

CFHRO SE CS LODR 095/2022
May 09, 2022

ONLINE SUBMISSION

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

Sub: Transcript of Analyst/Investor Conference Call held on May 02, 2022

Ref.: Our letter CFHRO SE CS LODR 092/2022 dated 02/05/2022

In continuation to our above referred letter, please find attached the Transcript of Analyst/ Investor conference call/earnings call held on May 02, 2022, Monday.

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

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

Kindly take the same on the record.

Thanking you,

Yours faithfully,
For Can Fin Homes Ltd.,



Veena G Kamath
DGM & Company Secretary

Encl: As above.





Can Fin Homes Limited Q4 FY2022 Earnings Conference Call”.

May 02, 2022



MANAGEMENT: **MR. GIRISH KOUSGI - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, CAN FIN HOMES LIMITED**
MR. AMITABH CHATTERJEE - DEPUTY MANAGING DIRECTOR, CANFIN HOMES LIMITED
MS. SHAMILA M - BUSINESS HEAD, CANFIN HOMES LIMITED

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

Moderator: Ladies and gentlemen, Good day and welcome to Q4 FY2022 Earnings Conference Call hosted by Investec Capital Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nidhesh Jain from Investec Capital India. Thank you and over to you sir.

Nidhesh Jain: Thank you Rehan. Good afternoon everyone. Welcome to the Q4 FY2022 Earnings Conference Call of CanFin Homes Limited.

To discuss the financial performance of CanFin Homes and to address your queries, we have with us today Mr. Girish Kousgi – MD and CEO of CanFin Homes, Mr. Amitabh Chatterjee – Deputy Managing Director and Ms. Shamila, Business Head of Can Fin Homes, along with other members of the Management Team.

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

Girish Kousgi: Good afternoon to all the investors and welcome to the Earnings Call of Quarter 4.

We had a very good quarter and after COVID from October demand picked up, and Quarter 4 of last year, we did pretty well. I think we clocked all-time high for most of the parameters and since we had dropped rates, I think we had some impact in terms of spread and NIM for some time and then quarter 1 of this year, there was an issue because of COVID second wave. After that, I think the next three quarters have been pretty good. So, in the last five quarters, four quarters have been very good. I think all-time highs. Sequentially every quarter we have been doing pretty well.

I would like to clarify today I was on CNBC, there was some rumour about my exit. So, categorically clarified that I am with the Company and I have not resigned, I don't intend to move out. I think that I have made it very, very clear.

And there is also some rumour about the audit. So, we had an audit from NHB and that is not complete. So, we have the discussion next week and nothing abnormal has come out till now and this apart, we also keep having regular audits, and nothing abnormal has come out, whatever we have found is in the normal course of business.

Now coming back to Quarter 4:

- I think Quarter 4 was really good for us because it was all time high disbursement in the history ever, both in terms of disbursements and also in terms of book growth.

