

CFHRO SE CS LODR 197/2026
October 17, 2026

ONLINE SUBMISSION

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Dear Sir/Madam,

Sub: Transcript of Q2 FY27 Earnings Conference Call

Ref: 1. Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Our letter no. CFHRO SE CS LODR 183/2026 dated October 07, 2026
3. Our letter no. CFHRO SE CS LODR 194/2026 dated October 12, 2026

In continuation to above referred letter, please find attached the Transcript of Q2 FY27 Earnings Conference Call held on October 12, 2026.

The aforesaid Transcript is also available on the website of the Company www.canfinhomes.com

This is for your kind information and record.

Thanking you,
Yours faithfully,
For Can Fin Homes limited

NILESH JAIN
Digitally signed
by NILESH JAIN
Date: 2026.10.17
15:23:00 +05'30'

Nilesh Jain
Company Secretary

Encl: as above



“Can Fin Homes Limited
Q2 FY27 Earnings Conference Call”

October 12, 2026



MANAGEMENT: **MR. SURESH IYER – MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER – CAN FIN HOMES LIMITED**
**MR. ABHISHEK MISHRA – CHIEF FINANCIAL OFFICER
– CAN FIN HOMES LIMITED**

MODERATOR: **MR. NIDHESH JAIN – INVESTEC CAPITAL SERVICES**
MS. RAMYA – INVESTEC CAPITAL SERVICES

Ramya: Good afternoon, everybody. Welcome to the Can Fin Homes Q2 FY27 Earnings Call. I would like to hand over the call to my colleague, Nidhesh Jain.

Nidhesh Jain: Thank you, Ramya.

Ramya: kindly note that this call is being recorded, and I would request you to raise your hands if you have any questions. Over to you, Nidhesh. Thank you.

Nidhesh Jain: Thank you, Ramya. Good afternoon, everyone. Welcome to quarter two, FY27 Earnings Conference Call of Can Fin Homes Limited, hosted by Investec Capital. As a reminder, all the participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. For Q&A, please raise your virtual hand and we will unmute you from our side.

We will start the management commentary followed by a Q&A session to discuss the financial performance of Can Fin Homes, and to address your queries. We have with us Mr. Suresh Iyer, MD and CEO, and Mr. Abhishek Mishra, CFO of Can Fin Homes Limited. Please note that this call is being recorded. I would now like to hand over the call to Mr. Iyer for his opening comments. Over to you, sir.

Suresh Iyer: Thank you, Nidhesh, and good afternoon, everyone. Thank you for joining the earnings call for the second quarter results of Can Fin Homes. Before we get into the questionnaire, I do have a small brief on the highlights of the quarter, which I will just share and then we can go into the question-answers.

The highlight of the quarter for Can Fin, obviously, has been that the entire Project Tejas, which is the IT transformation project, has gone fully live. In fact, we went in phases where July, we went ahead with 11 branches, five old branches and six new branches. Thereafter, in the month of August, additional 75 old branches and 14 new branches were added. In the month of September, 77 old branches were again were added, and finally from effective 1st of October, 93 of the remaining old branches and the five branches which were subsequently opened, new branches, have all gone live.

Presently, we are completely online in the new system. All the aspects of the project, including the security aspect, the infrastructure aspects which were already implemented earlier, and now all the operational or functionalities which are there in the project have all been implemented, and we have gone live with the entire LOS, LMS across all the branches.

Of course, this implementation has had an impact in terms of our disbursement, particularly in each of the branches in the month where the business has or the IT implementation has taken place. To this effect, we have actually given an additional slide in the presentation, that is Slide number 20, as to the impact that we have had because of this IT implementation.

The month in which the implementation has happened, the disbursements, they have dropped in that particular branches by about 70% to 75%, and then the next month, again, it pushes back and it comes back to almost 80%-90% of the old disbursement. That's the kind of thing. As a result of this, in the month particularly of August and September, where we had a large chunk

of 75 and 77 old branches going live, there has been a major impact and as a result, the disbursements for the quarter were at only INR2,375 crores.

This, of course, is net of the INR29 crores which we have reduced from the disbursements because of the NHB guidelines which have come saying that regarding the cancellation of DDs. During the quarter, we've had about INR28, odd crores of cancellations of disbursements, which were earlier handed over to customers for various reasons, and that has been netted off.

Plus, also about INR19 lakhs was in respect of the cancellations from the date of the closure of the quarter to the date of announcement of the results. Basically, combined, both these things put together is about INR29 crores, which has also been netted off from this INR2,375 crores. That is the impact.

In terms of the state-wise or region-wise disbursement, the demand has been almost has been quite strong. There has been no change in that demand. We observed that. In fact, on Page 20 of the presentation, you will also see that particularly the branches where no impact or no the IT transformation has happened in the month of October, there you will see that in the month of July, August and September, the business has been robust. There has been an increase only. As against an average of 435 crores which these 93 branches were doing in Q1, in the month of September also they've done average of 454, 458, 424 and 481 crores.

Basically, in terms of the demand or in terms of the business per se, there has been no change, but for the impact of the IT transformation, which is mainly on account of the understanding, or rather the change in the flow, the additional processes that have been incorporated. Now, in fact, there are some four OTPs, four to five OTPs, depending on the customer and the type, which we have to take from that borrower as well as the co-borrower separately.

That comes to around 8 to 10 OTPs additionally. So that is a those kind of process changes which have been implemented have resulted in some time lag and things like that. Plus, in every month, since it was a migration from a legacy system, the data had to go through a couple of processes. Every month, we basically were able to hand over to the branches only after post-5th. That five days of gap also.

Basically, these are one-time issues which have impacted, but as can be seen from the 93 branches data, the demand is there is no issue. We are still seeing a robust demand across all the geographies. Karnataka also, which has been in the past always a point of observation, has stabilized around INR230 to INR250 crores of disbursement consistently.

The only other change during the quarter has been that in the state of Telangana, there's been a new Section 22 or something some Section has been wherein, at the time of some areas have been identified by the sub-registrar offices or by the government to have been like notified for this, which is only available with the sub-registrar offices.

Before execution of any document, everything has to be taken to the sub-registrar office, and they will confirm whether this can be registered or cannot be registered. This process, before the entire process of processing, we had a lot of cases where finally when it went for the

documentation or registration, the process was stopped because then, some study or as per Section 22, the legality of those properties is being verified again.

