



“CanFin Homes Limited
Q1 FY2020 Earnings Conference Call”

July 23, 2019



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Moderator: Ladies and gentlemen, good day, and welcome to the CanFin Homes Limited Q1 FY2020 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 hand the conference over to Mr. Utsav Gogirwar from Investec Capital Services. Thank you and over to you, Sir!

Utsav Gogirwar: Thanks Raymond. Good morning, all. Welcome to the Q1 FY2020 Earnings Conference Call of CanFin Homes Limited. To discuss the financial performance of CanFin Homes Limited and to address your queries, we have with us today Mr. Shreekant Bhandiwad, Deputy Managing Director. I would now like to hand over the call to Mr. Shreekant Bhandiwad for his opening comments. Over to you, Sir!

Shreekant Bhandiwad: Good morning, Utsav. With me, we have Ms. Shamila, General Manager; Mr. Joishy, AGM; and Shilpa, Senior Manager, to assist me. The first quarter has been reasonably good. We have posted a growth of about 17% under AUM. The disbursements have gone up almost by 10 percentage points. And the overall income has gone up by 20%. And the expenditure also almost has gone up by same percentage points.

Profit before tax has gone up by 17%. We have reached a level of Rs.131 Crores and profit after tax has risen by 11 percentage points. Compared to March, the yield has improved by 16 basis points. And the cost has gone up only by 3 basis points. So because of this, the spread and NIM have improved slightly. And also, as far as asset quality is concerned, there is a slight slippage 113, which was, as of March, has gone to Rs.139 Crores for the quarter end. However, when we analyzed the slippages, last year also the whole first quarter, the slippages were to the extent of about Rs.40 Crores as compared to the total slippage of about Rs.50 Crores net slippages during the whole year.

So this year also compared to the Rs.40 Crores of the last year, this year the slippage has been to the extent of Rs.26 Crores. So usually, the slippages will be in maximum or more in the first quarter and once we initiate the action under SARFAESI and also improve the recovery efforts, the asset quality will improve and also the NPA percentage will come down. As we have already informed in the presentation also, in most of the cases, already we have started the SARFAESI action and in the days to come, definitely it will give result, and we hope to bring down the NPA level to March level by the second quarter end. And coming to the capital adequacy, almost now we have crossed 19.5% out of that, Tier 1 capital is 18%. And leverage, which was almost 10 during the last year first quarter, it has come down to now 8% to 9% almost for this year. So in that way we are comfortable.

The company also has sufficient unavailed credit limits to match the ALF to meet the funds requirement. As on June, we had around Rs.2,000 Crores of unavailed limits. Additionally, after that also we have got substantial credit limits sanctioned by banks, almost to the extent of Rs.2,000 Crores more than 2,000 Crores. So as of now, we have around Rs.4,300 Crores of unavailed credit limits available with us that will take care of the funds requirement, at least to the extent of next two quarters.

So the growth has been almost 17% under AUM. But if you exclude Bangalore, Karnataka, the growth has been almost to the extent of 22%. Karnataka has grown. There is a slight improvement in Karnataka performance also. It has gone to the extent of about 7%, and overall south has grown by 15 percentage points, and non-south has grown by 20 percentage points. So overall, growth has been to the extent of 17.5%. So we hope the Karnataka to do well in the remaining quarters with RERA and GST behind us and also **(audio cut) 5:27** coming up and also, there was a report that the unsold inventory in Karnataka is depleting faster as compared to earlier. So comparing that we expect Karnataka to do better because, after all Karnataka contributes almost 30% of our book and whole south contributes about, almost 70% and non-south accounts for about 30% of our outstanding.

And also under salaried and non-salaried space, growth are almost similar. So 70% of our outstanding is from salaried space and 30% is from non-salaried space. And growth in both the segments is almost similar.

So with this, I think we are open for questions and any inquiries.

Moderator: Sure. Thank you very much. We will now begin with the question and answer session. The first question is from the line of Agustya Dave from CAO Capital. Please go ahead.

Agustya Dave: Great numbers, Sir, in very difficult circumstances. Sir, I have a few questions. One was on the coverage that we have, a provision coverage. Earlier, few years back, we used to make sure that at least by the end of the financial year, we used to reach 0% net NPAs. So what are your thoughts on that? It is now at 0.5%, which will be taking additional provisions. Then we have taken some additional provisions YoY this year of some Rs.8.5 Crores. So what is that number, if you can elaborate on that? And third, Sir, given the state of affairs in the industry and we are one of the very few companies who are doing well, I was at least expecting the prepayment rates to decline for us. Are you seeing that now, Sir, in the markets you operate?

Shreekant Bhandiwad: Yes. So first thing is, as per the Ind-AS, ECL model, the total provision requirement is almost 47 Crores. As against that, we are holding a provision of Rs.107 Crores. As per the IRAC norms of NHB, we are holding Rs.107 Crores. Out of that, Rs.46 Crores is towards NPA accounts and Rs.60 Crores is there for the standard assets. So there is a substantial increase in amount wise also for the overall default risk what the company is envisaging.

Second thing is, yes, there is a, as I earlier told, the NPA has gone up from 113 to 139. So accordingly, the provision for NPA has gone up by, we have made a provision of Rs.6.75 Crores and we have made an additional provision for standard assets of Rs.1.91 Crores. So put together, total, it comes to around Rs.8.66 Crores.

Third is, you asked about prepayments. The takeovers are balance out. It has come down substantially. But still, there are few banks and also another couple of NBFCs who are taking away the loans. But still, when you compare to last year, this year it has come down substantially.

Agustya Dave: Sir, in the current state of affairs, do you expect to reach Rs.23,000 Crores or will we miss it by a little bit, maybe Rs.22,000 Crores?

Shreekant Bhandiwad: Well, it depends, how the events will take shape or, no, it is difficult to say now, but definitely, we are aiming to reach that level what we have set for the year end. And, we have sufficient liquidity also to reach that growth rate.

Agustya Dave: Sir, on that liquidity, if may I ask another question. In the slide where you have described your liquidity for the next two quarters, bottom of the slide, this is Slide #10, you have written in addition to above, the company has unavailed limit of Rs.4738 Crores with money markets. So sir, what is the total number then? And what is this Rs.4738?

Shreekant Bhandiwad: What I have told is Rs.2000 Crores was available bank credit unavailed limits before the June end, quarter end. After that also we have got some credit sanctioned limits from banks to the extent of Rs.2300 Crores. So apart from that, we have borrowing limits CP as well as NCD. So CP limit of Rs.4500 Crores and NCD limit of Rs.6000 Crores. So out of that, the CP outstanding is Rs.2600 Crores and the NCD outstanding is Rs.3100 Crores and there is a room for us to borrow from market as well apart from the unavailed credit limits available to us.