- NIM was 4.15% last quarter was 3.74%, last quarter it included 9 bps because of LCR investment, and this time because of LCR investment is about 12 bps. So, net of that would be 4.03 That's the NIM and spread improved to 2.55% from 2.49%. So, I think all the parameters we have shown good performance.
- And last year we had provided for COVID about Rs. 87 crores at one point in time. So, since we started, I had told you about the trend reversal of margin because whenever we drop rates that will have lag effect and after a couple of quarters you will see margins are shrinking, because the entire portfolio will get repriced and therefore there will be some pressure on margins, but from April last year, we had increased rates twice. So, that had a positive impact and therefore we saw spread increasing and NIM increasing so I had told that Quarter 4 is the time where everything will be back to steady state and I think Quarter 4 that has really worked out to be all the parameters in line with what I had mentioned earlier.
- In terms of cost of funds, there was a slight increase in costs because rates started moving up in last quarter. However, even our yields and therefore we are able to increase our rate to 2.55%. So, incremental cost has gone up slightly at a portfolio level our cost of funds is 5.56% and incrementally it is 5.03% and incremental yield is 8.07% and portfolio yield is 8.11%.
- In terms of asset quality, I think we've been seeing the NPA level coming down at one point in time it was mostly yield NPA was close to about 1%. Then we saw 0.91% to 0.78% to 0.71% to 0.64%. So, as of last quarter end, our NPA was 0.64%. Net NPA, which was 0.61% has come down to about 0.3% now.
- Our PCR which was 33.47%, over a period of quarter it is now we have now increased to about 52.69%.
- In terms of book growth, I think we have clocked close to about 21%. Now, in terms of disbursement, if I were to compare the whole year, it's about 90% growth over the previous year and if it is worldwide Y-o-Y Quarter 4, then it is 35%.
- In terms of liability mix, nothing much has changed. I think the CP share has come down to about 11%. NCD we raised a lot of funds last year, because it was a mandate whatever incremental borrowings we do 25% will have to come to a by way of NCDs, so, NCD share went up to 14%, deposit remained at 2% NHB 22% and Banks 51%. So, in Quarter 4 we raised Rs. 3215 crores.
- In terms of liquidity, we were holding about the close to Rs. 4300 crores. Now these are bank sanctioned which we have not availed.
- In terms of portfolio mix – HL is 90%, non-home loan is 10%. In non-HL, top up is 4%, lap is 4% and site loan is 1% and others is about 1%. So, total it comes to 100.
- In terms of profile mix, Salaried 72%, SENP is 28% at a portfolio level. SENP incrementally had come down to about 12% I think over a period of time I think the confidence came back and we could see a lot of demand coming back, economic activity improving. So, now SENP has come back to about 28%.

- In terms of the ticket size, not much of change more than Rs. 50 lakhs, we have about 3% of portfolio.
- We significantly increased our other income and that is also one reason why our NIM went up. We are focusing on insurance income so that I think quarter-on-quarter that is increasing.
- As far as our focus is on affordable housing. I think that is where we have seen success in the past many years and that we will continue to increase.

I will be open for any questions. Hi, Can you open the floor for Q&A?

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line Shreepal Doshi from Equirus. Please proceed.

Shreepal Doshi: Thank you for giving the opportunity and congratulations for great set of numbers. Sir my question was with respect to the growth that we have delivered in this quarter. So, any particular geography or states that we have seen the demand is relatively strong.

Girish Kousgi: I had mentioned this earlier also. So, I think across the country, all geographies we are getting good demand. Only thing is we had slightly slowdown in Delhi NCR region. So, I think that is continuing. Otherwise, we are seeing good demand from Karnataka, Andhra, Telangana that is South, Maharashtra, Gujarat and MP and other places. So, only in Delhi NCR is slightly low I think but for that reason, we are seeing demand from all other regions.

Shreepal Doshi: Is it in line with our thought process to relatively grow in the non-South geographies? So, is the growth momentum that we are getting in line with that thought process?

Girish Kousgi: Definitely, as even today we are present in 22 states, right only thing is the concentration on South is slightly more because that has helped us salaried CLASS is quite high. It is about now 72%. right. So, we are open as long as they are able to build quality book. So, we are going to increase our share in other regions as well. But as it sees now, I think I could see maybe 65 from South, and 35 from other regions.

Shreepal Doshi: Got it? Sir the second question was with respect to the increasing provisions during the quarter. So, if you look at the coverage that we are having as in the last quarter, yes, it was 45% and this quarter, we have inched that up to almost 53%. So, why like I mean, at 45% percent, it was probably at a comfortable level, why this thought process of increasing the provision muffles?

Girish Kousgi: See, what happened was that last year during COVID, we had provided close to about 87 crores, so that we had utilized in a subsequent quarters and there was a reversal in the margins and now you could see that, that now it is back to steady state and we have made a good thing we want

and overall performance is pretty good and so we thought no, that's because we are not very sure about COVID fourth wave and we thought so that when we are doing well, let's you know, create some amount of provision so that we might take a call in future I think that's the idea because whatever we had created last year, I think everything was utilized in the subsequent quarters.