This has slightly impacted, but having said that, now we have changed the process, whereby now before we entertain any login or spend time in processing the entire case, we ask the customer only to get the item verified from the sub-registrar office and then only do it. Otherwise, a lot of cases where it came all the effort up to the stage of documentation was done, and we had to cancel the disbursement. Basically, that process has been changed now to adjust to this new change of Section 22.

As a result of this, this was only a one-quarter impact, which is there in terms of disbursement. For the full year, we continue to have the same guidance of INR13,000 crores in terms of disbursement. To that effect, whatever corrections, whatever strengthening we have had to do, we have already initiated in October itself across all the branches, so that we can push disbursements in Q3 and Q4.

Another thing is that now with the entire all branches having gone on the new system, we should now be able to pull out the people from the teams for sales also, because we were about 84 people in the month of March in the sales department. Even now, as we speak, it's about 90. But all the people will now get relieved, and so we will be able to strengthen the sales team.

You will see in one of the slides also that the sales team with the same set of staff has also done INR560 crores of disbursements have come from the sales team of about 98 people. So, of about average 90 people. In terms of that, the comparison, last year was for the full year, the sales team has contributed about INR868 crores.

Basically, even without much of an addition in that team, the contribution has increased from the sales team, and now with additional staff that will be moving from the business to the sales division, we will be able to push further in terms of the of the sales team disbursements, and that should also support us in the Q3 and Q4.

Same also in the sense that we have 28 branches, which are planned for the full year, as against that 25 branches have already been started, and they are operational with staffing also in place. Therefore, the contribution of these 25 branches will also come in Q3, Q4, which will support in our disbursement push. We hold the guidance of INR13,000 crores for disbursement and we'll push in Q3 and Q4 to cover up.

The second thing is in terms of prepayment. You will see that in absolute value, last quarter, we had a slight increase and we had indicated that we are taking certain steps in terms of converting some regular excess payment customers to deposits or some alerts and all those things. Some impacts, we're starting to see in terms of the prepayments. July was a little high at INR655 crores, but then the next two months, it has dropped to below INR600 crores per month and for the full quarter, it has been much lower at 1,795 as compared to 1,857 in Q1 of this year. There has been an improvement in the prepayments.

Plus, now with the rate hike, which has been there, the gap between the what the market is offering and what we are offering will come down because whereas there was a 25 basis points

increase in the repo rate, whereas we have only increased 10 basis points for our housing customers, old as well as new customers. Basically, the gap will now start reducing, which will also help us in retaining good customers.

This is in terms of the prepayments. The AUM consequently has been impacted because of a lower disbursement, and has been there. But with the full year guidance continuing at INR13,000 crores, we hold the same guidance for AUM of 13%-14%, closer to 14% in terms of our AUM growth for the year.

During the quarter, we received in terms of borrowing side, we received a sanction from NHB for INR1,350 crores and you'd also have heard the news articles about NHB planning to increase the refinance as well as increase the proportion of refinance under the AHF component. This should help us positively, and the INR1,350 crores plus whatever is enhanced sanction can come, we will be drawing during the year.

Last year, as a strategy, we had planned to draw the entire funds only in Q4, when normally the liquidity pressures are there and the rate is slightly elevated. But if the sanctions are on the higher side, we will probably start drawing this year from the Q3 itself, so that we can enjoy the lower rate also. In terms of the undrawn sanctions, we are having close to INR2,500 crores of undrawn sanctions, which are also there to support the business. In terms of the rate hike, as I mentioned, we've already passed on, effective 8th of October, 10 basis points for our housing customers.

Basically, our endeavor will be to ensure that our NIM and spread and NIM stays protected. Our guidance of 2.75 and 3.75 for spread and NIM, whereas we have been operating around 2.8 and 3.8. We should continue to protect our spread and NIM, and we are confident during the year, we should be able to maintain that because net impact of the rate hike would be that on a 65% of our liability side, we are impacted by this repo rate as well or by the T-bill rate. To that effect, it will be on the entire book, it will be about 12 to 13 basis points increase, which will be there. As against which, we have already increased 10 basis points.

As you know, last year also, when the rates were coming down, we did it in four parts of 10 basis points, 15 basis points, 15 basis points and 10 basis points. Same way the next hike, maybe we may look at a 15 so that we can average out to about 12 to 13 basis points. So, indirectly, what I'm trying to say that the NIM and spread, we will continue to maintain at 2.75 and 3.75 plus, and that will be the thing.

In terms of delinquency, our overall delinquency has not been impacted much, only there's a little bit of an increase in the SMA-0, which also is mainly because of the methodology of computation or flagging of this cases. So, basically, we had a old system which was computing the overdues or outstanding up to the end of the month, whereas here this is on a daily basis.

So, if there are customers, many times for very, very small amounts, what was told to the customer five days back, the customer pays today, but the five days interest is becoming a lag. So we are slightly changing the process and all those things to see that we can communicate to

the customer that if you pay today, this much, if you pay by end of the month, this much payment. So delinquency is not much of a concern.

Overall, our credit costs, we have guided for 10 basis points and for the quarter, end of the quarter, it is about 9 basis points. And I think we can continue with the guidance of 10 basis points. Generally also, you will see that in H2, there is a reduction in our gross NPA. So that would also help. In fact, it should reduce the NPA from the current levels. That will also help in the provisioning.

Plus, if you see, in fact, the current year, the first half is always where the NPA goes up and then starts coming down. So last year, our increase in NPA in the first half was about INR40 crores. As against this, in the current year, the six months, it has been INR35 crores. Again, the pushback will come in the second half, so then we'll be under more comfortable position.

The last thing is about the regulatory guidelines. So first, as I mentioned, there was NHB regulation or a guideline regarding this the reporting of disbursements as netting off the cancellations during the quarter, and the cancellations of the DD which have been from the date of the end of the quarter to the date of reporting. So that we have already implemented in this quarter, and we have netted off 29 crores from our disbursements, otherwise where the customers have been handed over the disbursements.

The second thing is regarding the wage bill, where we have not had a problem in either of the two cases, where all our staff, we are having a salary more than 25,000. So even the joining entry-level salary starts from about 36,000. So basically, that is not impacting. And second thing is again, earlier last quarter also we had indicated, our basic plus DA is more than 50% of the total package. So that is also no impact on the company.

