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CFHRO SE CS LODR 17/2026
24-01-2026

ONLINE SUBMISSION

National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra East Mumbai – 400 051 NSE Scrip Code: CANFINHOME	**BSE Limited** Corporate Relationship Department 25th Floor, P J Towers Dalal Street, Fort, Mumbai – 400 001 BSE Scrip Code: 511196

Dear Sir/Madam,

Sub: Transcript of Q3 FY26 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 13/2026 dated January 19, 2026 on Outcome of Earnings Call**

In continuation to above referred letter, please find enclosed the Transcript of Q3 FY26 Earnings Conference Call held on January 19, 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: 2026.01.24 18:41:56 +05'30'

Nilesh Jain
Company Secretary

Encl: as above

"Can Fin Homes Limited

Q3 FY '26 Earnings Conference Call"

January 20, 2026

MANAGEMENT: **MR. SURESH IYER – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CAN FIN HOMES LIMITED**
MR. VIKRAM SAHA – DEPUTY MANAGING DIRECTOR – CAN FIN HOMES LIMITED
MR. PRAKASH SHANBHOGUE– PRESIDENT – CAN FIN HOMES LIMITED
MR. UTHAYA KUMAR A – PRESIDENT – CAN FIN HOMES LIMITED
MR. ABHISHEK MISHRA – CHIEF FINANCIAL OFFICER – CAN FIN HOMES LIMITED

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

Swapna: All right. Good afternoon, everybody. Welcome to this call. I'm Swapna from Investec. Handing over to give a brief introduction about the call and the management to my colleague, Nidhesh Jain, who is the analyst BFSI. Thank you, everyone.

Nidhesh Jain: Thank you, Swapna. Good afternoon, everyone. Welcome to the Quarter 3 FY '26 Earnings Conference Call of Can Fin Homes Limited hosted by Investec Capital. We will start the call with 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; Mr. Vikram Saha, Deputy MD; Mr. Prakash Shanbhogue, President; Mr Uthaya Kumar A, President and Mr. Abhishek Mishra, CFO of Can Fin Homes Limited.

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

Suresh Iyer: Yes. Good afternoon, and thank you, Swapna and Nidhesh for the introduction. Welcome all of you to this earnings call for Q3 results of Can Fin Homes Limited. And first of all, a very happy New Year to all of you.

So just to give a brief about the performance of the Company, the disbursements for -- I'll start with the disbursements. So the disbursements for the third quarter have been INR2,700 plus crores, which is the highest ever for any quarter in the history of the Company. Therefore, in this particular year in the first quarter also, the INR2,000 plus figure was the highest for the first quarter in any of the years.

Same way for Q2, we crossed INR2,500 crores, which again was a record for any of the quarters. And in the third quarter also in a similar manner, we have been able to have a disbursement of INR2,727 crores. So that is a 45% increase over corresponding quarter of last year.

Basically, it's a base effect because in the last year in the third quarter, we had an impact of the e-Khata, which was announced around 27th, 28th of September '24. Therefore, the Q3, there was a major dip. So to a large extent, it is also a base effect. However, compared to the Q2 also, we have had a sequential growth of about 7% in disbursements.

As a result of this, the AUM growth has inched up from 8.4% to 9.5% plus. So effectively, about 10% kind of AUM growth is there for the year. And however, AUM growth has been slightly impacted because of the higher pre-payments. In the Q2 also, we had witnessed a slightly higher prepayments of INR1,661 crores as against INR1,459 crores in Q1.

In Q3 also, this trend has slightly continued, and the prepayments and loan closures have been at a slightly elevated level at INR1,691 crores. Therefore, this has slightly impacted about INR400-odd crores in the second and third quarter, we have lost because of prepayments, which has impacted our AUM growth.

In terms of the delinquency, for the fourth quarter in a row, we have had an improvement in our delinquency numbers, where in absolute value, the SMA numbers have come down. So last quarter, when we had reported our Q2 earnings numbers, our total delinquency was INR3,860-odd crores. We had said we would like to bring it down to below INR3,750 crores, which also has happened. We've had more than that. In fact, it is -- our delinquency numbers have come below that, mainly in the SMA-0, but we've also started seeing some benefits coming in our -- because of our lower SMA-0 numbers, we have also been able to focus more on SMA-1 and 2. And there also, the numbers have started coming down.

And though the delinquency has come down and NPA has been almost the same as Q2, but our provision has been about INR10 crores for this quarter, mainly because of the increase in our book size. So otherwise, there is no other concern.

The highlight here that I want to mention about the recovery is that the last couple of quarters, we have been talking about a little bit of stress in the Telangana portfolio, where because of our actions on the DSAs, all some past issues and also because of the hydra and all, the delinquencies have been affected.

But in Q3, we have seen an improvement in our delinquency in Telangana as well. And there also, for the first time, almost after about 6 to 7 quarters, we have seen that the delinquencies have started coming down. So that's a positive number. That's a positive thing that across our geographies in all our zones, we are seeing some improvement in our delinquency numbers.

In fact, going back to the disbursement number, in fact, our Karnataka disbursements last quarter was negative 10% YTD, which this quarter, we have done a run rate of about INR250 crores per month in Karnataka, which has -- so now we are back to kind of a INR250 crores plus kind of a number. So for the third quarter, we have done INR740 crores disbursements, INR740-plus crores has happened from Karnataka because of which now YTD, Karnataka has also moved into the positive zone. It is 3% positive YTD.

As far as the other zone, which was in negative, which is Telangana, there also, in fact, across the third quarter in all the 3 months, we've had a positive number of INR100 crores plus. So Telangana compared to Q3 of last year, there has been almost 30% plus growth in Q3 this year because of which we have been able to considerably bring down the negative figure of Telangana. And at this rate, we are quite positive by end of the year, even Telangana will end in a positive zone in terms of YTD disbursements.

Third, as regards to the spread, we have had a further advantage, which we had in the last earnings call indicated regarding a particular large value loan where the rate benefit of 50 bps was yet to be passed on. We have received that.

As a result of which we decided to pass on a 10 bps benefit to our existing and new housing loan customers from 1st of December. But subsequently, 5th of December, again, there was another repo rate cut. So we further analyzed. And from 1st of January, we have decided to pass on a further 15 basis points rate benefit to our existing and new housing loan customers.

So with this January impact, our total rate benefit that we have passed on to our customers would be 50 basis points, 10 basis points in May 15 -- another 15 in July, then 10 from 1st of December and 15 from 1st of January. So totally, against the 100 basis points rate -repo rate cut that the

RBI has announced, the transmission in our books has been about 50 basis points and entirely, we are passing on to our customers.

However, there is a benefit that still continues to accrue to us because we still have about 54% of our loans, which are on annual reset. So while we have announced the rate benefit, the actual pass on will happen to those customers as and when the reset dates come. So as indicated last quarter, where our annual reset was 59%, this time, it has come down to 54%.