Shreepal Doshi: Got it and is the absolute GNP numbers has come off. So, have you seen some resolution or is it more of an upgrade.

Girish Kousgi: Basically, upgradation is very low. To be very honest with you, but what we have done is from the NPA pool we have resolved. If you look at last one year, the GNPA number which was about 200 crores has now come down to almost about 170 crores. So, this is number because of two things one is driving some additions, but there has been more recovery from the NPA poll. So, overall NPA has come down, 0.71 in quarter three, it has come down to 0.64.

Shreepal Doshi: So, is it more of because from the resolution such as SARFAESI invocation would have gone smoothly incorporated with.

Girish Kousgi: Exactly it is basically SARFAESI action OTS and very few reversals, from NPA which is only buckets to regular because now after the new RBI guideline we had to collect all the EMI's what is overdue.

Shreepal Doshi: Okay, thank you so much. I will come in the queue for more questions. Thank you and good luck for the next quarters. Thank you.

Moderator: Thank you. Our next question is from the line of Abhijith V from Sundaram Mutual Fund. Please go ahead.

Abhijith V: Thank you for taking my question. Congratulations on very strong set of numbers. First question sir I just wanted to follow up on Shreepal question has there really been any change in LGD calculation sir because PCR, you are taking it up to 50%. I understand that you want to have cushion, but how is the LGD behaving for the portfolio?

Girish Kousgi: There is no change.

Abhijith V: Okay. What is the LGD sir, for the portfolio?

Girish Kousgi: I will just tell you the exact number.

Abhijith V: Okay and follow up question sir what will be the excess provision we are holding, which is outside PCR and outside standard asset requirement? Do you still have any cushion like you mentioned that Rs. 87 crores that you had during COVID time? Do you still hold any cushion apart from PCR and standard as a provision?

Girish Kousgi: No, we are not holding any provision only the Rs. 15 crores what we provided this quarter that is the only addition otherwise rest all is either NPA or standard assets or restructure pools, restructured provisioning holding about Rs. 67 crores and standard asset is about 98 crores and the rest is for NPA.

Moderator: So, our next question is from the line of Rahul Maheshwary from Ambit Asset Management. Please proceed.

Rahul Maheshwary: My three questions first for the entire year if we look at the kind of OPEX growth that is taking place and that is common phenomena for the entire banking industry, can we expect the same run rate of OPEX growth that would be taking place and what are the levers that will be that that will lead to those such higher OPEX growth for the upcoming year can give some color on that that is the first question. Second question as in last quarter, we had witnessed that the balance transfer out dropped to Rs. 78 crores and now normal, which you guided that it would be in the range of 1800. So, what is the current quarters balance transfer out and going forward how you see the scenario and the third question was on branches can you throw that the branch productivity currently which shows in terms of the business and in terms of the employees is that optimum level or how far we can gain the productivity in terms of the branches. So, that we can come to know that what is the scope of branch addition that will be taking place from growing perspective. These are my three questions, thank you so much.

Girish Kousgi: So, on the BT if you look at last year was Rs. 543 crores and for the year which just went by it is Rs. 293 crores. So, it has drastically come down. So, as I had mentioned in my earlier calls also BT has come down because we were able to put in a strong team to retain customers, and we had an aggressive customer retention strategy and in terms of potential you know, with respect to either employees or the branches, I think we still have scope you know, I think it's a continuous process, because we constantly work on branch productivity and employee productivity and therefore, we feel that for example, if you look at quarter three, the average business per employee was Rs. 27.6 crore which improved to Rs. 29.97 crores in Quarter 4 and average business per branch was Rs. 127 crores now it has improved to Rs. 136 crores. So, I think there is enough and more scope to work on efficiency of branches and also at employee level. With respect to OPEX, I think, know cost control optimization is a continuous effort and we are working on that since last two years and this effort will continue. So, it will be in line with the business as well, but yes, it will be undertaken.