Agustya Dave: Sir, have you seen our cost of funds declining with the yields? And I am not talking about the banks. I heard your interviews on CNBC, you mentioned the MCLR part. But out of the non-banking funds that we are raising, the way the 10-year yields have come down, are we seeing any benefits of that? And how much can we expect the overall cost of funds to decline for us this year?

Shreekant Bhandiwad: No, this year, it may not be possible to predict as of now. But definitely, the market borrowing rates will come down in the years to come, whether it is by way of CP or NCD.

Agustya Dave: Can you quantify it, Sir?

- Shreekant Bhandiwad:** No, that is, I do not think it is possible as of now to comment on that. But we will be watching both the bank rates as well as the money market rates. So accordingly, both the space we have headroom to raise the funds. Accordingly, we will plan.
- Moderator:** Thank you. The next question is from the line of Ayushi Mohta from CD Equisearch. Please go ahead.
- Ayushi Mohta:** Sir, I wanted to understand, what is the nature and type of stage 2 loans of Rs.890 Crores as on 31st March?
- Shreekant Bhandiwad:** What is that? I did not get you.
- Ayushi Mohta:** Sir, in your annual report, Page 192, Sir, you have given the breakup of the loan, like in stage 1, stage 2, stage 3. Basically, I wanted to understand what is the nature of this stage 2 loan?
- Shreekant Bhandiwad:** So as per ECL model, so stage 1 consists of standard assets and SMA-0; stage 2 consists of SMA-1 and SMA-2; stage 3 consists of NPA accounts. Well, they are all individual loans. We have only builder loan exposure of only Rs.11 Crores. So all are individual level loans.
- Ayushi Mohta:** So like, are these LAP account or which kind of loans can you, please?
- M. Shamila:** Housing loan.
- Shreekant Bhandiwad:** Most of it is in housing loan only. Because see, our total outstanding from our external housing loans is 90%. What we have NHL hardly 10%.
- Ayushi Mohta:** So you are saying like most of these loans are from housing loans?
- Shreekant Bhandiwad:** Yes, housing loan.
- Ayushi Mohta:** Okay. Sir, for salaried, non-salaried.
- Shreekant Bhandiwad:** No just that split-up. They are all, the both are there, salaried as well as non-salaried, both are there.
- Ayushi Mohta:** They are salaried as well non-salaried.
- M. Shamila:** Yes.
- Shreekant Bhandiwad:** Yes.
- Ayushi Mohta:** But Sir, like, is this phenomenon confined to a group of assets?

- Shreekant Bhandiwad:** No. There is no such distinction in a particular segment or in a particular product. So it is spread across all the products and all categories of borrowers. There is no such distinction as such.
- Ayushi Mohta:** And Sir, what would be the ticket size around, average ticket size?
- Shreekant Bhandiwad:** The average ticket size is actually is about Rs.18 lakhs and NHL is less than Rs.10 lakhs. It is about Rs.9 lakhs. So that is the ticket size. In metros usually it will be around Rs.25 lakhs to Rs.30 lakhs. And nonmetro, it will be about Rs.10 lakhs to Rs.15 lakhs.
- M. Shamila:** And the NPA also about Rs.14 lakhs only in average.
- Moderator:** Thank you. The next question is from the line of Rahul Maheshwari from TCG Asset Management. Please go ahead.
- Rahul Maheshwari:** Excellent numbers being delivered.
- Moderator:** Mr. Maheshwari, I am sorry to interrupt, but we can barely hear you. Could you please speak a little louder?
- Rahul Maheshwari:** Am I audible now?
- Shreekant Bhandiwad:** Yes.
- Rahul Maheshwari:** Good set of numbers. First of all, can you give a highlight on how much of your book is towards the affordable housing, mainly towards the, whatever the categorization is being defined by the government towards the affordable housing? And the respective color on the growth rate on ETS and the disbursement which is taking place? And second thing, how much growth on your Karnataka book, which is 30% of your overall book? How much during this quarter has been growth towards Karnataka and non-Karnataka, which is the remaining part of the book? And third, what is the LGD for the housing and non-housing segment, Sir?
- Shreekant Bhandiwad:** As far as growth is concerned, already I have told that Karnataka has grown by about 7%. But during the remaining part of the year, we expect Karnataka to do better. And also, you are asking about, which is the other one?
- Rahul Maheshwari:** Average, Sir.
- Shreekant Bhandiwad:** Average, this one...
- Rahul Maheshwari:** Affordable housing, how much percentage of...?

Shreekant Bhandiwad: Yes, affordable, most of our ticket size, even if you see the ticket size. Most of our lending is towards affordable housing. So, but for few exceptions, most of it is towards affordable segment, because the average ticket size itself is about Rs.18 lakhs. And in metro, it is maybe around Rs.25 lakhs to Rs.30 lakhs. In non-metros, it is about Rs.10 lakhs to Rs.12 lakhs. So most of our lending is directed towards affordable housing. And growth, as I told, Karnataka needs to pick up a little more, that we are hoping that in the remaining three quarters, Karnataka will do much better. So as earlier I told that the depletion rate of the unsold inventory is now much faster as compared to earlier. So new projects, especially under affordable housing, there are good number of projects that are coming up in the outskirts of Bengaluru and other cities. So we hope to encash on that. And our main focus is on tier 2 and tier 3 cities. Other than Bangalore in Karnataka, we are opening a good number of branches in other than Bangalore, especially in Karnataka state, to improve our overall lending in Karnataka. And also, but for Karnataka, the overall south has done reasonably well, the overall growth has been about 15%. So north has grown a little faster, it has reached almost 20%. So first quarter is an indicator, but I think the performance will be much, much better in the remaining quarters of the year. So overall, what guidance we have given is about Rs.23,000 Crores, we will be able to reach.

Moderator: Thank you. The next question is from the line of Shubhranshu Mishra from Bank of Baroda Capital Market. Please go ahead.

Shubhranshu Mishra: I just want to understand what is the time taken for a branch in metro versus a non-metro location to breakeven? What is the time difference there?

Shreekant Bhandiwad: It usually takes 1, 1.5 years.

Shubhranshu Mishra: For both the locations, Sir?

