback from the restructured provisioning pool. Your calculation is, here and there it is right because we foresee Rs. 35 to Rs. 40 crores, so I think to that extent whatever is the balance that pool will be available for writing it back.

Moderator: Thank you. We have next question from the line of Nischint Chawathe with Kotak Securities. Please go ahead.

Nischint Chawathe: Just want to understand when your borrowings from NHB are around 22%, what are the terms of these borrowings, are these fixed rate or are these floating rate and under which scheme?

Girish Kousgi: So, it is actually a mixed, it is a blend of both, but the overall cost would still be much cheaper when compared to banks and NCD, so it is mixed because partly it will be fixed for 3 years and then it will be floating, so it is like that, but overall blended rate would be much lower. As of now, it is around 5.4-5.45 which is the lowest.

Nischint Chawathe: And any large block of this which is probably getting redeemed or repriced this year?

Girish Kousgi: No, this is a long-term tenure, 10 to 15 years, so it will not bunch up in one particular quarter or so.

Nischint Chawathe: So, 10 to 15 years, but probably getting recharged every 3 years, so nothing kind of come soon and changes that significantly?

Girish Kousgi: The repricing happens whenever there is change in repo. Whenever the rate goes up, repricing happens, outside the fixed rate bracket.

Nischint Chawathe: Your cost of funding of around 5.8, if you could kind of just give some sense in terms of where do you see it ready by the end of the year?

Girish Kousgi: I am sure, actually you can estimate it, I think rates will go up, so I am not sure to what extent, I think in next 8 to 9 months' time, there will be at least one increase, may be 35 to 40 bps.

Nischint Chawathe: Sure, which would affect the book, sure, just two data points, if you could share the absolute number of amount of stage 3 and Stage-2 loans? Actually, you shared the number, but I missed out, sir?

Girish Kousgi: I think in the meanwhile, let me just clarify on the other point which Sanket asked, so while I clarified on the restructured provisioning pool, we also have NPA pool, so from that we are expecting about Rs. 40 to Rs. 45 crores of recovery.

Prashanth Joishy: The stage 3, as we told it is the NPA figures only will be stage 3, that is around Rs. 180 crores and Stage-2 there is a SMA-2 as I informed it is Rs. 471 crores.

Nischint Chawathe: Just one last point is that are you kind of contemplating doing co-lending with Canara Bank or any other bank?

Girish Kousgi: If I am not wrong, I think there is regulatory restriction to work on co-lending with the parent bank, but I think as a concept outside of what we discuss now, I think we don't intend to get into co-lending model.

Nischint Chawathe: Any specific reason, I am just trying to understand the thought process?

Girish Kousgi: Yes, I will tell you. Basically, my understanding is that co-lending is either to get networking benefit or the pricing benefit, so today in terms of cost leadership I think we are one of the lowest in the industry and as a company we want to grow our book and therefore at this point in time, we feel that we have advantage on both the side, therefore we want to leverage these two parameters and grow our book.

Nischint Chawathe: Sure, then if I can squeeze a last one, any plans on capital issuance?

Girish Kousgi: Capital, we do have plans here, this year we will raise some part of capital out of Rs. 1,000 crores.

Moderator: Thank you. We have next question from the line of Abhijit Tibrewal with Motilal Oswal Financial Services. Please go ahead.

Abhijit Tibrewal: Sir, please excuse me if any of my questions sounds repetition, I joined in a little late, so firstly, this 18% growth that you are guiding for, you are guiding for 18% growth in disbursements or your loan book?

Girish Kousgi: Loan book.

Abhijit Tibrewal: Sir, secondly, during the opening remarks, you suggested that during this audit process where you audited 200 of your branches, there were certain observations and those observations have now been rectified, so while you did touch upon what were the observations and like you said, it was either deficiency in financial documents or property, but just wanted to understand what are those rectifications that you have done with regards to these observations?

Girish Kousgi: No, financial I think what you mentioned now is for the fraud cases, which is irregular cases, not the other observation. The Rs. 2.43 crores that was the observation for that.