Rahul Maheshwary: Sir just a follow up on this can we expect the OPEX growth in line with the revenue growth that will be taking place and also on branches let me keep it in this way that out of the 187 branches, how many branches are that where you find the productivity or there is a scope in terms of the old vintage where there is a highest scope of the productivity go to Rs. 136 crores, which is showing on an average basis, so that we will come to whether there were serious branch expansion needed because as earlier also you have guided just a branch expansion of 15-16

branches we will be adding on. So, if you can put some light, it will be very helpful that why isn't the markets are strong.

Girish Kousgi:

So, obviously my revenue growth has to be higher than the OPEX growth. So, that is something we should always manage, but having said that as we are working on the entire IT infrastructure so before that will be one component in OPEX and number two, we have to hire people as well. So, employee costs also would increase in that proportion and number three, CSR, so that's a normal spend every year. So, our OPEX also would increase in same line, but maybe slightly lesser than the revenue increase and also know when we do more business, one is employee cost, because you need to hire employees and number two, we have to also pay DSA commission so it will be in line with that. With respect to brand expansion, as I mentioned, because of COVID we have planned for six branches and now next to 12 to 14 months, we will be opening another 10-12 branches.

Moderator:

Thank you. Our next question is from Nitin Jain, who is an individual investor, please proceed with your question.

Nitin Jain:

And first of all, congratulations on a great set of numbers. Sir on one of your slides, you have spoken about digital transformation within the Company. So, it is not quite clear as to what initiatives have been taken. So, if you could list out like the top three initiatives, that could be very helpful and also in one of your media interviews, you mentioned that the NIMs are expected to cool off. So, like going forward, we are expected to see the central bank to increase rates. So, do you see NIMs cooling up, because of your cost of funds going up or increase the competition? If you could clarify, thank you, these are my two questions.

Girish Kousgi:

So, as a Company we are working on more of automatization and less of digitalization, I think both are used. So, only thing is for a product like home loan, we work on automation. So, this is in terms of one year changing the entire IT infrastructure in terms of entire system lending, then deposit everything we are changing. So, we now strengthening our IT infrastructure. Number two, we will integrate with various APIs to try and do faster decisioning. So, this will be used for front end for hosting and also for collection. So, overall, and also we will work on scan-based approval, and we use intelligence to try and decision before someone could actually eyeball and then take a decision. So, basically, it is the part of digitalization and to a large extent automation, which will be our USP so that we can try and crash the TAT. In terms of NIM so, in fact, earlier, I used to say that for a profile, like CanFin spread of 2.4% and NIM of 3%, but yes you are seeing that NIM is inching up quarter on quarter, and now with the 4.15% that also because of some support from LCR investments. So, this is because you know, we have drastically increased our other income. So, on a steady state I mentioned it is not that the next quarter is going to drop substantially. What I meant was on a steady state you know, spread will be around 2.5% and NIM will be about 3.75%. Now it is 4.15%. So, if we have opportunity definitely we

will always try and keep on that level and maybe slightly increase as well, but on a steady state I think NIM will be in the range of 3.7% to 3.75%.

Nitin Jain: Great, so, just a follow up on the digital transformation. So, is it possible to you know, provide any numbers in terms of what is benefit you are seeing in terms of sourcing or operational efficiency because of the automation?

Girish Kousgi: For example, now we are using PERFIOS, earlier to analyze one self-employed, Bank Statement, we were taking about two hours. So, now we take 3 minutes right. So, now if you see the overall TATs the processing TAT will come down by at least 50% and we will to you know, quantify in terms of number of man hours saved or number of people you know, number of people reduction but definitely yes in the long run and definitely creating gives us a lot of value add and as of now we're in the process of transformation IT transformation, it will take about 12-15 months time. So, we are trying to rebuild the entire IT infrastructure.