The third is more of a prospective or a likely impact, which is because of the insurance discussion paper, or the insurance commissions have come down, are proposed to be brought down drastically. There also, in fact, the entire year last year, our commission from insurance business was only to the tune of about 12 and odd crores, which is less than 1% of our PBT of INR1,304 crores of last year.

So basically, even if it is implemented in the way it is has been shared or publicized in the media, it would not have any meaningful impact in terms of our profitability or anything, because the contribution of the insurance income is premium income is very, very low for us. So basically, these are the highlights of the quarter. We can open up to -- for question-answer. And once again, thank you for joining this call. Back to you, Nidhesh.

Nidhesh Jain:

Thank you, sir. Thank you. We open up for the Q&A session. Attendees, please raise your virtual hand and we will unmute you from our side for the Q&A. Thank you. So, we're taking the first question from Nipun. Yeah, Nipun, please go ahead with your question.

Nipun:

Yeah, hi, sir. So my first question was our liquidity coverage ratio has gone up for some like 100%, so when the regulatory requirement is only 100%, is there a reason behind it?

Suresh Iyer:

Yeah. So, Nipun, basically, it's a matter of computation. We have to just compute for the next three months, or one month actually, and see what is the kind of liabilities which are falling due. So you would see that by and large, we have increased our long-term borrowings, and therefore, the short-term borrowings, basically are -- which normally come up again and again, and for which we have to provide or maintain the HQLA, that figure has come down.

So just to give you a small number, probably around '23, from the time of March '23, we had almost about 26%-27% of our total borrowing side was short-term borrowing, which now has come down to around 12%. So you can imagine this is basically the CPs we have brought down, we have brought down the short-term borrowings from the banks and everything. So basically, that is what is impacted.

And also the fact that, now what we, as a strategy, do is instead of taking bulk borrowings of INR1,000 crores or INR500 crores or INR2,000 crores, which will come for a repayment in one single shot, we are taking in smaller proportions. So, basically the load in terms of providing the liquidity in any period of 30 days is kind of reduced. So this helps us in managing our borrowings, and basically maintaining our LCR.

Nipun:

Okay, okay. So, what should be the steady rate of this ratio?

Suresh Iyer:

See, basically, it's a continuous flow of thing that we have to maintain. So if there are more short-term borrowings or any kind of borrowings where it falls during the next 30 days, we have to provide the HQLA. Normally, we have a standard amount of approximately INR2,300 crores or something that we are maintaining as our HQLA.

So, therefore what happens, if this figure keeps changing, this ratio also slightly keeps changing. But what we are maintaining HQLA will always be above 100%. If in the next 30 days, if it is not there and we have more liabilities falling due, or interest payments or regulatory payments falling due in the after 30 days, then it will not reflect, so the LCR will reflect high. But our HQLA that we are maintaining is almost steady, and it is enough to maintain at any given point in time, as per the current requirement, more than 100% LCR.

Abhishek Mishra:

So maximum is 250, minimum is 135

Nipun:

Okay, got it. Got it, got it. And sir, what kind of stress test have we done on our loan book?

Suresh Iyer:

See, we have almost 12-odd scenarios that we are doing in terms of how much of a flow will happen in terms of our delinquency, how much will happen. We're also doing in terms of the rate of interest impact. We're also doing in terms of delinquency. Both these kind of tests we are doing for stress testing. So we also see how much it'll have an impact. So all these tests we are presenting it to our RMCB. So...

Nipun:

Okay. And what is the frequency of this?

Suresh Iyer:

We have been doing it every quarter.

Nipun:

Okay. Okay. Yeah. That's it. Thank you.

Nidhesh Jain: Yes. So, we will take the next question from [Rinesh Bhuva 0:21:22].

Rinesh Bhuva: Hi. Am I audible?

Nidhesh Jain: Yes, please go ahead.

Suresh Iyer: Yes. Please go ahead.

Rinesh Bhuva: Yeah. Good afternoon, sir. Sir, just two questions.

Suresh Iyer: Yeah, good afternoon.

Rinesh Bhuva: One on this interest rate cycle. So, two things. One, as you rightly mentioned that, our ALM is such that most likely will not have any material impact on NIM. But does this interest rate hiking rate cycle will have any impact on the demand side? I mean, as per your assessment, historically, whenever we have, a rising rate cycle, does that impact the demand for home loan, or it's a non-event?

Suresh Iyer: See, I would say 1/4%, 1/2% is a kind of a non-event. The rates that we are seeing, I think only once in the past, we have seen a rate which is lower than this at around once when it had touched 6.75%. Otherwise, 7.15%, 7.5%, 8%, these are among the lowest that we have seen. 1/2% increase from here is not going to make much of impact in the terms of the demand, because once it is converted into a 15-year EMI, the impact on the EMI is very, very limited.

So it is not going to affect the cash flow as much. Half a percentage point increase or even 75 basis points increase in terms of the EMI, is not a very large amount. Of course, there is an increase. So either you can increase and start giving more of 25- and 30-year loans or you can, so that the EMI remains the same, or else you can, even with a little increase in the EMI, it is not so much to deter demand.

Rinesh Bhuva: Got it. Basically, you don't see any change in customer behavior just because of rising rate cycle?

Suresh Iyer: Not much. This should not have not much.

Rinesh Bhuva: Okay. Okay. And sir, second thing is on this the El Niño impact, right, I mean, we are hearing that South is actually going through a very bad rainy season. So what is your assessment? Do you also foresee some impact because of this over next maybe 6 to 12 months on demand or asset quality?

Suresh Iyer: See, there's definitely an impact. So, just to answer your previous, one more point in your previous question. So as I mentioned, a 25 basis points increase in the rate, for our loans is only about 10 basis points, as I had mentioned that we -- when the rates were coming down, we also reduced 50 basis points for our 125 basis points cut.

Consequently, when the same reverse cycle happens, we will also not pass on the impact. For us, a 50 basis points might work out to about 20 to 23 basis points increase for our loans. That is the customer that we offer. So that is just a clarification.

So, if there is a water shortage, of course, it can impact in terms of the construction activity, but we'll have to see how much because sometimes there have been delayed rains. And at least Maharashtra, Karnataka and some of the states, yes, there has been definitely a lot of drought-prone this thing, drought has been announced in quite a few villages and stuff like that.