But we have made some aggressive actions and given time for them of 60 days to submit the documents and are aggressively following up. So hopefully, by end of this quarter, Q4, we might end with somewhere around 80% - 85% of our loans should move to quarterly reset.

So this will help us in case of a rate reversal if the rates -- interest rate starts moving up, then we will -- the transmission on the asset side will also match with the transmission on the -- increase on the liability side. So that's the plan. We plan to aggressively move it to our quarterly reset.

But as I mentioned, because of this slight lag that we have still experienced a slight increase in our NIMs and spreads. So for the quarter, the NIMs have moved to 4.14% from 4.02% last quarter. Obviously, it is a timing difference because while we got the rate benefit in mid of -- end of October, but we decided to give that 10 basis points from 1st of December. So that was a slight benefit that we got.

But going forward, now that with the additional 15 basis points, we expect that the rates would -- the spreads will kind of stabilize around this number of about 3.75% to 3.80% in terms of NIM and spread around 2.75% to 2.80%. That would be where it will stabilize because on the liability side, while we have passed on 15 basis on the asset side, on the liability side, we still have to receive some benefit on the NHB portfolio. And we still have an additional INR1,000 crores of NHB refinance, which we are holding. So this is in terms of the spread and the NIMs.

Going forward, in terms of disbursement, we anticipate or we are hopeful that we should be able to do about INR3,200 crores to INR3,300 crores of disbursements in Q4 in line with our Q2 numbers, 45% in Q1 and 55% in Q2. So that should take us to our guidance number of INR10,500 crores disbursement for the entire year, which we are positive we should be able to maintain -- we will be able to do.

In terms of our delinquency, we further expect a little improvement in our SMA-1, SMA-2 numbers. And obviously, Q4, usually, there is a reduction in our NPA also. Last year, it was a little less. But normally, in Q4, we do see some good amount of reduction in our NPA.

So therefore, in credit cost-wise, we don't expect any further NPA provision in Q4. There is a very likely reversal which might happen because of the reduction in NPA, but definitely no increase in NPA because we don't see that kind of a stress in any of the geographies or in any of the segments. So that's as regard this.

The last point is as regards our IT transformation, that is also a major impact. You would have seen from the presentation that during this Q3, we have also added some more elements, which we have completed and implemented, and which have gone live, mainly the HRMS, the DMS and the Aadhar Data Vault.

Deposit, which is almost on the verge of completion, the testing is almost -- UAT testing is almost done. It is expected at month -- end of this month, it will also go live. So that leaves only the LOS, LMS, where the deadline was January, and 19th of January was what has been given by our partner, but there are some delays in the deadline.

So I expect that it might end up around February end or something. In which case, we are inclined to actually push it into Q1 of next year. So Q4, there will be no impact of the IT transformation, which is why we feel that INR3,200 crores, INR3,300 crores is a very much achievable number in terms of disbursement.

So in a nutshell, I think in the -- for the quarter, in terms of disbursement, in terms of delinquency and also spread and this thing, it has been a very satisfying, I would say, quarter. Going forward also, we are positive that we should be able to achieve the guided number of INR10,500 crores for disbursement. And Q4, we may expect or we can expect some more improvement in our delinquency. So with the spreads and NIM has been maintained, I think Q4 also would be a positive quarter for us.

So that's in a nutshell, the brief of the performance. We can open to the -- to all of you for questions. Thank you.

Swapna: Thank you very much, sir. I would request all the participants to just take a minute before everybody kind of raises their hand. Just a reminder. This call is being recorded. And if any of you have any questions, do raise your virtual hand and I will unmute you. In the interest of time, I will request everybody to keep your questions limited to one or two questions and we'll come back to you in the queue. And also another request is please state your name and the organization that you're working for. Thank you very much.

Nidhesh, would you like to go ahead with any questions on your side?

Nidhesh Jain: Sure. Sure. So Swapna, we can start with the Q&A. I think I'm seeing questions there. So Shreepal, you can go ahead with your question. She will unmute you. Please introduce yourself and ask your question.

Shreepal: Hi, sir. Shreepal Doshi this side from Equirus. So my question was pertaining to the lending rate. So we've taken another 15 basis point in Jan. So cumulatively, we are at 50 basis points. So are we seeing other peers also in the landscape following a similar trajectory on the lending rate side? Or are we early in this because we are seeing some prepayment-related issues?

Suresh Iyer: Sure. Thanks, Shreepal. See, basically, we have passed on because we have experienced that kind of a benefit. I'm not sure how much of a benefit the others have passed -- have experienced on their liability side. As you know, we have moved all our bank borrowings to repo-linked borrowing. So therefore, in our case, all the loans, we have experienced a benefit or a pass on of the 125 basis points, except for that one which is linked to T-Bill.

So there also, effectively, we have seen. So in our case, of course, there is a bit of a prepayment pressure. But more than that, it is just that even after passing on 50 basis points, I think our spread, which was around 2.55 at the beginning of the year has already moved to 2.89 for the 9 months ended December. So in spite of passing on, we have actually had some benefit in the rates, mainly the timing impact, but it's also because we already have experienced it. So we have passed on to our customers.

Shreepal: Right. Sir, so I mean -- I think in Q3 also, you had highlighted that we might play this pricing strategy-related tweak because -- so that we can gain momentum in the market in terms of, let's say, growth being better than what we saw in the earlier quarters. So is it in the same direction that we are sort of moving in, right?

Suresh Iyer: Yes. So in Q2, in the earnings call, we had said that there is one large INR2,500 crores, INR3,000 crores of term loan where we are yet to receive that 50 bps rate benefit. And once it comes, there is definitely a scope to pass on 10 basis points to the customers. So that happened at the end of October or thereabout. So basically, we were in a position to take it in the November ALCO and pass it on from 1st of December. So that's what we did.

And this time, we've not had that problem. We had the benefit of the 25 basis points coming through quickly. So from 1st of January, we have done that. Of course, there is a bit of a pressure, which is quite evident in the loan closures and BT out and everything. So obviously, this would help. Obviously, as stated last quarter, we would still want to at least maintain our spread, and we will not compromise on the spread and NIMs beyond -- below this. So that's the strategy at least.

Shreepal: Right. Sir, the second question was on the NHB funding side. So that, of course, had been falling because I think the rates there were not so lucrative. So incrementally, are you seeing -- what is the kind of rate that you are seeing being offered by the NHB borrowing?

Suresh Iyer: You're talking about NHB borrowing. So NHB, our blended rate that we are getting at which we are getting the refinance is 6.3. It is very comfortable. But why we did not pick up the entire INR1,500 crores is because we -- first of all, of course, there was -- we don't maintain any treasury book where we can keep the surplus funds. So whatever funds we are raising, we are utilizing it for either prepayment of borrowings or lending for loans.

In this case, the other thing was that first of all, we required less amount of funds. Second thing is that we had other committed lines of disbursement from banks. We still hold close to INR4,000 crores of undisbursed, unutilized bank sanction limits. So that is still there. But other thing is that in Q4, normally, the rates are at an elevated level.