Shreekant Bhandiwad: No, different locations. We are now not opening many branches in metros. So all our focus has been in the non-metros only. If you see the number of branches what we have opened last 3 years. So it will give clear indication that our focus has shifted from metro to non-metro. Out of the new branches opened, out of 65 branches, 53 branches are in non-metro during the last 2, 3 years. And also business is growing much faster in non-metro branches. So metro branches have grown by about 11%, whereas non-metro branches have the business has grown by 30 percentage points.

Shubhranshu Mishra: Right, Sir. What I am trying to get at is that, what, given that your focus is on the non-metros and that is why you think that the growth would come out of, you would have given some kind of targets to your sales guys. So what is that target like? A ballpark number will also help Sir.

Shreekant Bhandiwad: It is not uniform. It depends upon branch-to-branch and also location. Some branches are doing Rs.1.5 Crores to Rs.2 Crores business a month, new branches. Some are doing little more than that. Some branches are doing less than a Crore. They need to gear up.

Shubhranshu Mishra: This is per month you are saying, Sir?

Shreekant Bhandiwad: This is per month. This is per month. And we are continuously monitoring the performance and also because most of these branches, 22 branches were opened in the last year, that too almost now after first quarter. So they got only about 6 to 8 months of time. So this year, whole year, they will be getting to show the performance. So in that way, we think that these branches' performance will substantially improve. There is another 16 or 18 branches, which were opened during the previous year, 2017, and 2018. They are already doing well. So in that way, these branches will contribute substantially.

Moderator: Thank you. The next question is from the line of Hitesh Gulati from Haitong Securities. Please go ahead.

Hitesh Gulati: This is Hitesh Gulati this side. Sir, my question is that, in the last year, full year, we did not provide any additional provisioning. So if we see Q1, Q2, Q3, we did not provide anything in the P&L. And only in Q4, you provided Rs.1 Core. Now in this quarter, Q1, we have provided Rs.8 Crores. So as you are saying that we have excess provisionings compared to Ind-AS and NHB. So we are having excess provisioning on our books. So what has been the need to provide this Rs.8 Crores when last year in Q1 to Q3, we had not provided anything and Q4 also, we have just provided Rs.1 Core additional, Sir? So just wanted to understand that.

Shreekant Bhandiwad: As per NHB, IRAC norms, we have made the additional provision. So for Rs.6.75 Crores for NPAs because there is an increasing NPA compared to March level. And also, standard assets, we have made a provision to the extent of about Rs.2 Crores. This is the total provision, what has been made during this first quarter. But compared to Ind-AS workings, the overall provisioning that is recorded is about Rs.47 Crores. Compared to that, yes, we are holding excess provision, but the NHB has given a direction that we have to hold whichever is more, either of the two. As per NHB, IRAC norms or Ind-AS ECL model. So according to that, we have made provision and we are holding that provision of Rs.107 Crores.

Hitesh Gulati: So throughout the year, we will have to. As we grow our loan book, our provisioning level will have to be...?

Shreekant Bhandiwad: We have to make a provision for standard assets. And we think that the NPAs will come down in the remaining quarters. In that case, we can take out or withdraw the provisioning. So if the NPA comes down, we have set a target of bringing it back to the March level by second quarter end.

So in that case, if it comes to 113, for example, then whatever provision we have made on another Rs.20 Crores, that we will be taking it out or we will be withdrawing back.

Moderator: Thank you. The next question is from the line of Amit Rane from Quantum Securities. Please go ahead.

Amit Rane: Just one question on the funding mix. How much is our total borrowings as of now in amount, absolute amount?

Shreekant Bhandiwad: Total borrowing is about Rs.16,800 Crores. Out of that, banks contribute about 50% of our lending, Rs.8,400 Crores. And the market borrowing is about 34%. And NHB, almost 14%, and remaining is 2% deposit. That is the borrowing.

Amit Rane: Sir, can you tell us, what is the average cost of various sources of funds?

Shreekant Bhandiwad: No, it is, it varies in a few basis points that are there is no distinctive variation as such. Even the market may vary slightly, a few basis points, not, but not very huge variation.

Amit Rane: Any exposure to these interest subvention scheme projects?

Shreekant Bhandiwad: No, we do not have any exposure. We do not have any product to lend for such schemes. So as I clarified earlier also, we lend after seeing the building coming up or the way the construction is going on or where the, even as I told you, if we are financing for 4th or 5th floor, till the project has come up to that level, we do not finance. And also the disbursement is always restricted to the progress in construction. So there is no scheme or product wherein outright in the beginning itself, we will make a full disbursement.

Moderator: Thank you. The next question is from the line of Puneet Mittal from Global Core Capital. Please go ahead.

Puneet Mittal: Two questions. One is, in your annual report, you mentioned your deposits are still Rs.261 Crores only. I think I have asked this question before also. It does not seem there is much progress on that side. So if you can give us some views why is the deposit gearing is so slow?

Shreekant Bhandiwad: Yes. Ultimately, the focus during the last few years was the branches to lend and the head office was to borrow from banks and market and making the funds available to the branches. The thrust was not given because it involves lot of cost also in time and with the limited manpower available at the branches. The direction to the branches was to focus on lending and not to get diversion for deposit because the deposits comes in small ticket sizes, and you see, if all the 175 branches put together, they are able to mobilize about Rs.261 Crores. So considering that, but at the branch level, the work involved, renewals, TDS and that involves a lot of time. Keeping that

in mind, so branches will have to focus on lending but now, we have given the directions and guided the branches to go for resource mobilization also. It is not only helping the company to diversify the borrowings, but also the customers' footfall will increase, enquiries will increase, and also the customer who comes for keeping the deposit, will also enquire for him or his for his relatives about the loan products. The overall footfall will increase. Keeping that in mind, we are encouraging the branches to mobilize resources. We have set the targets as we have done for lending. This year and next year, hopefully, it will improve substantially.

Moderator: Thank you. The next question is from the line of Digant Haria from Antique Stock Broking. Please go ahead.

Digant Haria: Congrats to the team. Sir, my question is that, see now it is almost three quarters that our spreads have been very close to 230 bps, the difference between cost of funds and lending rates. Sir one, can we maintain this going forward? And two, is that are we seeing this good growth because of the competitive intensity is less right now? Or is it mainly the company's effort that is helping us clock this growth, which probably only one other housing finance company could be able to do?

Shreekant Bhandiwad: As far as spread is concerned, I think we will be able to maintain this spread, because the cost of borrowing is likely to ease out or likely to come down. So in that and also the asset quality, we will be focusing on that further to bring down our NPA levels. I think with that in the mind, spread will be improve, there can be slight improvement or we will be able to maintain at the present level.