Moderator: Thank you. Our next question is from Devansh Nigotia from SIMPL. Please proceed.

Devansh Nigotia: Sir, if you can just help us understand how is the restructured book behaving and out of the provision for standard assets how much of that would be towards the restructured book?

Girish Kousgi: Restructured book provisioning is about 67 crores. Now, from the total restructured book 42 crores it has come down. The fees these customers have either and out of whatever EMIs have fallen due, as of now, the collection in 100% and what we have written back this quarter is about 1.69 crores from provision amount.

Devansh Nigotia: Okay, okay. That is very helpful and I have been just a little confused, we mentioned that incremental NIMs are at 3.75%.

Girish Kousgi: No, 4.15%.

Devansh Nigotia: Incremental NIMs.

Girish Kousgi: No, no NIM is 4.15% I told going forward on a steady state NIM should settle around 3.7%.

Devansh Nigotia: Okay, and what is our outlook on the credit cost for the next year.

Girish Kousgi: See as of now, it is 0.4%. So, it will be in that level only.

Devansh Nigotia: Okay 0.4% for the full year. Okay, but if you look at in comparison to our pre COVID levels it's in the very elevated level. I remember I was trying to understand where is this elevated credit cost coming from because our mix between salaried and non-salaried is still the same.

- Girish Kousgi:** No earlier it was 0.36% now it is 0.4%. Our PCR is increasing so that is the affect.
- Moderator:** Thank you. Our next question is from the line of Umang Shah from Kotak Mutual Fund. Please proceed.
- Umang Shah:** Yeah. Hi. Congratulations on a good set of numbers and thanks for taking my question. One is on our liability mix if you could just help me what is the residual maturity of our commercial papers.
- Girish Kousgi:** See commercial papers maximum is one year. So, it will be on a rolling basis. So, we take CP starting from three months right up to one year. It is on a rolling basis. Only thing is in Quarter 4, we reduced CP which was about 16% to about 11%. We brought it down to 11% and NCD went up because we had last year based on the incremental borrowing.
- Umang Shah:** Sure and sir, the second question was regarding the capital raising exercise. So, if I recall correctly in the previous quarter, you had mentioned that at some point you might look at an option to raise equity capital in the current fiscal. Any plans that you have formed up around those lengths.
- Girish Kousgi:** Yes we will raise capital we have enabling approval from shareholders to raise up to 1000 crores. So, we will raise a part of that amount in next two to three quarters. We will raise.
- Umang Shah:** Oka sir, understood. Last data point what is our outstanding restructured book as on March 2022.
- Girish Kousgi:** It's about Rs. 676 crores.
- Umang Shah:** Rs. 676 crores and we are carrying Rs. 67 crores of provisions around it.
- Girish Kousgi:** 10% of that yeah.
- Umang Shah:** All right. Thank you so much and good luck for future quarters. Thank you.
- Moderator:** Thank you. Our next question is from the line of Mahrukh Adajania from Edelweiss. Please proceed.
- Mahrukh Adajania:** Sir congratulations. Sir I had a couple of questions. My first question is what was your incremental cost of funds during the quarter in Q4, and any feelers on what it is in one Q1, so far?
- Girish Kousgi:** Incremental cost of funds was 5.03% and at portfolio was 5.56%. So, I think the next quarter or so rates will inch up. So, we feel that in next one and a half years' time, rates might go by 100 bps to 125 bps.