Of course, in our case, we don't have too much of a deeper penetration up to the Tier 3, Tier 4, Tier 5 and all. We mostly restrict up to Tier 1, Tier 2, where at least there is water is available. Of course, but still it will have an impact in the overall scheme of things. It will have an impact where construction may slow down a little bit.

So I think it's still a little early for it. It's a little early. If at all it happens, of course, it'll be impacting everybody, But yeah, it is something which can impact a little bit.

Rinesh Bhuvu:

Got it. Just a follow-up on that. I mean, so then in that case, do you foresee any risk to our disbursement target for '27?

Suresh Iyer:

See, if the overall industry is going to slow down, I think we are part of the industry. We cannot be very different, and I don't think we will then that be this thing. But as of now, as I said, it's a little early to start projecting that. But as of now, I mean, there are a lot of constructions, there are other ways also. Like we may maybe look at a little more of LAP or we may look at some construction, some top up for a short period and all. These are all things which, as a short-term strategy, we will have to adopt.

Rinesh Bhuvu:

Got it. Got it. This is very helpful, sir. Thank you, and best of luck.

Suresh Iyer:

Thank you.

Nidhesh Jain:

Just a request to all the participants to limit their questions to two per participant. The next question we will take up from Divyesh Trivedi. Divyesh, you may unmute yourself and go ahead with the question. Yeah, Divyesh, you can unmute yourself and go ahead with the question.

Suresh Iyer:

I think there's some issue. Maybe you can go to the next person in the queue.

Nidhesh Jain:

Yeah. We'll take the next question from Mr. Vijay Singh Gaur.

Vijay Singh Gaur:

Hi. Good afternoon, sir. My question is we have done the IT transformation after a long period. So how the operational efficiencies are expected to play out in FY27 and FY28?

Suresh Iyer:

Sure. as I was mentioning, one, there's a lot of process change, but a lot of things in terms of efficiency, in the sense that we have a lot of processes which were erstwhile manual have been converted into automated processes. That is in terms of the process change.

There are a lot of opportunities because all the OEMs or all the applications that we have taken are having native AI capabilities also, and we are also looking at some things, some more features which can be added. Auto form filling, things like that are definitely going to improve.

This is going to open up a complete channel of digital sourcing for us because earlier it was purely a manual-driven process and all those things. Now, in fact, a lot of customer journeys in

terms of digital journeys can also be incorporated and so those are things which will start now and we'll start to see some benefits. If you see one of our sourcing, we have a 10% business we are expecting to come from the digital source. So that will be an enhancement to our business.

Then, in terms of efficiency, as the processes are there, a lot of activities which are manual are doing this. We will be able to pull out people from our teams for sales and on-field activities. So that is also a thing. In terms of a lot of other internal processes, there are auto form filling, auto verifications, validations, which are happening. So in terms of the compliance also, there's going to be a lot of improvements.

So this year, if you see, we have actually looking at an increase from 90 or 85 odd people to in the sales department to take it up to 150. And all this is without increasing the basic structure of the staffing at the branches that we are looking. It's not that we are adding another 75 people or something in the sales department.

What we are doing is from the existing team, we'll be able to remove the people and put them on the field because the efficiency will start to come in. So at least in this year and part of next year, we will definitely see some improvement or some benefit in terms of more people on the field because of efficiencies coming in.

Vijay Singh Gaur:

One small follow-up question here. What is the process has been completed in for the entire organization, or is it pending or due?

Suresh Iyer:

No, this has entirely been implemented. So if you see our presentation, we have various activities which have been put in page number 19 of this presentation, slide number 19. You will see that all those things have already been fully been implemented.

In fact, this implementation started from as early as prior to September 2025, where first the infrastructure part component started getting delivered, the security, the SOC, NOC and all started getting implemented. And then in a phased manner, some in by September, the risk and ALM and borrowings module got implemented. January, we had the deposits, the DMS, all those things. So basically, the entire package with all the components which were part of the RFP which we had released in 2024, that have all been implemented.

Vijay Singh Gaur:

Thank you so much, sir. It's a good work. Thank you so much. My one more question is here. That's related to rising the interest rate scenario and what is our expectation of prepayment rate? Definitely it's going to come down if 100 bps repo move up.

Suresh Iyer:

So as I said, we did not pass on the full increase to the customer, because for us, our 65% of our liability side is linked to floating rate, 65-odd percentage. So whatever is the impact which we will see -- 25 basis points could roughly implement about 13, 14, 15 basis points for us. And some we will pass on right now 10 basis points to our customers is what we are passing on for our housing customers.

Basically, if you look at it in terms of the prepayment, what will happen is, at the prior to the rates coming down, before the cycle started, the gap was about 55 basis points in terms of the rates. Now, that went up to by another 65-75 points because 125 was reduced by the banks and

those linked to the external benchmark, whereas we reduced only 50 basis points for our existing and new customers.

This gap widened. Now, what will happen is this gap is slowly start shrinking. So say, for example, 100 bps increased over the next say, one year if it happens, then the gap will reduce by around, for us, about 60 basis points. That's basically a sizable amount of reduction, because as I said, 50 to 75 basis points, I think the customers don't mind. But if it is more than 1%, 1.5%, 1.25%, then the impact in terms of the EMI will be larger.

Obviously, this gap once it starts shrinking, it will help us in our prepayments. In the past, our prepayments have been in the range of about 15.5%, 16-odd percent, which has gone up to almost 17%, 17.5%. So 1%, 1.5% reduction in our prepayments or rundown will be almost coming down to about INR400 crores.

Vijay Singh Gaur: Okay. Any outlook for '28? A quick question. Although I asked 3 questions. Any outlook for FY28 in terms of AUM growth?

Suresh Iyer: See, next year at least we are internally looking at around INR16,000 crores disbursement for FY28. So that should translate to around 15% plus AUM growth for next year. Because assuming that our prepayments also goes up by, say, for example, from this to say INR8,500 crores or whatever, then also the addition to the book will be a little higher. So we expect that this should probably walk around 15% plus, closer to 15.5%.

Vijay Singh Gaur: Once again, congratulations for IT implementation, sir. Thank you so much.

Suresh Iyer: Thank you.

Nidhesh Jain: Just a request to all the participants to limit their questions to 2 per participant. We take the next question from Mr. Abhijit Tibrewal. Please unmute yourself.