Growth always, when competition was there, then also we have grown at this rate. And now also we are growing at the same rate, but the target what we have set in for this year, compared to that, we need to speed up or increase our lending speed. So we are hopefully in the next three quarters, we will be able to do that and come across or come close to the target what we have set in.

Moderator: Thank you. The next question is from the line of Bunty Chawla from B&K Securities.

Bunty Chawla: Congratulation on a stable set of numbers. Just a data point. Have you shared that last, this quarter, there were net slippages of Rs.26 Crores. And last year, same time it was Rs.40 Crores. Can you split that number into gross slippages and recoveries and if any write-offs if...?

Shreekant Bhandiwad: Last year, the gross slippages were about Rs.57 Crores, Rs.58 Crores. What figures as of now we are having is only net slippages. So last year, the overall slippage was around Rs.50 Crores. Out of that, the slippage during the first quarter itself was Rs.40 Crores. So compared to that, this year, it has come down to Rs.26 Crores.

Bunty Chawla: Okay. So, we do not have gross slippages numbers?

- Shreekant Bhandiwad:** I do not have it at present.
- Bunty Chawla:** Okay. No problem Sir, I will take it offline. Thank you very much Sir.
- Moderator:** Thank you very much. The next question is from the line of Yash Agarwal from JM Financial. Please go ahead.
- Yash Agarwal:** Sir, I just wanted to ask what is the actual incremental cost of funds? Did you state that figure in the incremental cost of funds?
- Shreekant Bhandiwad:** The cost of borrowing, it was 7.90 for March. Now it has gone up to 7.93. So that is the...
- Yash Agarwal:** That is the average. What is the incremental...?
- Shreekant Bhandiwad:** Incremental also, as I told, we have this quarter our main focus has been on bank borrowings. So, if you see the MCLR of banks, the movement of MCLR of banks that will be the incremental cost of borrowing. So plus, we are, to some extent, we are borrowing from market also. So, which is coming at a much cheaper rate.
- Yash Agarwal:** And Sir, when will a permanent CEO will be announced?
- Shreekant Bhandiwad:** CEO, the process is on, and hopefully, we are likely to complete the whole process shortly. Once that is completed, it will be informed to the market.
- Moderator:** Thank you. Next question is from the line of Aarsh Desai from Vallum Capital Advisors. Please go ahead.
- Aarsh Desai:** Yes. As you said in another book is that the interest subvention scheme, I just want to understand in Karnataka what percentage of the market would be prepared to this interest subvention scheme
(inaudible) 33:11
- Shreekant Bhandiwad:** I am not able to hear you properly.
- M. Shamila:** We do not have any interest subventions
- Aarsh Desai:** Hello? Am I clear now?
- Shreekant Bhandiwad:** Yes.
- Aarsh Desai:** The question was, I know that you do not have anything in the interest subvention scheme, but just in terms of the overall Karnataka market, how much of the market would be subject to this

interest subvention scheme and what sort of pressure would it put on the real estate prices? And would it affect the segment in your ticket size?

Shreekant Bhandiwad: No. First of all, this interest subvention is usually for bigger ticket loans and bigger projects by big builders. So maybe Rs.50 lakhs, Rs.70 lakhs or like that. And we do not usually lend to that segment. Our segment is totally different. And as such, we do not have any exposure to that category. Second thing is that as you are asking about overall market scenario, I read today that easily 10% to 12% of the lending happens through that interest subvention scheme in eight metros. So only it is limited to the metros and that to about 10% to 12%. But CanFin Homes as such we do not have any exposure.

Moderator: Thank you. The next question is from the line of Shiv Kumar from Unifi Capital. Please go ahead.

Shiv Kumar: Sir, we see that the yields have improved from 10.06% at March 2019 to 10.22% at June. Do you expect them to improve further for the rest of the year?

Shreekant Bhandiwad: So yield, I think, because annual resetting, we have a system of annual resetting. Our increase was to the extent of 55 basis points in October. So till October, whatever loans we have given from April to, for example June to October, they will come for resetting and repriced. That is one aspect. Another thing is, also, we have a re-risk rating. So if there is any deterioration in them or if they move to the higher-risk category that will also be repriced accordingly. In that case, the yields can improve slightly. However, the NIM or spread will improve mainly because of reduction in the borrowing cost rather than on the incremental increase in the yield.

Shiv Kumar: Right. Sir, can you give more color on the Karnataka market? Have all the stress related to the RERA now being implemented, has it been ironed out? And developers are now able to get their projects registered very smoothly?

Shreekant Bhandiwad: If you see Karnataka RERA website, almost 2,600 projects have been registered and it is going on at a much faster pace compared to earlier times. And most of the projects, which are coming in the outskirts of Bengaluru are mainly for affordable segment, so where our lending happens, and we have branches in the outskirts also. And now, we are planning to move or open few more branches in the outskirts or nearer to Bengaluru where growth is happening. So in that way, our main focus will be on that segment.

Moderator: Thank you. The next question is from the line of Shreepal Doshi from Equirus Securities. Please go ahead.

- Shreepal Doshi:** Sir, I wanted to understand that on the approval side, if we see, the approval during this quarter has come down Q-on-Q. So wanted to understand how many files or how many files we get in a month's time? And what is the rejection rate there?
- Shreekant Bhandiwad:** Every quarter it varies actually. First quarter, usually it will be not that high. The sanctions, disbursements will be very slow. It usually picks up in second quarter, and third and fourth quarter will be, especially, third quarter it will pick up. So the rejection rates are not much, sometimes CIBIL score maybe be because of property, titles are not clear for that reasons the files get rejected. Otherwise, it may not be very high.
- Shreepal Doshi:** Is there a tentative number on the number of applications that we get?
- Shreekant Bhandiwad:** See, last year, if you see, we did about 36000 files, so if you take every month it comes to about 3000 files.
- Shreepal Doshi:** Fine Sir.
- Moderator:** Thank you. The next question is from the line of Anirban Sarkar from Principal Asset Management. Please go ahead.
- Anirban Sarkar:** My questions have been answered Sir. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Ritika Dua from Elara Capital. Please go ahead.
- Ritika Dua:** Thanks for the opportunity. Sir getting back again to the split question all that hike, which we took last year, the PLR hike, was it all concentrated in October or we took some hikes later as well?
- Shreekant Bhandiwad:** Actually the annual resetting started from April onwards. So resetting is happening every month on the anniversary date of the loans sanctioned in that month, but the increase was only done during October to the extent of 55 basis points so whatever loans granted before that they will get repriced it till October.
- Ritika Dua:** Sure, Sir and secondly on the incremental liability fund, could you share what are the incremental rates that we are doing from the various liability sources like incremental bank, NHB and CP, etc.?
- Prashanth Joishy:** Yes. Madam, this is Joishy here, AGM, Finance. Madam, the incremental borrowing what we availed during the quarter is mostly from the banks and we have a policy that we will borrow at the 3 months MCLR of the bank only at the same rate we got it in the first quarter. A couple of

banks have given. So virtually, incremental cost what we borrowed is to the extent of somewhere around 700 Crores it is virtually at the 3 months MCLR of the bank only. If you compare to the quarter-on-quarter, the MCLR of the banks have come down from the Q4 of last year to the Q1 of current year. So the incremental cost has come down that is why the average cost has been eased out. If the banks are goes on reducing the MCLR further this is the trend it continues because if you see the snapshot what we put that was in the presentation, our concentration is going down the banks and NHB borrowings, which is 66% compared to the same 66% from the market cap a couple of years back. This is the strategy we have implemented and going on smoothly. This has effect on our cost of funds and spread also.