- Mahrukh Adajania:** Got it and sir the other question was what is your average ticket size now?
- Girish Kousgi:** Rs. 21 lakhs
- Mahrukh Adajania:** And what was it last quarter
- Girish Kousgi:** No, it used to be at less earlier then it went up to over 21 it is quite stable at that level.
- Mahrukh Adajania:** Okay, because I was just wondering what gave the uptake NII other than cost of funds this quarter? So if your ticket size has reduced, if you have gone more affordable.
- Girish Kousgi:** No ticket size has not reduced. Our rates have increased because we increased rates twice from April. So, the yields have gone up?
- Mahrukh Adajania:** Right and sir the insurance income that you get that book where.
- Girish Kousgi:** That is for the quarter was 6 crore.
- Mahrukh Adajania:** Rs. 6 crores, okay and that will be part of NII or other income?
- Girish Kousgi:** No, it will be other income, but part of NIM.
- Mahrukh Adajania:** Part of NIM, got it and what was it last quarter?
- Girish Kousgi:** It was Rs. 3.0 crores to Rs. 3.7 crores.
- Moderator:** Thank you. Our next question is from the line of Ankush Agarwal with Search Capital. Please proceed.
- Ankush Agarwal:** Thank you for taking the question and congrats on great quarter. So, again on this NIM. So, if I check our Q4 of last year versus Q4 of this year, our spreads are actually lower. Right, but our NIMs are still expanded. So, based on what we are told till now, obviously, there is some effects of SLR investment and then the insurance income, but still the NIM is slightly higher. So, can you just explain a little bit on what is affecting it.
- Girish Kousgi:** See last year, other income was quite low compared to this year. Number two, know last year the yields are higher, and we had drop rates and we again increased rates. So, the increase what we have done is much lower than the drop what we did last year. So, therefore, you will see the difference.
- Ankush Agarwal:** Right, but the spreads is like 2.78% versus 2.55% this quarter.

- Girish Kousgi:** Exactly correct.
- Ankush Agarwal:** And sir this insurance income, do you believe this will be a sustaining number it will grow from here or is like more for one of things?
- Girish Kousgi:** No, it will grow from here, because it is directly linked to the disbursement growth. So, as long as we grow disbursement, even this income also will grow.
- Ankush Agarwal:** Okay, so it's like, it's part of like, it's a product that you're selling that is your home loans.
- Girish Kousgi:** For us it is a bundled product.
- Ankush Agarwal:** So, it's a bundled product. Secondly sir again on the capital raise, you mentioned 2000 crores is the approval that you have.
- Girish Kousgi:** Rs. 1000 crores.
- Ankush Agarwal:** Rs. 1000 crores, right. So, any specific quantum that you might be looking to raise.
- Girish Kousgi:** We have not decided, but it will be part of Rs. 1000 crores, not the entire amount and then the first tranche, it will be part of 1000 crores.
- Ankush Agarwal:** But you will do it in multiple trench.
- Girish Kousgi:** No what I'm saying is as a first trench we will not raise entire 1000s. So, we will look at some amount part of 1000s in next two to three quarters.
- Ankush Agarwal:** And sir lastly on the OPEX, so, for last three four quarters OPEX the cost to income ratio increased constantly to now close to 20% right. So, what are your thoughts in the medium to long term would it start trending lower to the pre-COVID levels of 16% or how is it.
- Girish Kousgi:** You are talking about cost to income. Cost to income will be around 17% to 18%. Now we are we are investing on so many things right and therefore you will see the cost to income slightly higher I think it will get moderated.
- Ankush Agarwal:** Okay, so, this IT transformation that you're doing that would not help much in reducing, though cost to income.
- Girish Kousgi:** Initially, obviously, we have to spend I think over a part of it will start reducing.
- Ankush Agarwal:** So, lastly, just again, one feedback that I gave last quarter as well. I mean, it would be very helpful if you can increase some kind of some levels of disclosure on presentation the basic

metrics of average book or average borrowing or average equity, if this team metrics are available, it will be very helpful.

Girish Kousgi: Okay, sure.

Moderator: Thank you. Our next question is from the line of Shweta Daptardar with Elara Capital, please go ahead.