So basically, other thing, our thought process was that if we can take INR1,000 crores and keep it for Q4, then it will help us in meeting our entire requirement, and we will not be compelled to go to the market and raise at a higher cost. So as a pricing strategy also, we decided to keep or postpone or take that INR1,000 crores in Q4. And this quarter, we'll definitely be awaiting the full INR1,000 crores of the sanction. So that should also help us.

Shreepal: Got it. Thank you so much for answering my questions. I'll come in the queue.

Nidhesh Jain: The next question is from Sonal. Sonal, please unmute yourself. Please introduce yourself and ask your question.

Sonal Minhas: Sir, this is Sonal Minhas from Prescient Capital. Thanks for taking my questions. I hope I'm audible. I was just trying to extrapolate the numbers for the year-end, and it looks like I think the year-end book growth would be close to 10, 11-ish thereabouts as we close the year. I understand, I think you've given a guidance around 15% a little while back.

Looking for the next year, basically, given that the software stack will be done by Q4 and the tech platform would be ready, so would be the other systems. Are we equipped to actually see a higher growth or closer to your longer-term average growth for FY 27-28? That's my first question.

Suresh Iyer: Yes, sure. See, you are right. It may not be 10%. It will definitely be higher than that. As I mentioned earlier, we are looking at around INR3,200 crores to INR3,300 crores of disbursement in this quarter. Frankly speaking, we had in the beginning of the year, our -- if you see our data in the previous year, our normal prepayments every quarter, closures and everything put together, amortization and everything was around INR1,380 crores -- INR1,350 crores to INR1,380 crores every quarter. So we had actually planned keeping in mind INR1,400 crores to INR1,450 crores in quarter-wise, we had planned it.

But the last 2 quarters, our prepayments have been higher. So about INR400 crores worth of AUM growth has been impacted. Had this been at the rate at which we had anticipated, we would probably have been around INR41,100 crores to INR41,200 crores kind of a range in terms of our AUM by the end of this quarter.

But yes, about INR400 crores has been impacted because of the higher prepayments. And in Q4 also, with INR3,200 crores disbursements, assuming the same level of INR1,700 crores, we expect about INR1,500 crores is the net addition to the book. So we should end somewhere around INR42,000 crores plus kind of a thing for our -- so that will be around 11% to -- between 11% and 12% is what we anticipate in terms of our AUM growth, which is, yes, lower.

We had indicated that 12% to 13% or somewhere in that range, between 12% and 13% is where we will end up for this year. Next year onwards, we had projected for 15%, not this year. So we will be probably around anywhere up to -- because INR400 crores we have lost, that is about 1 percentage point in terms of -- because we were INR38,200 crores at the beginning of the year.

So INR400 crores is 1% we have lost because of the higher prepayments in terms of our AUM growth. So that is correct. But next year, we are looking at about INR13,500 crores. And considering INR1,700 crores every quarter as the prepayments or thereabouts, so INR13,500 crores and INR7,000 crores prepayment amortization BT outs should give us around INR6,500 crores of addition to the book. That is what is the plan for next financial year, which should be around close to 15%, assuming we end at INR42,000 crores this year.

Sonal Minhas: Got it, sir. Sir, a follow-up question just to understand the nuance of how the BT out and the prepayment works. And this is a theoretical scenario, just trying to understand that if we would have reduced the rates, let's say, maybe by passed on more rate cuts to the customers, would the

BT outs been lower? And whom have we lost these customers to? Are these banks, are these peers who are more aggressive? Just trying to understand the on-the-ground dynamics?

Suresh Iyer: Sure. I think it's a very valid point. Unfortunately, what has happened in our case is we have about 54% still of loans which are on an annual reset basis. While the rates it helps us in terms of getting lag, it helps us in terms of improving our NIMs and spreads. What has happened is the, annual reset customers are the ones where the prepayments have been very high.

So the quarterly reset customers have been very -- although they constitute about 46% of the book, but the prepayments, if you look at it, less than 20 % of the prepayments are happening in the quarterly reset book. So basically, it is our failure to communicate to the customers or to convert them or the delay in converting them into -- from annual reset to quarterly reset, which has hurt us, I believe.

Because if it was -- because at least when our customers do appreciate that we have passed on 50 basis points and we have regularly -this is the fourth rate cut that we are passing on to the -- to our customers. But what has happened is the annual customers don't get the entire benefit. They have to wait for that 1-year period.

And we have, I believe, not pushed it. We should have done it much faster. So that is, I believe, the main reason why the prepayments are happening. But having said that, prepayments are mainly for 2. One, obviously, is the rate point, which we could have handled this way. But the second point, of course, is that there are also customers who go for takeover plus top-up.

And many times, we are not in a position to offer them the same level of top-ups that they are able to get from the market. So those kind of cases, we have to let go. But those are conscious calls. But yes, on the rate side, if we had communicated better, probably we would have been able to save some of the portfolio from moving out.

Sonal Minhas: Got it. Thanks for explaining.

Suresh Iyer: Thank you.

Nidhesh Jain: The next question is from Shreyans. So, please unmute yourself, introduce yourself and ask your question.

Shreyans Gathani: This is Shreyans Gathani from SG Securities. So I had a couple of questions. So one was basically looking at a long-term trend in terms of the borrower mix, we've seen a structural increase in the self-employed non -professional category. So where do we -- I don't know if this is a function of us moving out of South India or as Northern India, there's just more of that population? Or are we looking to increase that and where do we see this stabilizing as a mix of our book?

Suresh Iyer: It's not a function of the geography change in geography. In fact, if you see one of the slides, we have mentioned the 4 pillars of our Vision 2028 document, where we have said one of the things is we would like to increase our SENP book. We were almost at 73% was salaried and 27% was self-employed.

So by FY '28, we have indicated that we would like to -- we are okay to take it up to 65%-35%. So that is the thing where we have now from a 73%-27%, we have moved to 69%-31%. And by FY '28, we are okay to move it to 65%-35%. And -- so it's more of a conscious call.

As far as geography is concerned, actually, if you look at it, our salaried percentage is highest in the North. Among all the 6 zones that we have, our North zone has the highest percentage of salaried segment. So it is not that the non-South geographies have a higher self-employed segment.

But yes, within geographies also, there are pockets where self-employed is more like if you look at -- say, if you look at Rajasthan or maybe if you look at parts of Tamil Nadu, mainly the Tiruppur side and all…

Management: Yes, there are -- so it has nothing to do with the geography. But consciously, we have taken a call to slightly increase our self-employed so that we can have a slight improvement in our spread, so which is visible also because while the rates have been coming down, we have been passing on the rates.

If you see our yield has been somewhat kind of maintained at 10.10% was, I think, there. We have 10.14% or thereabout. It's just come down to 10.07%. So basically, we have -- this strategy has helped us also maintain a little bit of our yield, and it's a conscious call.