Abhijit Tibrewal: Hello, am I audible?

Suresh Iyer: Yes. Please go ahead.

Abhijit Tibrewal: Yeah. Sir, hi. Good afternoon. Thank you for taking my question. Sir, just two things. One is, when you say 65% of your borrowings are floating, I'm assuming we're just talking about our bank borrowings here, which, if I remember in the past, we have moved almost all of it to repo rate linked borrowings. So as repo rates move up now, our bank borrowings will reprice upwards. So sir, does this happen on T+1 or it usually happens the following month, following quarter? How does that work?

Suresh Iyer: Bank borrowings, it increases in the next month. So, this time it has happened on 7th of October, so basically from the 1st November, our rates on the bank borrowings will go up. of course, EBLR linked to repo rates. Now, there are some which are linked to T-bills and all, which will happen at the preset quarter, we would have taken on a -- most of them are at a quarterly reset. At that time, that T-bill whenever is there, it will be there. So, not all the floating rate liabilities are on monthly reset.

- Abhijit Tibrewal:** Got it. And then, sir, I mean, NHB, which is almost 14%-15% for us, that is also largely floating only, right, linked to NHB's PLR?
- Suresh Iyer:** It is linked to NHB's PLR, but NHB's PLR also has not changed for some time. There was only one change, which also last time in spite of such thing, they did it at a very far end. So by and large, that is also very delayed. It doesn't happen immediately. And of course, for NHB also, we have the AHF, which is fixed. It is not floating.
- Abhijit Tibrewal:** Right. Got it. And sir, in that case, I mean, for us to keep our spreads and margins stable, whatever increase we see in our liability side, and like you mentioned, predominantly banks, will have to be passed on to the customers. Otherwise, I mean, there is a risk of spread and margin compression in a rising rate cycle?
- Suresh Iyer:** That is absolutely right. Basically, 7th was the policy announcement and on 8th itself, we had our ALCO and we have increased our rate for our existing and new customers on the housing side by 10 basis points.
- Obviously, the impact would be resultant would be around 12, 13 basis points, but we have done 10 this time. Maybe next time, we'll do 15 for a equivalent 25 basis points increase, because we are not doing this 5, 10 or 15 basis points.
- Abhijit Tibrewal:** And sir, this 10 basis points that you hike for your borrowers, that is effective, so if you've increased it on the 8th that becomes effective on?
- Suresh Iyer:** So basically, for new customers, of course, there are 2, 3 days of implementation in the system, so 12th is effective. 12th, we have to give a notice also. So effective 12th, all new customers will start getting it. And post-12th of October, whenever the reset comes for the existing 85 or 85%-87% of our floating rate assets, as and when the reset comes, that will happen.
- And now we have 87% and quarterly reset, only about 12-odd percentage, 12 point something percentage is in annual reset. So within a quarter, this entire thing will be passed on from 12th of October onwards.
- Abhijit Tibrewal:** Got it. And sir, then the last question that I had is, you've not changed your guidance on disbursements and loan growth for this year. And sir, what I'm able to see on slide number 20 for us, there are still about 90-95 branches which will undergo the tech upgradation or which will migrate to the new tech platform, maybe this month of October.
- Suresh Iyer:** They've already. Yeah, on 1st, effective 1st, they have already moved to the new system.
- Abhijit Tibrewal:** Okay. So, sir, in that case, this 90-95 branches will exhibit some weakness in disbursements in the month of October?
- Suresh Iyer:** In the month of October.
- Abhijit Tibrewal:** Right.

Suresh Iyer:

Notwithstanding that, we are saying we will be able to push the disbursements. We are targeting for about INR3,500 crores in this quarter, and the balance in the next quarter. And the thing is that, along with this, now that the tech implementation is over, one is we have to be clear. We had about 129 people who were deployed in this IT transformation, either in for our testing part of it or for the training part of it or from the branch component this thing for the train-the-trainer module and all.

So slowly, we have also started taking out some. Those people are going back to the branches and moving back to their branches or to the respective departments, as and when those -- because now the implementation is complete. So now, we basically require people only to maintain and maybe for a little more longer, for maybe 1 or 2 months for the support.

Otherwise, basically, the testing component, the implementation, all those things are already over. Those teams are going back are going back to support the branches. As I mentioned earlier, there are two things. One is this sales team will get a support and we will be able to push our sales team strength from 90 to around 150.

In fact, by December definitely, it will cross 120 because already we have that many people who are lined up to move back to into sales and all, and some more to who will be joining and all. Basically, that will be one support, plus this 25 branches, which we have opened, will also support in terms of disbursement, because they have all been opened in the month of mostly August and September.

Those branches will start delivering additional business, which is not part of the first half business. Basically, that's what it is, and we have also started taking some steps in terms of some contest, some kind of support and some decisions in terms of some fees and all those things, so that we can start pushing disbursements and cover up for the Q2 impact.

Abhijit Tibrewal:

Got it, sir. That's all from my side, and I wish you and your team the very best.

Suresh Iyer:

Thank you, Abhijit.

Nidhesh Jain:

Thank you. So, we'll take the next question from Mr. Shripal Doshi. Please unmute yourself.

Shripal Doshi:

Hi, good afternoon, sir. Thank you for the opportunity. My question was on again on the pricing side. If there is a 25 basis point of rate cut, how much time does it typically take for the same to get incorporated in the PLR?

While you said to the earlier participant that on the 8th of October you revised the rate, say, 7th of October there was a revision on the cost of fund side, at least a 25 basis point increase on the on the 65% of our borrowing. Typically, on the mathematics, if you look at it, how much time does it take for the -- let's say, any rate hike, any repo rate change to get implemented or incorporated in the in the PLR?

Suresh Iyer:

See, as I mentioned earlier, 62% or 65% of our borrowings on the liability side our borrowings are linked to this, but not all of them are linked to repo. There are almost 75% or 80% which is linked to repo, the remaining is linked to T-bills. On the repo-linked borrowings, the impact will

be from 1st of November. For the T-bill-linked borrowings, depending on the when the quarter reset happens, that date it will start impacting.

In terms of asset side, from 12th of October onwards, as and when the 3 quarters you have, so you have about 99%, you say. 33% of the book will get repriced in 1st of November, 33% you can say on a standard basis, not to the exact percent. Roughly, I'm saying one-third, one-third, one-third will happen in 1st of November, 1st of December, 1st of January.