Moderator: Thank you. The next question is from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.

Kashyap Jhaveri: Thank you very much for the opportunity and congratulations for great numbers. Just one question, let us say this quarter's loan book growth of 70%, would this be all sort of organic growth or we would have acquired some portfolio from somewhere also?

Shreekant Bhandiwad: No, we do not have, we have not required anything from any other housing finance company or bank. It is all new asset creation, there is no balancing, we do not encourage that and everything is that from a new housing loans or new originated loans only.

Kashyap Jhaveri: Okay and I just want to clarify does this also mean that we would not have bought out portfolio also?

Shreekant Bhandiwad: No. We have not bought anything.

Kashyap Jhaveri: Thank you.

Moderator: Thank you. The next question is from the line of Saurabh Dhole from Trivantage Capital. Please go ahead.

Saurabh Dhole: Couple of questions. One is when I look at the competitive landscape in the Tier-1 cities, now these are markets where banks are very densely present. So where exactly does CanFin stands here in terms of its customer profile and how is your customer profile in these geographies different from those of the banks?

Shreekant Bhandiwad: See, now we are also moving towards Tier-2 and Tier-3 cities. Growth as I told it is 11% in metros and about 30% in non-metros. So the growth and new business, what, our incremental business is coming from non-metro space and in metro and non-metro as well as the customer segmentation I do not think there is any difference. We lend to both salaried and non-salaried also and we do not have that kind of a differentiation between customer segmentation as such and

also banks they target for a bigger ticket loans usually and that average ticket size will be around 40 lakhs to 50 lakhs, wherein metros our ticket size will be around 25 lakhs to 30 lakhs and in non-metros our ticket size will be around 10 lakhs to 15 lakhs. So though we do aim or target the same segment, both banks as well as CanFin, but because of the ticket size differentiation we get those proposals, which are banks hesitate or for them it becomes nonviable or for them it is wherein the ticket size is less, so for them they have to achieve their target they have to do more number of files and they are also burdened with many other tasks. In that way, in CanFin Homes it is the same target group, but aiming for a lesser ticket size that is what we target.

Moderator: Thank you. The next question is from the line of Sonaal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas: This is Sonal Minhas. I have two questions, one on the NPA and the other on the fund based. On the NPA, I just want to understand more from a strategic perspective that the 140 odd Crores of gross NPAs, are these largely in non-southern states or the mix here is pretty even between the non-southern state and the southern region, so that is the first question. We would love to hear your talk, your feedback on that?

M. Shamila: Yes, I would like to answer this question. The NPAs are more or less at the same percentage, wise, whether it is non-south or the south and see we do not have agents for recoveries. Our people, our branch staff who are doing the recovery themselves. So right from the beginning we have this strategy that they follow up the account right from the first day. That is in case there is any bouncing of this NACH or whatever. It is our people who follow up and get it. So it is a very tight set up of control that we have and the overall it is more or less the same whether it is north or the south.

Sonal Minhas: So Madam a followup question on this. Are the incentives for the people who are disbursing also attached to collection just from understanding the business perspective?

M. Shamila: Yes, we have this concept with the branches. So the branch has this overall, they have target for lending and they have target for recovery also. So it is like and it is an overall they have to achieve altogether for them to get their incentives or to get any benefits. So that way the branches follow up themselves. So it is not like all the tasks are given to the branch.

Shreekanth Bhandiwad: And also we have opened a few specialized recovery hubs in metros, especially like Bengaluru, Chennai and we have posted exclusively officers to take care of certain area because geographically the area is so huge, so branches also find it difficult to reach out to all the corners. So considering that we have created specialized recovery hubs in Bengaluru as well as Chennai.

- Sonal Minhas:** Got it sir. Sir just a followup question on this one. Is there a list of watch list beyond this 140 odd Crores, which you are also tracking, which is a larger set and this NPA is a subset of that, so it is like a caution list or kind of watch list beyond that?
- M. Shamila:** Yes. That happens on a continuous basis. So all the accounts are followed up and the critical amounts collected in some and in some we collect much higher than that, so to ensure that it does not slip to the NPA. So right from the first, that is what I said, when, right from the first step that is when, wherever, even there is one installment due then we keep that under our watch list and that is followed up vigorously.
- Moderator:** Thank you. The next question is from the line of Romil Jain from Systematix Portfolio Management. Please go ahead.
- Romil Jain:** Sir, one question I had was on, so our north portfolio is about 30%. So are we seeing any challenges in those markets in terms of scale up because they are very different markets, maybe some regulatory factors would be affecting and also second because we have seen a lot of housing finance companies go down, slow down, are we getting that market share also from there, in both Karnataka and south and non-south markets?
- Shreekant Bhandiwad:** No. Our north is also doing equally well and we have senior persons posted in north whether it is Delhi, Rajasthan, MP or Mumbai. In all the places we have a cluster concept and each branch is monitored by senior executives. So we do not see any challenges exclusively for north or which is not there in the south and many of the branches are there in north for now almost 15 to 20 years. They know the market very well. They know the underwriting requirements in those locations very well and also they will be guiding the branches, which are opened recently and we opened a branch taking into consideration the manpower available and all those things.
- Romil Jain:** And Sir which would be the large market in the north market, non-south?
- Shreekant Bhandiwad:** Delhi is doing very well. We have NCR region in this and Rajasthan is Jaipur is doing very well. So these are the two areas, which are giving a good business to us.
- Moderator:** Thank you. The next question is from the line of Manav Vijay from Essel Mutual Fund. Please go ahead.
- Manav Vijay:** I want to ask you two questions. First of all, in this quarter, where we have done 17% growth, is it possible for the breakdown, month-by-month meaning that, if in the month of April let us say we had a 25% growth, in the month of May slowed down to let us say 20% and then further slowdown in the month of June, do you have some kind of a break that you can share Sir?