Shreyans Gathani: Got it. So as we see this book seasoning, will we -- what kind of NPA ratios do we expect in terms of now versus current for this particular year?

Suresh Iyer: See, we have got the last couple of years or whatever, if you see our salaried segment, GNPA has been in the range of about 0.5% to 0.6%, whereas self-employed category, our -- this thing has been range bound around 1.6% to -- 1.5% to 1.7%. This is the range-bound figures. Even in the last 8 quarters, the numbers have kind of remained in this particular range only.

So yes, to that extent, there will be a slight increase in our delinquency numbers, if you look at it. But we are confident that we will -- we still have quite a bit of delinquent pool in the existing pool where we can collect and reduce those numbers.

So in the medium term, I don't see the numbers. And you know, we -- for the last so many years that we have been there, Can Fin has not seen a GNPA more than 1%. So we are confident that, that will not be reached. We are confident of keeping it below 1%.

Shreyans Gathani: Got it. Sir, last question was on the annual reset portfolio. So assuming that all of that resets to quarterly, what kind of NIM impact do we expect? And what steps are we taking to curtail -- like reduce this prepayment increase that we are having?

Suresh Iyer: Sure. See, actually we have factored the future conversion from annual to quarterly when we passed on that 15 basis points to our customers. So basically, first of all, there was this December 25 bps repo rate cut, which we have experienced on 40% of our book. So that, of course, is something which we are going to get, which is -- takes care of this -- some of this 15 bps that we have passed on.

The second thing is that, as I had mentioned a little while back, that in our NHB portfolio, which is all at annual reset, we still have some portfolio which is going to see that benefit. And NHB book, approximately 60 to 75 bps is the reduction in the PLR, which they have impacted. So some of that NHB pool, we are likely to experience that also going forward in the next few months and all.

So therefore, we have factored those things into it. And currently, we are at 3.89% as the 9 months NIM and 2.83% as the spread for the 9 months. We expect that we should be -- even after all this 15 basis points and factoring in the benefit that we are going to get, it will not go below 2.75 and the NIMs will not go below 3.75.

Shreyans Gathani: Got it. But this is after everything converts to quarterly?

Suresh Iyer: Yes, yes, yes.

Shreyans Gathani: Okay, okay. Perfect. That's it. Thank you from my end. That is all from my end. Thank you.

Nidhesh Jain: The next question is from Raghav Garg. Introduce yourself and ask your question. Please restrict to two questions per participant. Raghav, you can unmute yourself.

Management: Raghav, we are not able to hear you. I think you muted yourself.

Raghav Garg: Can you hear me now?

Nidhesh Jain: Yes.

Raghav Garg: Okay. Hi. I'm Raghav from Ambit Capital. I have a few questions. See, one, I wanted to know what is your plan on branch expansion for the next 2 years, which is '27 and '28? And if you can add some geographical color to it, like which states or regions will you expand more? That's my first question. Should I ask all my questions? Or should I wait?

Suresh Iyer: Either way, either way. You can go ahead.

Raghav Garg: My second question is, can you highlight what is the number of marketing executives that you currently have across all of your branches? Because I think last time when you had indicated this number, it was about 100. That's in July 2025. So has it increased from there?

And last question is on your IT implementation. See, I understand that you may end up taking it in next 3 to 6 months. But I just wanted to understand at a very broad level, whenever you do decide to take it, what is the number of days of operations that will be impacted before operations fully normalize? Those are my three questions.

Suresh Iyer: Sure. Yes. Thanks, Raghav. See, in terms of the branch expansion, we -- our vision documents did, we need to -- we plan to have about 300 branches by FY '28. We are currently at 249. So next 2 years, we plan to open 25 branches in each year. We already have identified some 20-odd locations, which we are very keen to open. So we will be opening about 25 branches in the next year.

If you see the branch expansion, so far, most of it has been in the North and the West zones. We have not opened any of the -- any branches in Karnataka and Telangana. Obviously, we've had some slowdown there, which was for various reasons. So basically, we'll continue to look at the other geographies only.

Maybe we may open a couple of branches now that Karnataka has come back to its old 250-plus kind of a number. We may look at one -- a few branches in Karnataka. But by and large, it will be North, West, Tamil Nadu and East where particularly Andhra Pradesh, we are quite positive about. So these are the geographies where we'll be looking at branches.

In terms of marketing executive, we had 90 as at the end of the last quarter. Currently, also the numbers are the same. One or two -- given one or two here and there attrition and new joinings and all those things. So that is the status. The number was about 37 at the beginning of the year in Q1. We increased it to around 90 slowly to -- up to 90 in the second quarter. And in this quarter, we have continued to keep the number as the same at 90.

Last quarter, if you see, our 90 people in the team, in the first quarter, we had about INR101 crores of business sourced through the team, with 37 people. In the second quarter, this number increased to around 185. And in this quarter, we have done more than INR250 crores business has come.

So almost on an average, these 90 people have done close to around INR80 lakh, INR90 lakh plus kind of sourcing per month per staff. That's the kind of sourcing that has happened. We have not added anything. But going forward, yes, we plan to at least increase some in the next financial year. And again -- so by FY '28, end of FY March '28, we at least expect to have about 250-odd people in the sales team.

The third question on the IT implementation. See, we -- as I had mentioned earlier, we may look at probably taking it to Q1 for the LOS, LMS part of it. Deposits will happen now. But that is more because if it comes closer to the March dates, then probably we may decide to either do a small pilot in this year and most of it next year or entirely in the next year. But -- so the impact in this year may not be there.

But what we expect is that the way all our other modules have gone and also in the sense and the way we have seen the customization aspect to it, I think it will be about 3 to 4 days of downtime. Beyond that, I think it will be some 1 or 2 weeks for the teams to get accustomed to it because basically, since customization is less, it's mostly the UI UX, which is going to change and some process flows will change. So getting used to it will be some effort.

Other than that, I think it should not take too long also for the branches and the staff to get accustomed to the new system. So probably if you have to put it into numbers, I would say in the quarter in which we impact probably about INR300 crores -- INR250 crores to INR300 crores of business impact would be there. I would put it in that number, that way.

Raghav Garg: That's helpful. Just one clarification. You said 200 marketing executives by when, March '27, is it?

Suresh Iyer: More than 150 by March '28. So probably this year, we are at 90. We may increase it to about 150-odd next year, and another jump in the FY '28.

Raghav Garg: Thanks. That's very helpful. Thank you.

Nidhesh Jain: The next question is from Nipun. Nipun, please unmute yourself, introduce yourself and ask your question.

Nipun Kinkar: Hi, sir. This is Nipun Kinkar from CD Research. So basically, my question is, why do you think we are underperforming as compared to the NBFC system growth of home loans?