Abhijit Tibrewal: Sir, when you said observations, you are not talking about fraudulent accounts?

Girish Kousgi: No, when I say irregularity that is fraud, when I say observations, these are observation, for example, let us say a BM is supposed to visit the customer and submit a report and in that report, let us say, signature is missing, that is an observation and I am giving you an example so observation is different, irregularity is different. Irregularity is equal to fraud. Observation is equal to some kind of document incompleteness.

Abhijit Tibrewal: And secondly, what is the total quantum of provisions that you are holding on your balance sheet now, understandably you have already reported the standard asset provisions and the NPA provisions in the presentation, instead of third component of OTR provisions as well?

Girish Kousgi: I will tell you, so standard asset is Rs. 101 crores, NPA is about Rs. 98 crores, then for restructuring both framework one and two we hold about 67.67, so totally we are holding about Rs. 267 crores.

Abhijit Tibrewal: Sir, lastly, there was a provision write-back that you did on your standard loans in this quarter and why I ask this, I mean last quarter itself you had taken about I think Rs. 15 crores of additional provisions on your standard loans, so what is the kind of change in this quarter, is it just because that the audit has now been completed you are relatively more reassured is why we were taking this provision write-backs on standard loans?

Girish Kousgi: Basically, we realize that we will have a bit of cushion on the restructured provisioning pool, so that we are not withdrawing, so that we will leave it to accumulate and we will have enough provisioning buffer, just in case we need in future and therefore this was withdrawn.

Abhijit Tibrewal: Can you please explain this a little better, sir, why was there was provisions that were withdrawn and standard loans?

Girish Kousgi: What I meant was on the restructured pool provisioning, we will have enough buffer which we will get created in future quarter-on-quarter, so that we will not write back, we will leave it to accumulate which can take care of any requirement in future, but for that every month we would provide based on NPA; a, in terms of new additions, b, in terms of bucket movement and for standard assets.

Abhijit Tibrewal: Congratulations on the good quarter and all the very best, sir.

Girish Kousgi: Thank you.

Moderator: Thank you. We have next question from the line of Naishi Shah with Acko Global. Please go ahead.

Naishi Shah: I have a set of 2-3 questions, the first one is what is the average loan tenure of the outstanding loans in your book?

Girish Kousgi: I think loan on book average is about 8.5 years.

Naishi Shah: And sir, we know that we largely do the affordable segment when it comes to the lending and we know that NHB tends to refinance these loans and there has been a marginal reduction on a Y-on-Y basis when it comes to NHB financing, there has also been an improvement when it

comes to CP, the percentage of CP in our funding mix from 19% to 11%, so what levels are we targeting for CP and even with NHB what level would we be comfortable with?

Girish Kousgi:

So, on CP, we are okay around 15% plus minus 1%. Exposure from NHB I think we are open depending on the available pool and appetite for us to borrow and for NHB to lend, so that is something we will keep it open. We are pretty comfortable because the source of finance for us is really agnostic whether it is from bank or NHB as long as cost fit into the structure. So, as of now, NHB is very cheap and therefore we are agnostic and we will be happy if the share goes up.

Naishi Shah:

Sir, please correct me if I am wrong, but the loan tenure that we take from NHB is 10 to 15 years, right?

Girish Kousgi:

Yes.

Naishi Shah:

And what would be the case for banks, what is the loan tenure?

Girish Kousgi:

Largely 10 years, otherwise between 7 and 10.

Naishi Shah:

And sir, we made a profit of Rs. 22 crores on our investment book, if I am not wrong, this quarter?

Girish Kousgi:

Not profit, income.

Naishi Shah:

Income, so this is all realized plus unrealized, right?

Prashanth Joishy:

Yes, this is what the investment we had made. We have made for the LCR purpose, we have invested for SLR purpose and supportive for the purpose of OD we had invested. Totally, around Rs. 1,500 crores of investment is there on book and the interest out of that investment is....

Moderator:

Thank you. We have next question from the line of Anil, an Investor. Please go ahead.