Shreekant Bhandiwad: No, I do not have those kind of figures, but usually what happens March is the year-end, so there will be lot of pressure on the branch managers to achieve their target this month. So once the targets are achieved they will also need some break, is not it, so April will be usually it will be a dull month. There is not much happened in April, but for some sanctions, which were pending disbursements is there that will be done and also there will be leave taking transfers, promotions, everything happens in April and May, so I do not have a separate split-up month-wise as such. It only picks up in May and June.

Manav Vijay: Sure. We have also an enabling resolution to achieve the 1000 Crores either by rights QIP or preference do you have any update to share on that?

Shreekant Bhandiwad: In the AGM members are permitted to raise up to 1000 Crores, but beyond that we have to take a call because as of now capital adequacy ratio is almost 19.5 percentage points. Liquidity is also not quite sufficient. Depending upon the situation and circumstances, we will take a call how much to raise and in what way to raise, that we will decide.

Moderator: Thank you. The next question is from the line of Nischint Chawathe from Kotak Securities. Please go ahead.

Nischint Chawathe: Just three data questions from my side. What was the outstanding borrowing in June end?

Shreekant Bhandiwad: There is 16823 Crores was the outstanding borrowing.

Nischint Chawathe: And you mobilize around 700 Crores during the quarter, right, you said?

Shreekant Bhandiwad: Incremental borrowing.

Nischint Chawathe: Incrementally, it was 700 Crores as compared to 1200 Crores to 1600 Crores that you are envisaging over the next two quarters.

Shreekant Bhandiwad: It is only a projection that we may require as per the progress what we projected as such because the first quarter as we have explained in the previous question it will be a little dull month as such, but it will pick up and start as such. The construction activities will gear once the monsoon subsides. So keeping that in mind we have projected around 1200 Crores is the requirement. We have already the sanctions approved by the banks to the extent of 1350 in hand and couple of 1000 Crores. In fact we have received in-principle sanctions. The bank line only will take care of around 4500 Crores is readily available with us for the purpose of further lending as such. Taking to consideration the other requirements we will take a final call in the third and fourth quarter regarding the borrowing structure as such.

Nischint Chawathe: Just one last thing. What is the outstanding provision on the balance sheet?

Shreekant Bhandiwad: Provision in respect of?

Nischint Chawathe: Stage 1, Stage 2 plus Stage 3. I believe Stage 3 is around 40 Crores.

Shreekant Bhandiwad: Stage 3 is about 47 Crores is required as per the ECL model and since we have been covered by the NHB guidelines where the instruction is clear, either the provision as per the NHB norms or the provision as per the ECL model, whichever is higher has to be maintained in the books. So as per as the ECL model it comes to about 7.72. As per the NHB prudential norms will come to 107 point and amount as such, so accordingly 107 Crores is maintained as a provision in the books of account as of June 30, 2019.

Nischint Chawathe: Okay. So Stage 1 and Stage 2 would be like 67 Crores, is it?

Shreekant Bhandiwad: Stage 1 and Stage 2 is applicable for the ECL model and it is 47 Crores. Whereas it is the standard, substandard doubtful as per the NHB prudential norms. So that both are closed parallelly separately, that both cannot be interlinked.

Moderator: Thank you. The next question is from the line of Maan Vardhan Baid from Laurel Capital. Please go ahead.

Maan Vardhan Baid: Congratulations on good set of numbers. I want to slightly take the discussion on the capital adequacy ratio and the medium-term debt equity ratio that the company is targeting. I noticed that from March to June, the debt equity ratio has moved down and the capital adequacy ratio has moved up, so I was wondering if that was a conscious decision and the reason behind that?

Shreekant Bhandiwad: Actually, the capital adequacy ratio, if you have go through our annual report, on March 31, 2019, we have retained some funds with the Canara Bank for the purpose of immediate commitments on April 2, 2019 and April 3, 2019 in the short-term deposits. So any exposure over and above 10% of that Tier-1 capital is disallowed for the purpose of calculation of capital adequacy. As such the capital adequacy was recalculated at 16.44 even though it is 19-plus, actually, so presently also it is around 19.56. The same level has been maintained actually. Technically it has become 16.44 for that reason as such. So capital adequacy slight improvement of 0.12% is there as such. Regarding the debt equity ratio, as such, you can see, because of the AS 116 implementation, the lease rental as well as the lease liability has to be created and the effect of that for the previous years has to be given impact in the reserves and surplus. So that has added to the equity as such affected your debt equity ratio as such. So it is not a conscious decision. It is the implication of the companies act policies and guidelines as such.

Maan Vardhan Baid: Thank you Sir.

- Moderator:** Thank you. The next question is from the line of Nitin Gandhi from KIFS Trade Capital. Please go ahead.
- Nitin Gandhi:** I do not know whether this question is already answered, but sorry, if it is repeated. You proposed to raise 1000 Crores through rights of QIP, so what is the timeframe for this?
- Shreekant Bhandiwad:** No. As such, there is no timeframe set as of now. Depending upon the requirements, we will plan, we will have to go for 500 Crores or 250 Crores or 1000 Crores. That depends upon the situation. So as of now as the capital adequacy ratio is also quite comfortable so depending upon the situation and circumstances.
- Nitin Gandhi:** It is just enabling resolution.
- Shreekant Bhandiwad:** Yes, it is, in the AGM we have taken the permission. Depending upon the requirements we will go ahead.
- Nitin Gandhi:** And that is enabled for one year?
- Shreekant Bhandiwad:** Till next AGM. Permission is available till next AGM.
- Nitin Gandhi:** Okay, thanks.
- Moderator:** Thank you. The next question is from the line of Ayushi Mohta from CD Equisearch. Please go ahead.
- Ayushi Mohta:** Sir, what is your LAP book medium-ticket size?
- Shreekant Bhandiwad:** Our NHL, it is less than 10 lakhs. The average nonhousing loan ticket size is less than 10 lakhs.
- Ayushi Mohta:** Sir, for the LAP account, right?
- Shreekant Bhandiwad:** Yes, including LAP, yes. We do not have any huge LAP book.
- Ayushi Mohta:** No. You have a LAP book of 900 Crores in the presentation.
- Shreekant Bhandiwad:** Yes, yes. It is a non-housing loan, what we call it as such. It includes of everything. Additional loan given to, in the form of personal loan to the existing customers, loans against mortgage properties, commercial properties put together. The average ticket size under that category is between 9 lakhs to 11 lakhs. Average it comes to 10 lakhs as such. The mortgage loans also what the LAP book we are given, it actually refers to the additional funding is given to our own customers, who have been closed the loans, but required some funding for the commitments what

they are going to incur, so they will come back with the same property, take some loan and go as such.