Suresh Iyer: So why we are underperforming? See, in terms of AUM, yes, we are a little lower than the industry level of about 13% to 14%, mainly because it's -- growth this year, if you look at it, current year, disbursements have grown at 19%, which I think is comparable. But -- and by the end of the year with around INR3,200 crores, INR3,300 crores, we should end up around 22%, 23% disbursement growth compared to last year.

So in terms of disbursement, I don't think that is a major issue. But as I mentioned earlier, our AUM growth is slightly lagging, one, because it always -- it of course, comes with a lag, and it will take -- maybe the next year can be a little better. And two, we have lost about INR400 crores because of higher prepayments this year. But for that, our growth would have been around 11% plus in the end of this quarter. So I think these are the two things I would say we are lagging behind.

Nipun Kinkar: Okay, okay. And my second question was regarding the IT implementation that we are doing and we are currently under -- like within the phase. So what do you think would be the competitive advantage that we might have post implementation of this infrastructure?

Suresh Iyer: See, in terms of our existing IT infrastructure or IT thing is quite dated. Our current IT platform is something which was implemented in the Company way back in 2011. So obviously, there are a lot of -- in terms of the elements which are not present.

The current IT that we are implementing is a wholesome thing, which is into -- one is application side, second is the security features and third is the infrastructure side. So obviously, in terms of the infrastructure and security, it is going to be very helpful to the Company in terms of the present scenario of cybersecurity and cyber threats and all those things. So that's definitely something which we have taken into consideration.

Infrastructure, the way we have enhanced the capacity and everything, we should be able to -- definitely, system will be able to match up to the higher growth levels and everything that we are planning in the next few years.

As for the applications, earlier, we had, as I said, a dated application, plus at the same time, it was only an LOS, LMS. So now the new application that we are going include document management, a lot of other deposit module also, much enhanced F&A package and also has things like Aadhar Data Vault and a lot of integrations and third-party solutions also integrated.

So that way, a lot of benefits will come in the sense that a lot of activities which are presently manually being done will also get automated, plus the API features and everything will enable us to also quickly attach third-party vendor solutions as and when we require it and go-to-market time will be much lower.

Plus over a period of the last -- from 2011 to 2025, a lot of things have become a little cumbersome, the processes and all. This new system will also have a lot of simpler processes. So definitely, the time of the branches will also reduce considerably.

We expect at least 20% productivity improvement in -- although we've not actually -- there's no way to calculate how 20% and all those things. But at least we expect a sizable amount of reduction in a turnaround time for the -- for other key transactions and activities.

Nipun Kinkar: Got it. Mostly, I believe -- all the stuff that you just talked about, mostly it will improve in our operational side of things rather than the growth side?

Suresh Iyer: Operational and security also. I think security also is something which is not usually distinguishable. But in terms of security, we have taken care of a lot of things in terms of the SIEM, the SOC, NOC, even in terms of the SD-WAN solutions. So these are obviously things which will help in the security aspect also.

Nipun Kinkar: Okay. Got it. Thank you.

Nidhesh Jain: The next question is from Yuval. Yuval unmute yourself, introduce yourself and ask your question.

Yuval Aiya: Hi, sir. This is Yuval Aiya from Nuvama. My first question was in this quarter, borrowings from banks have gone up from 60% to 62% from 57 % in the previous quarter. So could you just share the incremental cost of borrowings in Q3?

Suresh Iyer: See, banks -- all our bank term loans are now at rates below 7%. I think 6.92 or something is our long-term borrowing cost, which is there. Of course, one or two are there where we have -- they have not yet to pass on small benefits. But other than that, 6.92 is the incremental cost of borrowing, you can say on the higher side from banks in the Q3. Short-term borrowings obviously are even at lower at 6.4, 6.45. That's the rate at which we are borrowing from banks. So I would say probably around 6.8 or something could be the blended cost of the bank borrowings for us.

Yuval Aiya: Right, sir. Got it. So could you just provide any breakup as to at the moment of the total funding mix, what is the share of floating rate borrowings and fixed rate borrowings? And I understand that NHBs, they have an annual reset. So the other components of the borrowing mix, what is the average time in which you can see the re-pricing when it comes to floating rate borrowings?

Suresh Iyer: See, in case of our bank borrowing, which you said is 62%, our 80% of that is linked to external benchmark rate, which is repo rate. So there we will immediately seek the transmission of the -- whenever there is a reduction or an increase for that matter. The transmission will be immediate.

The remaining 20% of the bank borrowings is linked to T-Bills. There also, there will be an immediate transmission you can say, maybe not to the exact amount. So 125 basis points will not translate into 125 basis points, but somewhat near there will be the impact on the remaining 20% also.

Then we have the NHB refinance where 50% of the NHB refinance, which is linked to the affordable housing fund, that is fixed rate. So there will not be any change in that. The remaining 50% of the approximately of the NHB refinance is at floating rates, but at annual reset, so there the transmission will be in a staggered manner.

NCDs are fixed rate. Deposits are fixed rate. So -- and CPs, of course, are too short. So whenever they re-price, they will be as good as floating rate only. So considering the 62% bank borrowing and another 6% to 7% of NCDs, I think about 65% to 70% of our borrowings are there where we will get -- within 1 month transmission on the liability side will happen.

Yuval Aiya: Understood, sir. So even after your quarterly reset, I think so...

Nidhesh Jain: Yuval, I request you to please…

Yuval Aiya: Yes, sure. Thank you.

Nidhesh Jain: Next question is from Mohit. Mohit please unmute yourself, introduce yourself and ask your question.

Mohit: Hi, thanks for the opportunity. This is Mohit from HDFC AMC. Sir, just wanted to get your guidance on -- for FY 27 - 28 on key parameters like spreads, cost-to-income and credit cost?

Suresh Iyer: For FY '27, you said, right?

Mohit: Yes, '27 and '28?

Suresh Iyer: Yes. For FY '27, next financial year, we -- if you look at it, our spread and NIM, as I mentioned earlier, they would be 2.75% and 3.75 % is what we would be guiding for. In terms of our credit cost, we have guided for 15 basis points. Of course, this year it has been lower than that. And next year also, at least as of the moment, we don't see any stress in any of the pools or any of the geographies. So we don't expect it to be any different.

But we will say it will be 15 basis points you can consider for the credit cost guidance. In terms of opex, there will be an increase because FY '27 onwards we will have the impact of our IT transformation. So about 1 percentage point is the likely impact on the opex. So around 19.5% would be the cost-to-income ratio. And AUM growth, we are projecting for about 15%, considering a disbursement of about INR13,500 crores. This would be the rough tentative plan that we'll be working on.

Mohit: Okay, sir. Thanks a lot.

Nidhesh Jain: The next question is from Amit Thawani. Amit unmute yourself, introduce yourself and ask your question. Please restrict to one question as we have lot of participants waiting in the queue. Amit you can ask your question.

Amit Thawani: Yes. Am I audible?

Suresh Iyer: Yes, Amit. Please go ahead.