In the meantime, if say for example, something else additional further addition increase in repo rate happens in December, then maybe the ones which will happen in January will have a combined impact in in January.

Shripal Doshi:

Okay. Okay. Got it. And sir, this remaining 13% of the portfolio, which is still at annual reset, when will that transition to quarterly reset?

Suresh Iyer:

Basically, we are making attempts to convert those customers also into quarterly reset. Last time when we had sent this communication, many customers that either were not able to, had shown the reluctance to move to quarterly reset. Probably, this may not reduce further. It may even if it does, it'll be a very slow change.

Over a period now, since all incremental loans are only under quarterly reset, basically, over a period, this percentage anyway will start coming down and the impact will be lower. Otherwise, by and large, these customers that have either opted not to go for quarterly reset or have, we still have, of course, some impact where customers we could not contact or yet still to push a little bit. That we will try to do.

This will now slowly be it will be a little slower impact. Obviously, customers who are smart customers will now not want to move to a quarterly reset because the rates are on an increasing curve. Basically, the smart ones may not want to do it.

Shripal Doshi:

Got it. Got it. Sir, the second question was on the PMAY. PMAY 2.0, how is the scale up of that? How are you seeing that being benefiting us or are you seeing is it relatively let's say, slow versus the earlier schemes?

Suresh Iyer:

It is a little slow. Not to the extent that we have seen in PMAY-1 or CLSS-1. The impact is much less, but recently the government did have a meeting to review and has taken a lot of our suggestions. I think the process, which is a little long longer, much longer compared to what it was in CLSS-1, that process of course may see some improvements.

We have some cases, but definitely whatever we have, even if we are able to convert it, it will be much lower than what we saw in CLSS-1. That definitely is there, because again, it comes down to the locations where we are operating.

The states where now there is a shortfall and where first-time home buyers will be wanting to go for it, those states where who have not opted for PMAY or for whom this is the first housing loan in the family, for those kind of customers which are in the states which are there, we have a smaller presence also.

CLSS-1 was very successful in states like Maharashtra, Gujarat, Karnataka, Tamil Nadu, which are already well-developed states and all, but now the shortfall has considerably reduced over here.

Now the shortfall is more in other states like Orissa, Bengal, Bihar, UP and all. Obviously, those states our presence is less. At least in UP, we have increased our presence now quite a bit. We have added about 12 branches in the last year in UP. We are trying to see if we can take advantage of that.

Shripal Doshi: Got it, sir. Got it. Thank you so much, sir, for answering all my questions. Good luck for the next quarter.

Suresh Iyer: Thank you.

Nidhesh Jain: We will take the next question from Sonal Minhas. Sonal Minhas, please unmute yourself.

Sonal Minhas: Hi, this is Sonal Minhas, sir. Thanks for taking my question. I hope I'm audible.

Suresh Iyer: Yeah, yeah, very much audible. Please go ahead.

Sonal Minhas: Sure. Sir, if I understand the data given in the deck correctly, there was a potential shortfall of INR357 crores of loans being disbursed because of the IT impact of the software. If we add that back basically to the numbers that have been given, we've been growing at roughly 2% quarter-on-quarter, net of prepayment and amortization.

Now, for the second half, we've given a target of roughly 5% quarter-on-quarter growth. First question is, how sure will we be? with hitting these numbers? Because even despite that, I think if we compare the numbers to last year and this year itself, we've been growing at 2% to 3% quarter-on-quarter. What changes that gives you this confidence? That's the first part of the question?

Suresh Iyer: Sure. See, if you look at it that way, last year we had given that when we had given our INR10,500 crores target, we had said we will do about INR2,000 crores, INR2,500 crores, INR3,000 crores and INR3,500 crores. That's how we had planned our business for the last year. For this year also, in the beginning, we said we'll do 2,500, 3,000, 3,500 and 4,000. That is how the plan for the four quarters was prepared.

Now, in the first quarter, against INR2,500 crores, we have done INR2,600 crores, so obviously, there's been INR100 crores extra we have done, which is a buffer in Q2. This quarter, we have had a shortfall. But for Q3, we are sticking to the same INR3,500 crores which anyways we had planned.

Basically, if you look at it from that point of view, what we are targeting is about additional 500 or something odd if we are doing every quarter more than what we did in the previous corresponding quarter, that is how it is planned.

INR3,500 crores is still in line with what we had when we began the year also. The shortfall of that INR400-odd crores that now is there, we will now have to cover up in the Q4, which we will build up in the during the year. That's the plan, basically.

Sonal Minhas:

Got it, sir. Just for our understanding, the proposals during this period where we could not lend because of slowness of or the implementation in the IT system, those proposals are in the system or we've lost those proposals to, let's say, competition or they've just fizzled off? There is a pipeline basically is what I'm trying to get to, right? If you could explain that?

Suresh Iyer:

Sure. See, there are two things. One is a sanctioned but not disbursed. Second is the undisbursed portion of partly disbursed cases, which of course will be the same because whatever you disbursed based on that only as per stage of construction. Basically, it's the sanctioned not disbursed and the files in the hand which we could not sanction because of this process change. That is the thing.

Yes, there is a definite at least in the pipeline which has not been booked or which has not even been entered, yes, there is a we don't have the visibility right now. But even if you look at the numbers, I guess, if I recollect, it's about INR118 crores is the extra amount that we are carrying in terms of the sanctioned but not disbursed, as compared to the previous quarter. There is about 100, 150 which is already logged in, sanctioned and kept on hand.

Then in the process, of course, there are some more, which partly are the old system which will have to be re-brought into the new system and all. That is a again, something which is additional to that. There is some business.

Having said that, of course, when it comes to customer, if it is not there, I'm sure some of the loans or at least a decent proportion of the loans would also have gone off the system, because the customer eventually wants the money. If you are not able to give it, they would have gone elsewhere also. Some of the business is definitely lost, but some of it is already booked in and we are sitting on that, which will help us in the coming quarter.

Sonal Minhas:

Got it, sir. Sir, just a second part of the question. Given that you are sure about your guidance for this particular year and does a target of 15% next year seems to be something which is conservative? I am not questioning the target, but just trying to understand bottoms-up, which are the pockets where you think you can actually fire more, because you -- any which case adding 27 branches this particular year. You will be adding more branches next year. So is this a ballpark? And if yes, then what is the subjective guidance behind that?