Ayushi Mohta: So that, the ticket size will be around 10 lakhs?

Shreekant Bhandiwad: Yes.

Ayushi Mohta: And how many accounts would that be?

Shreekant Bhandiwad: That we need to find out. Number of accounts may not be readily available we have to find out that.

Ayushi Mohta: Sir, do you have any highest exposure to any particular builder or a developer?

Shreekant Bhandiwad: Our overall exposure to builders is only 11 Crores. We do not have any huge exposure to any of the builders.

Ayushi Mohta: Any highest exposure?

Shreekant Bhandiwad: Highest may be 4 Crores to one builder.

Ayushi Mohta: Thank you.

Moderator: Thank you. The next question is from the line of Punit Mittal from Global Core Capital. Please go ahead.

Punit Mittal: Just one more question. You said your average AUM or loan per branch is 112 Crores, but that is an average and you have a lot of new branches, so what is the size for a matured branch?

Shreekant Bhandiwad: It goes even up to 400 Crores. There are branches with 600 Crores also. There are branch with 500 Crores, 400 Crores, 200 Crores outstanding. So we have a categorization of branches depending upon the business size. So metro, for example, we have 66 branches and they contribute about 65%, 66% of the business. So average it comes to say about almost 200 Crores.

Punit Mittal: Okay. So the metros are about 200 Crores and non-metro will be?

Shreekant Bhandiwad: 50 to 100 Crores.

Punit Mittal: Okay, got it Sir. Thank you.

Moderator: Thank you. The next question is from the line of Ritika Dua from Elara Capital. Please go ahead.

- Ritika Dua:** One accounting question I have. So, because you move to this new the Ind AS 116 lease accounting change, so obviously our depreciation has moved up there. Just wanted to know how has our other opex being impacted because of the same. I think some lease rentals would have moved out from there?
- Prashanth Joishy:** As of, for the first quarter, as we have done the analysis the main as per the Ind AS 116. The rent will not come into the picture against the depreciation as will come into the picture. On the other side the lease rental will come into the picture. So because of the impact of that much is negligible when we done an analysis in the first quarter, but going forward we have to see how the implication may come. It may be a favorable or it may be divided, but what the projection has been done, it is negligible, which may not impact the P&L account to that extent.
- Ritika Dua:** Sure Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Sandeep Jain from Birla Sun Life Insurance. Please go ahead.
- Sandeep Jain:** Yes. I am sorry. I think you have given the total borrowing figure. Can you please repeat it I just missed it?
- Shreekant Bhandiwad:** 16823 Crores is the total borrowing.
- Sandeep Jain:** 16823 Crores.
- Shreekant Bhandiwad:** 16,823 Crores.
- Sandeep Jain:** Okay and incremental cost of borrowing would be?
- Shreekant Bhandiwad:** It is a 3-month MCLR of the respective banks. I am repeating the same answer.
- Sandeep Jain:** Yes, I missed it.
- Shreekant Bhandiwad:** Around 700 Crores is the incremental borrowings in the first quarter. All these incremental borrowings are from the banks, a couple of banks only. These all borrowings have 3 months MCLR of the respective banks as such.
- Sandeep Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Anirban Sarkar from Principal Asset Management. Please go ahead.

Anirban Sarkar: One question. For a few years in a row now we have seen a self employed part of the book go up. Now I understand we are still at a very comfortable position with respect to our proportion of salaried employers, but is there a thought process to increase our provision coverage accordingly in view of higher LGDs on this profile of borrowers or how would you view this, so should we expect higher PCR going ahead or how are you, how should we think about this?

Shreekant Bhandiwad: In the days to come, we cannot restrict the exposure only to the salaried. Self-employment will also go up. See, as entrepreneurs and as enterprises come up definitely the lending to these entrepreneurs will definitely go up and also we do not find a drastic distinction between the default rates of salaried and non-salaried. There is a slight increase in non-salaried space and accordingly recently we have increased the rate of interest only for non-salaried segment by 25 basis points to take care of that and also what we have done is because the non-salaried class requires special underwriting skills, reading balance sheets and other things, that is why we are limiting the sanctioning powers of the branches and delegating that powers to centralized processing centers, where we have more experience and expertise.

Anirban Sarkar: Fair enough and do we have an internal cap or something on the proportion where we can take this to let us say right now we are at 29% of self-employed customers, so are we going to cap this at some level or is it going to be purely?

Shreekant Bhandiwad: We do not have such internal cap as of now because if there is any drastic deterioration in the quality of assets then we can think about that, so right now there is not much differentiation between salaried and non-salaried segment.

M. Shamila: We will be reviewing this on an ongoing basis.

Anirban Sarkar: Alright. Thank you so much.

Moderator: Thank you. The next question is from the line of Anant Jain who is an individual investor. Please go ahead.

Anant Jain: Congratulations on a good set of number. The first question is on non-salaried versus salaried. So our non-salaried has been growing faster than the salaried. Even last year it has moved from, non-salaried has grown 24% and salaried by 15%, so can you just give me some difference in terms of yield and NIMs and this book for segments?

Shreekant Bhandiwad: Usually 0.5%.

Prashanth Joishy: 0.5%.

Shreekant Bhandiwad: 0.5% their products for non-salaried class are priced at higher rate of interest by 50 basis points compared to salaried and also now recently across all the non-salaried loans we have increased the rate of interest by 25 basis points.

M. Shamila: And we keep reviewing the norms.

Shreekant Bhandiwad: And also we also keep reviewing the performance, default rates in each product as well as segment wise, and we take a call and also in our all review meets and other things we give them direction where to focus and where to lend.

Anant Jain: Similarly if I look at the loan on sites, although it is a small quantum, but that also has doubled, right and loan for sites for non-salaried has gone up from 50 Crores to 100 Crores and for salaried has gone up from 127 Crores to 244 crore in the last one year?

M. Shamila: Actually, those are our existing scheme called composite loans. That is for purchase of site and then for construction. So wherever they do not construct within the first 18 months then automatically it gets converted to a site loan. So that is why you will find wherever people feel that speculation is, I mean, they keep it for speculation probably because we say that within 18 months you should start construction of house. Only then you will get the benefit of the composite loan. So if they do not do that then we convert that to a site loan so that is why there is an increase there.