Amit Thawani: I'm just going to quickly go through the questions. My first question is that we have done a fantastic job on delinquencies. How much would you attribute that, because we are so South focused, how much would you attribute that gold price going up and the economy doing well? Second question is, what is the profile of our non-salaried borrowers? Third question is you mentioned that we could have handled our prepayments slightly better through communication with our borrower. What are we doing to improve that? Thank you.

Suresh Iyer: I didn't get your first question, sorry. If you can repeat that first part of it, please?

Amit Thawani: Our delinquencies has done rather well over the last -- it's done rather well over 1 year. How much do you attribute that to old or some certain macros that you could attribute that to?

Suresh Iyer: Okay. See, in terms of delinquencies, I think I would attribute it more to our profile of customers, where we are focusing more on the salaried segment. And 70% of our customer base today, 69% is salaried. And many of our -- previously, it used to be 73% as on FY '23. So I think the salaried segment is where I also mentioned that in the salaried segment, our delinquency or NPA, GNPA level is in the range of 0.5% to 0.6%, around give and take 0.6%, give or take 5 basis points.

So that is, I think, would be more rather than the gold prices or anything that would be there. I would attribute it more to the profile. As regards to the non-salaried segment, see, we are -- the self-employed and non-professional category that we are talking about, we are not having any product for assessed income or surrogate income or where documented income proof is not available.

So basically the SENP category also is such where we have documented proof where IT returns are being filed. So we have that regular income coming in, in that aspect and it's a documented income. So obviously, there could be some -- the actual income could be higher also, but we have the documented income. So that is the profile of SENP category that we have.

And prepayments, as you said, yes, what we are doing is in this quarter, we are aggressively pushing to see that. In fact, last quarter also I had said that we have done it. So we have changed our policy. We have got the approvals from the Board and everything. So this quarter now, we are communicating.

And with 60 days' notice, we are asking the customers to move to the quarterly reset. Otherwise, it was contacting the customers, taking their link letters and getting a fresh documentation done and all those things. It was a much lengthy process. And therefore, it was happening only when the customers used to approach us.

But now, in fact, we are writing to them, given them a 60 days' time to come forward and get it done. Otherwise, we'll be moving them so that they get the benefit and we'll be passing on the benefit to them based on this.

So this is what we are looking at so that we can communicate to our customers about the 50 basis points. Otherwise, in the absence of the -- I mean, because they don't know that they have actually got 50 basis points reduction, they think that CanFin has not reduced their rates and they are coming forward for a prepayment. I hope I've answered.

Amit Thawani: Thank you so much.

Nidhesh Jain: The next question is from Prithviraj Patel. Please unmute yourself and restrict to one question. Thank you.

Prithviraj Patel: Yes. Hi, thanks for the opportunity. I am Prithviraj Patel from Investec. I just had one question. The share of reliance on DSAs has marginally increased Q-o-Q. And given your FY '28 roadmap, there's also a digital channel that you're referring to there. So if you could just guide us on how you plan to diversify the sourcing mix?

Suresh Iyer: Sure. Yes. In fact, in this quarter, there's been a little increase in our -- slightly by 78% something to 79% something our DSA sourcing, in spite of the fact that our sales team has also done better. But -- so one thing we would be doing is increasing the number of sales people on the ground, which I mentioned from 90, we would like to increase it to 115 this year and thereafter to 250 next year. That would be one thing.

And second is once the IT transformation is complete, then we will be able to go in for entire digital onboarding of customers, digital sourcing. So that is something which -- that piece, which is yet to unfold for us. We have not yet done that. So that is something which will happen once we go for IT transformation project is implemented, the LOS, LMS part of it.

So that we will once start by -- so what we plan to do is onboard various lead aggregators from the market and also do a lot of digital onboarding through links and all those things so that the customers' experience is purely digital.

Nidhesh Jain: Thank you. The next question is from Jay Thakkar. Jay unmute yourself, introduce yourself and ask your question. Please restrict to one question.

Jay Thakkar: Sure. Hi, sir. Thank you for taking my questions. I am Jay from Eastlane Capital. I have a question on your disbursement target of INR13,500 crores in FY '27. How should one think about growth in Southern states versus the others? Specifically, how do you -- what do you assume your growth in, say, Karnataka and Telangana? Should we reach a 10%, 12% growth in those states as well?

Suresh Iyer: See, in this current year also, if you see, barring Telangana and Karnataka, we've had a 30% growth in almost 25%-plus growth in all the other geographies, that is North, West, East, including AP and South. That is mainly Tamil Nadu and Kerala. In Karnataka, in fact, we had indicated that we will have a gradual negative will come down.

And by end of the year, we will be having a 10% positive. And we are on course for it because by end of the third quarter, we are already moved into the positive zone. And YTD, we are at 3% positive in Karnataka. And with the rate at which we have done in this thing with a little Q4 push that will come, we do expect that Karnataka will also be back to the 10% number by end of the year.

Only Telangana has been a little slower than expected. But again, in Q3, we've had a 30% growth compared to Q3 of last year. So that gives us this thing that at least may not be at 10% in this year, but at least we'll be ending up in the green in Telangana as well by end of the year. So that's the plan we have.

And if the same trend continues, the base has already been impacted. So next year, even if we continue from there onwards, next year even Telangana should have a 10% to 15% growth in disbursements. So next year, we expect that -- even in this year, in fact, everybody will be in green, but Telangana would probably be just about flat and Karnataka would be 10 %, whereas others would be 25% plus. Next year, we expect Karnataka also to contribute at a much higher level.

Jay Thakkar: Sure, sir. Thank you.

Nidhesh Jain: The next question is from Rohitash introduce yourself, ask your question and introduce yourself. Rohitash can you hear.

Rohitash: My question has already been answered.

Nidhesh Jain: Thank you. The next question is from Chinmay. Chinmay unmute yourself, introduce yourself and ask your question.

Chinmay: This is Chinmay from Prescient Capital. Hope I'm audible.

Suresh Iyer: Yes. Please go ahead.

Chinmay: Sir, I just wanted to double-click on your -- the answer that you gave for sourcing strategy. So bringing down the DSA mix to 60% sort of has been like a long-term guidance, but we have faced challenges with respect to that in the past. So if you could like elaborate as to what you'd be doing differently over the next 2, 3 years compared to what have been our attempts in the last 1 and 2 years?

And secondly, if you could give the breakdown of the growth between the North and South region. So this 9% blended number, what does it look like in the Northern and the Southern geographies? And over the next 2 years, the 14%, 15% number that you are seeing on a blended level, how that would look like in the North and South? So two questions?

Suresh Iyer: Yes. So actually, when we are saying we want to bring it down to 60% the DSA contribution, we are not actually saying that the DSAs will -- numbers will go down. Basically, what we're saying that the other avenues will have to start contributing more. And we've already seen that we were at 86% in FY '23, which came down -- has come down to 79% because equivalent amount of 7% contribution has come from the sales team.