Shweta Daptardar: Thank you sir congratulations on the quarter a couple of questions from my side. The last time I remember you mentioned that your CP has been on the higher side because of NIM management. So, now that you have multiple levers on NIM accretion, sir where do you see the CP next going? I mean, will it go down further or there is some ceiling which internally you have decided that we would not surpass the same?

Girish Kousgi: See we have a limit of Rs. 4000 crores okay. So, as of now it is 11%. So, we will see depending on the need. Now, it will be about 15-16% is where we will try to stabilize because that is only for managing costs. So, it is not for funding purpose and in Quarter 4 we had the need to raise NCDs and therefore know CP share went down and NCD share went up and this will continue in a few quarters from now as well. So, we will try and balance so that we keep our costs low, at the same time completely on the NCD requirement, what is required to be raised, depending on the incremental borrowing in the year.

Shweta Daptardar: Understood sir in terms of disbursements, so each quarter, you have been surpassing the previous quarter level, and you put up a historically high number each quarter. So, where do you see this number settling down once the pent-up demand settles? So, is it going to go beyond 27 billion or how this like?

Girish Kousgi: See it going concern demand is quite robust. So, I think every quarter we will try to put a best performance compared to the previous quarter. So, let's see where it ends up.

Shweta Daptardar: Last question from my side a couple of quarters ago, you might also highlighted the aspirations to move into higher ticket size to what is the thought process there? What is the strategy like are we sort of already getting there directionally and I always wondered why this sort of decision especially in a market which is also seeing competitive intensity flaring from the bank side as well? Thank you.

Girish Kousgi: What we were doing probably few quarters back and now there has been slight improvement. That is why you will see our ticket size also going up to 21 lakhs which was 18 lakhs earlier. I think from now onwards, there is less scope for us to increase ticket size. So, it will be around 21-22 lakhs going forward as well that is where we will stabilize.

Moderator: Thank you. Our next question is from the line of Miti Gupta with IIFL. Please go ahead.

- Miti Gupta:** I just wanted to know that whether the NPA numbers is including the IRAC norms numbers or excluding those numbers.
- Girish Kousgi:** It is IRAC only.
- Miti Gupta:** Okay. It is IRAC only.
- Moderator:** Thank you. Our next question is from the line of Pavan Kumar from RatnaTraya. Please go ahead.
- Pavan Kumar:** Sir our spread going forward would be around 2.5%. Is it sir that's what I hear?
- Girish Kousgi:** Spread. Yes, you're right.
- Pavan Kumar:** Okay, and what are the kinds of growth rates that we should expect in FY 2023 as per conditions right now.
- Girish Kousgi:** 18% to 20%.
- Pavan Kumar:** Okay, and due to the stamp duty cuts being rolled back in some states, would that affect our growth rates.
- Girish Kousgi:** Not much demand is quite robust. So, 18%-20% growth is very much achievable. It won't impact.
- Pavan Kumar:** Okay, and any reasons why you expect the spreads to actually roll back.
- Girish Kousgi:** See earlier we were managing spread of slightly higher number and when COVID started, we had a lot of competition from bank and therefore we had to drop rates. So, the entire portfolio has repriced and now even today as we speak I think home loan rates available in the market is quite low. It's in the range of 7% to 7.5%. Right. So, if you have to be competitive on it, it's more of a balance between profitability and growth and that is the reason why we have slightly moderated on the spread.
- Pavan Kumar:** Okay and on the incremental capital that you play a plan to raise, have you decided on how much you want to?
- Girish Kousgi:** No, not yet.
- Moderator:** Our next question is from the line of Manuj Oberoi with Yes Securities, please go ahead.