Anant Jain: Okay. The next question is on Sir, how is that loan origination in both the salaried and non-salaried, it is like branch origination or by DSEs?

Shreekant Bhandiwad: No, it happens, almost it is now 50:50. 50% of the loan proposals are sourced directly by the branch, another 50% is sourced by the DSEs. There is no difference as such in salaried and non-salaried space in that.

Moderator: Thank you. The next question is from the line of Rajeev Mehta from Yes Securities. Please go ahead.

Rajeev Mehta: Yes, Sir. Sir, my question is on the Slide 10, which is the ALM position. So is it, as per the behavioural pattern, which NHB allows, wherein you count prepayments in collections and you do not count renewals on the repayment side of borrowings?

Shreekant Bhandiwad: You are referring to Slide 10?

Rajeev Mehta: Yes.

- Shreekant Bhandiwad:** Yes, you asked about the liquidity position. This is the liquidity position is not the ALM. See actually, this is the financial position how we are placed.
- Rajeev Mehta:** No. So the collection will include prepayment as well for the next two quarters?
- Shreekant Bhandiwad:** Yes, it includes all collections.
- Rajeev Mehta:** And the repayment on borrowings will not count the renewals generally, which we have seen in the past?
- Shreekant Bhandiwad:** No, there is no renewal. It is a term loan as well as whatever borrowing structure you might have received, Mr. Rajeev. It is term loans as well as CPs and NCDs. Term loans are repaid over the tenure of the loan, whereas CPs are registered for repaid. There is no question of renewal of CPs or NCDs, it is repaid as such. So that includes cash outflow.
- Rajiv Mehta:** Okay and Sir when I look at disbursements in the same slide, if I look at the progression of disbursements, it is not showing a big increase in terms of where we want to be at the year-end, so it is not increasing much, so how should we look at this?
- Shreekant Bhandiwad:** So it depends upon, first quarter, we have reached about 1300 the same we have taken for Q2 also. I think here we need to review it again and depending upon the growth actually happening we can revise this, yes, as you told a little bit of fine tuning.
- Rajiv Mehta:** Thank you Sir. Best of luck.
- Moderator:** Thank you. The next question is from the line of Nitin Jain, who is an individual investor. Please go ahead.
- Nitin Jain:** Sir, my question is more related to the overall market. As you might be observing that in the last one year or so, one of the largest private-sector housing finance companies have stopped lending. So my question is why we are not expanding more aggressively in the north, where there is a huge vacuum created by this private-sector housing finance are not lending and we are very well capitalized, so why are we not utilizing this opportunity to grow faster?
- Shreekant Bhandiwad:** In north you are asking or in general?
- Nitin Jain:** Especially in the north because that particular lender was very strong in the north.
- Shreekant Bhandiwad:** Okay. We have limited branches in north and also the manpower available. Depending on that we can expand. It is not that simply just because one company has stopped lending, all borrowers will come to us and we can grow exponentially. It would not happen because the branch can handle a limited number of files. It requires a lot of internal work as well as field visits. So all of

a sudden I cannot scale up by bringing people from outside also. So in that way, it will lead to deterioration in the quality of the assets. So considering those aspects, we give a target depending upon the overall market conditions and we advise them to work in that sense.

Nitin Jain: Sir, my question was more because you mentioned that your non-south markets are growing faster than the south markets, so that is why I had this question in mind?

Shreekant Bhandiwad: Actually that is why we are growing now. That is why we are growing. As I told they are growing at 20% whereas south is growing by about 15%.

Nitin Jain: Yes.

Shreekant Bhandiwad: I cannot make it to 35, 40, all of a sudden. Each branch has a set of people who can handle, let us say, 55 is a month. They have to go for all kind of diligence and manageable growth.

Nitin Jain: Okay. Sir, my next question is, in the investor presentation, under the strategic initiatives, you have mentioned about foray into distribution of insurance products. So what is the update on that Sir?

Shreekant Bhandiwad: Already we have a tie-up with the life insurance and a choice that is Canara HSBC OBC and the performance has increased substantially during the last year, and we could able to get about 80 lakhs fee-based income out of this business and in this year nonlife also we are going ahead with, we are engaging three nonlife insurance companies: Tata AIG, Bajaj and Reliance. So with this, the same customer will be able to sell these products and we will be earning by way of commission.

Nitin Jain: Okay and sir my last question is you have indicated you are planning to reach 200 plus branches by the end of this fiscal, so do you have any timeline in mind like when you are planning to open new branches?

Shreekant Bhandiwad: See, already we have started for 20 branches and 10 branches are almost in final stages and within next and I think fortnight, we are at least planning to open at least 5 or 6 branches. So they are in different stages and hopefully by the quarter end we will be able to open about 10 to 12 branches.

Nitin Jain: Thank you Sir.

Moderator: Thank you. The next question is from the line of Omkar Kulkarni who is an individual investor. Please go ahead.

Omkar Kulkarni: As you have seen in the last quarter or more specifically last year, the growth in the disbursement and sanction was in the negative or you can say barely positive, so can we safely assume that the worst for a sanction, disbursements and for the overall growth of the company has passed?

Prashanth Joishy: October, it was, because of the liquidity issues and IL&FS crisis only that quarter there was a slowdown and Q4 really we bounced back, and one of the best performance was shown during that quarter and we also told at the time this should be the benchmark in the days to come and we should grow over and above what we have done in the last Q4, that is last quarter of the financial year. So that phase is over and now if you see the Q1 performance also compared to the Q1 of last year definitely there is a substantial increase and improvement. So this, we will take it forward and see that the remaining quarters will be able to deliver much more.

Omkar Kulkarni: Sir, my question is basically regarding are we again back on track to achieve slowly but steadily the higher growth we used to?

Shreekant Bhandiwad: We are back on track, as you told, slow and steadily.

Omkar Kulkarni: Yes. So we can assume that, right?

Shreekant Bhandiwad: Yes.

Omkar Kulkarni: Thank you.

Moderator: Thank you very much. That was the last question. I would now like to hand the conference back to the management team for closing comments.

Shreekant Bhandiwad: As I told in my interaction, now we are picking up, and hopefully, the Q2 and Q3 and the Q4 will also see the increased growth and also asset quality is one area wherein we want to really focus most of our energy and efforts. So that we will bring it back to the March level by December. That is what we have set in target. Hopefully, the things would be much, much better, and both topline as well as efficiency parameters as well as profitability parameters would be more attractive when we meet next time. Thank you.

Moderator: Thank you very much. On behalf of Investec Capital Services, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.