Obviously, now with more people are getting added to the sales team, this number would again go up. Therefore, even if the sourcing from the DSA channel keeps increasing, the percentage will start coming down. And another thing, as I mentioned, is that we have yet to see any benefit coming from the digital channel because that has not happened. We have not implemented it. Only after the IT transformation is over, we'll be able to offer a digital process for our customers.

And right from login to sanction, we will be able to give it over there. So that is the -- as regards the -- how we are going to do it. In terms of the growth, I think we've had -- I'll just come back to you on the growth as to how much has been the growth zone wise, I'll probably come back to you on that. I just don't have it immediately.

Nidhesh Jain: Our next question is from Rajiv. Rajiv unmute yourself, introduce yourself. And restrict to one question.

Suresh Iyer: Just a second. I mean, if you are looking at the -- how the 10% works out -- sorry, Nidhesh, I'll just cover this thing. So AP and East has grown about 11% in terms of AUM growth. Karnataka as at 8%, although the disbursement growth is just 3%. North and West, both at 15% and Tamil Nadu also at a little above 15%. And only Telangana is almost flat, almost, in fact, a little negative actually in terms of AUM growth. That's how it works out to around 10% AUM growth.

Rajiv: Yes. Can I comment, Nidhesh?

Suresh Iyer: Yes, carry on Nidhesh…

Management: Yes, Rajiv, go ahead.

Rajiv: This is Rajiv from Yes Securities. Firstly, congratulations on a very strong performance. Sir, firstly, I want to check on 2 things. Have you also revised your rewriting rates for BT applications? And second, did you say in your initial comments that only INR250 crores, INR300 crores will be the business impact from the new LOS, LMS implementation?

And now the question is -- okay, can I just -- I'll just ask this question and then maybe you can answer all. And sir, how sure are we of maintaining the spread at 2.75%, 2.8% level, which is also near about the current level only because there's a PLR cut impact yet to come through. Plus you are upfronting asset repricing by moving loan assets from annual to quarter -- quarterly. And then when you look at the bond market, CP rate sensitivity rates have only tightened.

And then you've already kind of leveraged on the bank loan mix, you have taken it up to 62%, 63%. So in this whole dynamics of liabilities and asset repricing and then the new pricing of borrowings and new pricing of loans, how do you think that you can maintain the spread of 2.75% to 2.8%?

Suresh Iyer: I'll answer this part first. See, if you actually look at our incremental Q3 NIM, it is 4.14%. It is for the 9 months that it is at 3.89%. And for the third quarter alone, if you see -- look at the

NIMs, it is 4.14%. Same also for spread. Only Q3, if you look at the spread, it is 2.93%, whereas for the entire 9 months, if you look at it, it is 2.84%. So basically, there is already an incremental difference, which is already there in the system.

As I mentioned a little while back, that it is because of the timing. We got the benefit, the rate happened earlier. In October end, we got that 50 basis points benefit in the large loan. But we -- instead of doing it from 1st of November, in our November ALCO, we decided doing it from 1st of December. So that's where the difference is there. So we already have a little bit of advantage, which actually we are passing on.

So therefore, that -- so even if from that 4.14%, it comes down a little bit, it will still be below the 9 months average. It will still be there. Same also for spread. Plus as I mentioned that we have that 6.3% NHB borrowing, which we are expecting in this quarter, plus some benefit of 60 to 70 bps, which is coming from the NHB reset, which is on an annual basis. So those things we have factored into all those things.

And therefore, we feel for the entire year also, we should be somewhere close to 2.75% plus spread and 3.75% plus NIM. So that is the first part of it. I hope that answers your query. Second, as regards whether we have changed anything for BT, no, we don't have a separate rate for BT in customers or a separate thing. In fact, we don't have much of a BT in strategy. And within our existing customers, we don't have that discriminatory policy where for existing customers, if somebody comes and negotiates, we give them a lower rate.

So whatever is the rate as per the RBI guidelines for a similar customer, similar segment, similar product, we need to offer the same rate. So we don't offer that discriminatory rate where if somebody threatens to prepay, we offer a lower rate. We cannot do that, and we don't do that. So that's the part of it. And as regards to the INR250 crores, yes, what I meant was that in a normal month, our disbursements would be around INR1,000 crores, if we do in the Q4, it will be INR1,000 crores, INR1,100 crores.

If you look at maybe Q1 of next year, it will be around INR900 crores per month is the disbursement. So what I meant is that in the 4 days of downtime, plus if you look at another 2 weeks max about where customer -- our staff will have to get accustomed to the system, UI/UX and all those things, that will impact that particular month's disbursement by around INR250 crores to INR300 crores.

After which, again, we should be -- the teams will get used to the new system and should be able to continue from -- in terms of the disbursement because there is not much of a change in terms of the requirement. The customization levels are almost 85% to 90% is standard available components.

The customization is just about 10% to 15%, most of which is also the integration part of it for whatever we have to integrate with CIBIL, with CERSAI, with Aadhar, with PAN, I mean, all those kind of things. So basically, the customization is much less. Therefore, the -- what I meant was that in that particular month where we implement, we could impact -- our disbursements could be lower by INR250 crores to INR300 crores.

Swapna: Mr. Iyer, do we have time for some more questions. We have about 3, 4 more.

Suresh Iyer: Sure, no problem. No problem.

Swapna: All right. So I'll hand over the mic to Sangeeta Purushottam.

Sangeeta Purushottam: So congratulations on a very good quarter. Sir, I just wanted to get some clarification on some of the numbers. So if we look at the guidance that you've given for next year, we're looking at NIMs guidance of about 3.75%, which is slightly lower than what we have achieved in the first 9 months, right, about 3.89%. On the credit cost side, we're saying it will kind of normalize. So it will be slightly higher than what we have actually seen this year.

And also our cost to income is going to be a little higher because of the implementation of the IT program. So does that mean that overall, if you're looking at about 15% growth in the AUM, when it comes down to PBT or PAT, our PAT growth is likely to be in the single-digits then based on these numbers?

Suresh Iyer: See, actually, it would not come down to single-digit numbers if the growth -- AUM growth is around 15%. What we are saying is we have already seen at around 3.75% NIM and 2.75% spread is something with that, if you look at your two-point analysis, whatever you see, our credit cost at 15 basis points and 19.5% also, if you look at it, I think it will still be higher than that, and it will be -- it should be in double-digits.

Sangeeta Purushottam: So -- but it will be -- it should be lower than your disbursement growth, right, because we are looking at slightly high...?

Suresh Iyer: It will be lower than our disbursement growth because our AUM will not grow at around 25%-30%. So if you're looking at INR13 ,500 crores disbursement growth, I mean, disbursement in the next financial year, that should end to around -- somewhere around 15% in terms of our AUM because we have about INR1,600 crores plus, INR1,650 crores plus kind of a prepayment.