Suresh Iyer:

Okay. See, the 15% is the AUM growth that we are talking about. It is also an outcome of the rundown that is there. So what we have in our control is the amount of disbursements that we can do against INR10,500 crores, we have targeted INR13,000 crores this year, which is a 20% plus disbursement growth. Next year, when we are saying INR13,000 crores to INR16,000 crores, that again is a, almost 22% growth in disbursements compared to the FY27.

Basically, disbursements will grow, but the AUM will slowly inch up as we go ahead. It will come with a lag. And that 15%, 15.5% whatever, is more of a net income assuming that the prepayments will remain the same or slightly elevated. Now, even if we are able to reduce on

the prepayments because the rate the gap is reducing, then, in fact, it is even better. This could improve.

Management:

It could be higher.

Suresh Iyer:

Could be exactly. So, basically, that 15% is more of a resultant figure. What we have in our control is the disbursement, where we are saying we will grow at 22% next year.

Sonal Minhas:

Got it, sir. I will fall back in the queue. I have two more questions, sir. Thank you.

Suresh Iyer:

Thank you.

Nidhesh Jain:

We will take the next question from Mr. Raghav Garg. Please unmute yourself. Mr. Raghav Garg, please go on.

Raghav Garg:

Am I audible?

Suresh Iyer:

Yes. Now you are audible, Raghav.

Raghav Garg:

Okay, thanks. Sir, I have two questions. One, you have given some data on sourcing through new and old branches, old branches being the ones that were opened before March 2023. What I understand is that the disbursement productivity in the new branches is about 50% to 60% lower versus the older ones.

What I want to understand is that how many years does it take for a new branch to get to the same productivity level as an old branch? Is it one year, two years, three years? What's the typical timeline that you worked out? That's my first question.

Suresh Iyer:

In terms of the productivity, so there are, I mean, productivity, of course, I think it will take about 18 normally, we say 18 to 24 months. Some do it much earlier, but on an average, this is what it works out to, to reach that kind of a level of productivity of whatever we generally maintain our productivity of five cases per staff per month. Keeping that in mind, to reach that kind of a productivity, it is about 18 months is what you can say.

However, the other thing is that we have a category of branches. So, there are small branches, where we only have three people staff. Once it crosses a threshold of the, a particular book size, then we make it a, it moves to a medium branch, then a large branch, then a very large branch, and so on. Basically, along with the movement from small to medium, the staff size increases from three to four.

With a productivity of five, three-man branch will do 15, a four-man branch, then the number obviously increases to 20. It is not just a simple increase. At that time, the jump is also because the staff also we provide more. Basically, we also have that kind of a movement, which will help where people get added because the branch has shifted from one level to the next level.

But productivity, to answer your question, yes, 18 months roughly you can say, on a blended basis. Some faster, some a little slower, some take more time, so blended about 18 months, to reach a productivity of 5 cases per staff per month.

Raghav Garg:

If I look at FY26 numbers, then the newer branches were disbursing about INR20 crores of business annually. That should get to about INR40 crores, INR45 crores in about a year and a half time frame, right? That's reasonable to expect?

Suresh Iyer:

INR100 crores is when they cross the target of INR100 crores, that is when they become a medium branch. So that's what it is. Up to below INR100 crores AUM or book size, we keep it as a small branch. But yes, the productivity will increase, and obviously, the branch which were opened in FY26 will probably by end of '27 is when they will reach that five cases per staff per month or 15 cases in a branch, kind of a thing.

Raghav Garg:

Understood. Sir, my second question is that, so I think all of us understand that disbursements have been impacted because of the tech upgrade, but just before this, if you can throw some color on maybe the inquiry levels, were they up this quarter versus same quarter last year? Something that you were referring to in the previous question about the pipeline that was there in your hand.

Can you give us some flavor on how is the pipeline looking like, whether that was better than last year or not? Because if it was, then eventually it will get converted into disbursements in the subsequent quarters, right?

Suresh Iyer:

Okay. So, I will just go back to the same slide, slide number 20. If you see the first column number three talks about the average business in the first quarter of the year. Now, if you see the branches which went live in August, the August disbursement was more than the first quarter average business. In the month of July, in July, they had a better inquiry, but because that was implemented in August, that was -- that day.

Same way, if you look at the branches which went live in the month of September, you see the July business as well as the August business was more than what was the average of the first quarter. So that is. Now, same way, if you look at the branches which have not gone live at all, which went live in the month of October or 1st of October, the 435 was the average. The entire quarter they have, if you look at it, they have done actually more than that.

There was a improvement if had everything been the way without any implementation, the business would have been close to INR3,000 crores only, because the month after month, the business would have improved. I think that should answer your query. The same slide, if you look at the second last column of October, that will give you an idea that the business was definitely there.

The business where no impact happened, where no implementation happened, business was inching up and moving up. There was the demand, there was no problem. The logins also were there. That's why the numbers have also gone up. So, we would have 435, the average would have been around 450 to 455 if the same trend had continued. If you see from the Q1, 435, it is 450 average.

Raghav Garg:

All right. Thanks a lot for those answers. Thank you.

Suresh Iyer:

Yeah.

Nidhesh Jain:

We will take the last question from Mr. Rajiv Mehta. Mr. Rajiv Mehta, please unmute yourself.

Rajiv Mehta:

Yeah, hi. Most questions answered, but, sir, firstly, some queries on the business side. Do you expect that there will be a much sharper movement towards higher-ticket home loan in your quest to cover up the business and scale up the business to your guided levels? Would one see more sharper movement towards higher-ticket home loans and maybe even say, non-home loans like LAP or the other loans?

In your slide of your disbursement mix, you are also now mentioning digital sourcing coming in and becoming 10% by Q4 FY28, which is not there right now. What do you mean by digital sourcing, and does the new tech stack enable you to scale this channel in a meaningful way?

And for the sales team contribution in disbursement, currently it is 10%, 11%. It's not a right quarter to look at, but you are projecting that it's going to become 20% in the next four, five quarters. What is the plan to scale up or to add people on the sales side?