Anil:

Sir, just one basic question, you run a housing loan portfolio and even your parent Canara Bank has very active housing loan there, so what is the difference, is there a clear demarcation, what kind of book or what kind of customers you would look at vis-a-vis your parent and has parent anytime communicated how they want to take both the entities forward or is there any plan in future it can be clubbed and run by one entity?

Girish Kousgi:

Two entities are different entities and they had their own customer base and customer segment and the way we have, let us say Canara Bank we also have SBI, ICICI, HDFC, Kotak and stuff like that. So, as of now, there is no discussion or arrangement. So, both the companies would independently try and build the mortgage book.

Anil: Ticket size wise there is no demarcation, I mean can there be a case whereby both of you can cater to the similar customer base?

Girish Kousgi: There is absolutely no arrangement at all, so we can do Re. 1 crore, they can do Rs. 10 lakhs; we can do Rs. 10 lakhs, they can do Rs. 2 crores. So, we don't have any sourcing or any demarcation in terms of either sourcing or lead generation or whatever. So, these are two different entities, Canara Bank is our parent, yes, but as far as demarcation or arrangement.

Anil: Secondly sir, while this audit and investigation was going on, has it hampered your normal business routine, may be because of that your approvals and disbursement got delayed somewhat or turnaround time must have gone up, anything of that sort?

Girish Kousgi: Yes, I will tell you, every year we do audit and this time it was advised by board, the board had instructed, therefore, we had conducted audit of all the 200 branches. Having said that every quarter 1, there will be some dip in disbursement numbers and there will be increase in NPA numbers. This we are seeing for last many years, probably decades. So, I don't think these two will have to be linked because as an organization I think everything is important. For us, liquidity is important, asset quality is important, at the same time audit is important, disbursement is important, growing book is important. So, as a company, I think company should focus on multiple things and quarter 1 happened to be such quarter where we have to focus on multiple things and we have managed.

Anil: And sir, last thing, this annual reseting that you do of interest rates, is that a normal industry practice or in terms of frequency of rate changes could be slightly different from the industry, how is it like?

Girish Kousgi: Basically, it is passing on the interest rate. I think basically when the interest rate scenario is either up or down, I think same thing gets passed on. That is all.

Moderator: Thank you. We have next question from the line of Gaurav Jani with Prabhudas Lilladher. Please go ahead.

Gaurav Jani: Just one question, sir, you mentioned about 20% of the loan book sought of reprices, right per year, what would that number be on the borrowing side, just simplifying?

Girish Kousgi: No, on the borrowing side, I think the change would typically happen whenever there is a change in a repo. So, what I told was basically we have 12 months in a year and whatever I book, let us say, in the month of April will come for reset in next April and therefore I have taken approximately about 7 to 8% every month. So, quarter 1 being slightly low, I just took a number of 20%, otherwise it has to be 25 each quarter, so it starts with 20 and then move to 22, 23 and then 26 and the balance in quarter 4.

Gaurav Jani: Sir, to put in the other way, calculating the EBLR linked portfolio comes to about 50%, right, so that 50% does it reset from day 1 or not?

Prashanth Joishy: You are referring to the borrowing or?

Gaurav Jani: Borrowing.

Prashanth Joishy: Our borrowings are linked to three different, one is the repo linked, T-Bill linked and MCLR linked. This is the major consisting of around 50% will be on that part. NHB has their own yardstick as I told earlier. CP and NCD market borrowing which cost 25% have the fixed rate. So, it varies depending upon the tenure and the change in the repo and T-Bill.

Girish Kousgi: So, basically, MCLR, repo linked and the NHB directly indirectly is linked to repo change.

Gaurav Jani: Correct, sir, my question is whenever the repo changes, the next day all of these reset or not?

Prashanth Joishy: No, there would be reset on the quarterly basis.

Girish Kousgi: That will be on a quarterly basis, so the lag time could be 15 days, 20 days, one month, depending on when the repo increases.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference back to the management for closing remarks. Over to you, sir.

Girish Kousgi: Thank you very much to all the investors who have stayed with us for a long time and we had a good quarter, so we look forward the rest of the year to be as fruitful as quarter 1. Thank you so much.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Investec Capital Services, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.