So next year, assuming that it comes to around INR7,000 crores as prepayment, the addition to the book will be around INR6,500 crores, which will be on a INR42,000 crores AUM -- opening AUM will be around 15%. So AUM will grow not at 30% or whatever, it will grow at a lower rate of 15%.

Sangeeta Purushottam: Right. So if we're looking at -- and our NIM is calculated on our average AUM, right? So there aren't other sources of income that we're building in. So I'm just doing a very simple back of the envelope calculation that if our AUM -- average AUM growth, say, 15 %, and I'm applying some of these numbers, which is slightly lower NIM, slightly higher credit costs, slightly higher cost to income, I end up getting numbers which are kind of single digit. So where am I going wrong?

Suresh Iyer: Okay. I'll put it this way. See, this year also, we had guided for a 15 bps credit cost. But I mean, as of now, it is about 10 bps, and likely to come down because we have -- normally Q4 is a good quarter where we expect some NPA reduction and some reversal in our provisioning also. So in fact, the credit cost at 15% this year also, we had guided for about 2.5% to start with as our spread and 3.5 % as our NIM, but we were able to manage a little better.

So obviously, these are all more of a guidance, and we would obviously will try to achieve a little better. We may not be able to achieve on all the aspects like this year, we have slightly because of the prepayment has not been -- may not be able to achieve our 12 % to 13% AUM growth. But -- so by and large, we will try to see that we achieve those numbers. So it's more of a guidance, it's not an exact number anyway. So we will -- obviously, our attempt, our endeavor would be to do a little better.

Sangeeta Purushottam: Okay. Thank you.

Suresh Iyer: Thank you.

Swapna: I will request Mr. Jay to ask the question, but before you do sir I would request you to restrict your question to one question in the interest of time. Thank you.

Jay Thakkar: Thank you sir for taking the call up. I just have a question on housing versus non-housing. Our non-housing book is growing pretty healthy at 25%, 28% and -- but it is still 14% of the overall AUM. And we have guided this to be, say, 20% by FY'28. So structurally, how should one think about your NIMs or, say, spread in housing versus non-housing? Obviously, non-housing should -- one would imagine that would be a better yield. And then also in terms of asset quality, should we see like structurally a slightly higher NPAs when your non-housing mix goes to 20%?

Suresh Iyer: Okay. So yes, the spreads are definitely higher in terms of NHL, and that's obviously one of the main things that we have factored into that it will help us slightly improve our spread and NIMs, that's what is happening also. But we have put a cap on the amount of -- or the percentage of non-housing that we will be -- we are able to -- we are ready to accept.

So 65-35 -- I'm sorry, in terms of this 80-20 is what we are for the HL, and I'm talking about HL including the CRE portion. So we are looking at around 84% going down to around 80%. So about 4% change, which will happen, will slightly, yes, impact on terms of our NPA because as I mentioned earlier, our NPA and this thing is maybe a little higher than this.

But overall, as I had indicated, we will definitely not be looking at something anywhere more than 1%. Even right now, as we speak, we are at 0.92%. Going forward in this Q4, we might further bring down our gross NPA a little further down. So in which case, there's quite a bit of a scope available for the -- so by and large, I don't see much of a change in the NPA, at least in the near future, we don't expect.

Jay Thakkar: Sure sir. Thank you.

Swapna: Thanks. We have one question from Siddhant. Go ahead Siddhant. You can ask your question.

Siddhant: Yes hi. Am I audible?

Management: Yes, you are.

Siddhant: Just one question to a previous follow-up is we have the room to grow above 15% AUM simply by our ROE and our capital adequacy, which is at a very -- probably at an all-time low or a decade low, I think. So what are these levers? And when can we expect you to push on it?

Suresh Iyer: Push on the -- sorry.

Siddhant: Above the 15% growth levels because we have enough capital adequacy available. So is it possible, firstly?

Suresh Iyer: See, possibility is one thing. But I mean, if the industry today is growing at 13% to 14%, in fact, that is what it is. And in fact, affordable housing levels are, in fact, coming down. So I think running for growth in this thing, it's not something we would want to kind of do great numbers where the industry itself is growing at around 13%.

Ideally, we would want to grow at about 2 percentage points above the industry level. So today, if it is at 13%, we would be happy with about 15%. I think that would be a very conservative approach. But at the same time, very this thing to maintain the quality of the book also. Obviously, if tomorrow, the growth rates in the industry itself pick up and there are some incentives offered and it picks up, then we would also obviously want to do better than that or 2 percentage above whatever is then rate.

Siddhant: Ok that is wonderful to hear, perfect. Thank you.

Swapna: Yes Thanks. There's one last question from Mr. Chinmay. I am going to unmute you and then we can move to the next conclusion sir. So Chinmay your last question please.

Chinmay: Thank you for the follow up sir. My question is if you could just give a high-level understanding of the branch opening strategy. So do you look for -- do you open branch contiguous to the existing branches? Or do you actively look for locations with fewer number of prime lenders? Really, how does this process look like? If you could just give a high-level understanding.

Suresh Iyer: See, it's not that we want to only go where the competition is not there. It's not like that. Of course, even within the competition, we are fine with that. So that's not the point. We -- firstly, we look at whether there is a proper market. And there is a good amount of demand for the -- in the medium to long-term range because we don't want to have a one-off situation where suddenly for a year or so, the growth is there and then it just.

So we look at Tier 1 towns mainly or outskirts of metro towns where we can have a sustainable business for the medium to long-term kind of a range, that is what we look at. Then what we look at is the credit quality because some pockets, there is a general tendency of higher delinquency. So we would want to avoid those kind of -- not entirely that we avoid, but what I'm saying is we would like to plan -- we plan accordingly or take that into one of the -- that is one of the factors that we consider.

And as regards the location, practically, we are there in most of the locations. Like today, we are 249 branches spread across 21 states, so almost we are there. So whichever place we look at would not beyond another 30 -40 or maybe 70 kilometers from an existing branch. So indirectly, it is a kind of -- you can see a contiguous strategy -- growth strategy only.

A few pockets maybe we may have. But by and large, all the locations that we have identified currently are those which are kind of near 60, 70 kilometers from an existing branch only. So that's basically the thing. No new geographies that we are looking at. We are only looking at the existing geographies, but going deeper in those geographies.

Chinmay: Got is sir. Thank you.

Swapna: Thank you everybody. Before we conclude, I would ask Mr. Iyer to give his concluding remarks.

Suresh Iyer: Sure. Thank you. Thank you, everyone, for joining this earnings call, and I hope we've been able to answer all your queries. And in case there are any add-on queries, you can obviously any time get in touch with us. And many thanks to Investec also for organizing this. And we'll be putting up -- as you all know, we do put up all our -- the transcripts of all our meetings on our website. So any such meeting, you can always also refer to the transcripts which we'll be putting up in a day or 2 on our website as well. Thank you. Thank you, everyone, for joining.

Swapna: Thank you, everyone. And with this, you can all leave the event. Thank you very much.

Suresh Iyer: Thank you.