Suresh Iyer:

Sure. To your first question, higher ticket business, over a period, if you look at it, INR30 lakh plus kind of has business in terms of the incremental disbursement has also slightly gone up, and even in terms of AUM has gone up. Yes, there is a little bit of higher ticket business or the INR30 lakh plus business which is coming in, and that is also because the construction cost and everything has also increased, plus, of course, the fact that Gram Panchayat and all those things in Karnataka and even in case of Telangana actually, there are issues.

Basically, we are doing more business in the corporation areas, in the BDA and all those things, which where the property prices are a little on the higher than what it was in the Gram Panchayat areas.

So, that is yes. But at the same time, if you see, I think the message from NHB is that the AHF funding is going to increase, so we are also, in fact, looking at pushing some business in the affordable AHF category, because we will also have to have the loans for availing that refinance from NHB, and we are definitely looking that as a direction which the government is having. We are also going to look at it.

While, yes, the number of INR30 lakh plus loans will increase, I think we will also have INR15 lakh to INR25 lakh segment also, which is under AHF, which will also go up. Okay? That's the first part, because we are looking at, as I mentioned, some steps that we are taking. We are looking at this segment also, because government has is looking at the AHF to be pushed.

The second in terms of digital. Yes, our the new package enables us to have customer journeys with fully digital journeys, online applications, CRM package, which will be able to be on-boarded, all those included and all. Yes, digital will be something which will add in terms of the channel available to us. That will slowly start inching up.

The third is in terms of sales. You're saying like today it's 11%, how are we projecting a 20%? Today, if you look at it, our you know, we are targeting 90 people are there, we are targeting to increase it to about 150 people. And we are looking at about INR1,500 crores this year coming from INR1,500 crores to INR1,600 crores coming from the sales team. Already in the first half

with the same lower staff strength also, they have contributed INR560 crores. With additional 60, 70 people and the second half being the with the entire IT transformation behind us, I think that the remaining INR1,000 crores will come.

Next year, when we are looking at it, we are looking at increasing the strength from 150 to 250, and next year, definitely, we should be having more than INR2,500 crores of the business coming from this sales team. If you are looking at INR16,000 crores, 20% would be INR3,200 crores, and we are definitely looking at INR2,500 plus crores of business coming from it.

20% is the what we are aiming at, but definitely it'll be somewhere there, because we are looking at a much more number of people, the feet on street who will be doing business from that. Once we increase it from 150 to 250 people next year, obviously, the numbers will be even higher. That's how we are looking at sales contribution.

Rajiv Mehta:

Sir, my second part of my question is on liabilities. If you can firstly repeat the NHB sanction that you received, what is the amount and what is the pricing? Second is on NCDs. You haven't spoken about the risk on liabilities repricing happening because of NCDs, the newer NCDs you for which maybe you have to must you'll have to pay a higher rate maybe in the future.

When I look at your bank loan mix, except for the repo loans, there are also special rate loans. When you say special rate, and that's a significant sum also, is there a risk that those special rate loans can actually get repriced at a much higher level or the revision there in terms of rates, your revision in terms of rates can be much sharper than just a repo rate loans?

Suresh Iyer:

See, first question, NHB refinance. We have got INR1,350 crores of refinance right now. The rate, obviously, it is a mix. Last year when we got INR1,500 crores of refinance, which we drew last year, we had INR400 crores under AHF and INR1,100 crores under regular refinance. The blended cost for us came to somewhere around 6.6 to 6.7. Between that range, we got the cost. Okay?

This time, the government has, or the NHB has indicated that the proportion of AHF could be higher, in which case, even the impact of the rate hike will not be impacted, because even if the regular refinance rate is slightly higher, the AHF, which is a fixed component, will be at larger proportion, so effectively the cost may still be 6.6 to 6.7 only.

Right now, we have got INR1,350 crores and there is a possibility now that with NHB looking at increasing the size of the refinance, we may, in fact, be able to apply afresh for an additional refinance limit also during the current year. That is what we are exploring. As of now, it is INR1,350 crores and the cost is most likely between 6.6 to 6.7.

The second thing is, regarding the liabilities, special rate, basically, this are T-bill-linked, so yes, there is a possibility that depending on that at the time of reset, whatever is there, it may slightly vary here and there. But by and large, the market prices it accordingly only, so should not be a major impact on that.

Second, I think you also asked about NCDs. NCDs actually, for the current year, while we are we continue we were getting around even after this 25 bps increase, we are getting bank term

loans at 7.65. I think today, if you go, maybe it might be 8.3 for a 8.3 or 8.35 for an NCD. Having said that, today, we are already complied with complying with the regulatory guidelines on the 25% borrowing through the market for this financial year. We are not having any compulsion to go to the market and raise at 8.3.

Of course, it is all a matter of how you read the interest rates and when do you borrow and the timing and the plan that you have. As at the moment, at least we are not under a compulsion to go and raise money at the from the NCD market, because we are already complying with our 25% requirement. We will plan accordingly and see if there's a good opportunity at a good time, good price, we will then probably go for it.

Rajiv Mehta:

Okay, sir. Thank you so much for answering all my questions, and best of luck.

Suresh Iyer:

Yeah. Thank you. Thank you, Rajiv.

Nidhesh Jain:

So that was the last question for the day. So, I will just hand over the call to the management for the closing comments.

Suresh Iyer:

Yes. Thank you. Thank you to everyone for all the taking time out and joining this earnings call, and I hope we have answered all the queries. I think it's been a quarter where it's been a slightly impacted because of the IT transformation, but I think it is in the long-term perspective of the company. I think this IT transformation was very, very necessary, and also is going to, you know, drive the business in the coming quarters and the coming years.

I think this was very well necessary, and very it will bring in long-term benefits for the company. We are still confident that in the next two quarters, we'll cover up for the shortfall in the disbursements, and we have already initiated steps also in that regard. With some, but in a nutshell, I think the idea -- this thing would be to protect the NIM and spread, and at the same time, we will also push for growth.

We will be looking at a 20% plus growth in terms of the disbursement, which consequently should become a 13%-14% AUM growth this year and a 15% plus AUM growth in the next year. That's what is the attempt by the management. Once again, thank you to all of you for joining this earnings call. And thank you to Investec also, Nidhesh's team for organizing this. So, back to you, Nidhesh.

Ramya:

Thank you very much. Thank you so much, sir. We request all the participants that you may exit this call. Thank you for joining today.

Suresh Iyer:

Yes. Thank you.