- Manuj Oberoi:** Yes sir, hi, this is Rajiv here. Thank you for taking my question and congratulations on strong numbers. So, two things firstly, in terms of if you can give us some color about how incrementally is our portfolio changing so, maybe if you can just give more color on the quality of incremental portfolio being on boarded because we are at a different rates at this point in time say when we were then we were say about say 12 months before and even pre COVID in terms of our relative positioning. So, then have we kind of slightly you know, kind of relaxed in terms of customer profile or property profile, if you can just kind of give some flavor about the quality of new portfolio being onboarding at 8%.
- Girish Kousgi:** See actually, we have not changed any policy in last two and a half years to three years or even the process we have not changing anything. Now, because of COVID there were two changes one in terms of we had slightly tightened and we then restored it back especially for SENP and this happened long back. So, we had done this for about six to seven months' time and effectively business happened in only three to four months' time right. So, as of now, I think there is no change at all, what happened due to COVID SENP, which was 30% incrementally also had come down to over 12%. So, now that is back to about almost 28%-odd. So, I think IN quarter or two it will be back to again 70% salaried and 30% self-employed this is on the profile side. In terms of products, we have increased non home which was 9% to about 10% in last few quarters.
- Manuj Oberoi:** Sir maybe within salaried and within self-employed risk categories. Have you seen any shift or any change out there between self-employed and salaried and second level could be also in terms of say property profile? So, has kind of incrementally property profile slightly changing in our portfolio?
- Girish Kousgi:** Not really. We have not seen any changes.
- Manuj Oberoi:** Sir one last thing was again, a rumor.
- Girish Kousgi:** The only thing is that demand from self-employed came down because of COVID and now slowly it is coming back. So, otherwise we have not seen any change.
- Manuj Oberoi:** Yeah and sir one more rumor that I wanted to clarify on because we have been hearing that you know, some people have been kind of deputed or have joined from Canara Bank at the operation level. So, is this true and if they have come then you know, what roles will be playing and how should we read this?
- Girish Kousgi:** So, basically, I think there have been three people from Canara Bank. So, one would be part of risk team assisting the risk team and the second person has joined the audit team , will be supporting the audit and audit team. The third person will be in HR and other administration. So, three people have joined from Canara Bank on the deputation.

- Manuj Oberoi:** Okay, so they are for a long-term assignment or they have just come for a short state.
- Girish Kousgi:** So, they just came a couple of months back and generally when they come their term is for three years.
- Moderator:** The next question is from the line of Mr. Tejas Mehta from Omkara Capital. Please go ahead.
- Tejas Mehta:** Just a few Questions. One is can you give us the sense on the quantum of the portfolio in an around Bangalore.
- Girish Kousgi:** Bangalore, I will tell you incrementally Bangalore does about 23%-24% of business.
- Tejas Mehta:** Can you tell on the loan book?
- Girish Kousgi:** Book is the about 25% and 25.5% sir which is to be 33% few quarters away. Now dependency on Karnataka has come down, because other horizons are contributing well at Telangana, AP, then Tamil Nadu, Rajasthan and Maharashtra they are all contributing. Earlier the dependency on Karnataka was almost 1/3s. So, now it has come down. Actually, it's not yet come down from more than 15 months back only.
- Tejas Mehta:** Can you just help me understand the movement of cost dispense in the P&L like employee cost drop for the Q-o-Q basis, but and there was very sharp jump in other operating costs. What's the reason for that?
- Girish Kousgi:** No, if you look at employee is basically one is new hiring. Actually, it has not come there, it has gone. One is new hiring and second is the increment what they got. It is not applicable for the whole year. Otherwise, official has gone up because of our IT front, second is PSR and third is DSA commission, because we are increasing our disbursements. So, in line with these disbursements, even the DSA commission will also increase.
- Tejas Mehta:** Because cost shot up 193 crores. It was on Q-o-Q basis, it's like was from 84 crores. That is like 110 crores increase in the cost. We didn't understand that. How can it such a massive cost increase happens in just one quarter.
- Girish Kousgi:** I'll give you the breakup, actually when see with it salary revision which happens once in five years and that call we took little late and therefore we had to pay the arrears also. I think this was clarified earlier, but again; we'll be able to give a break up on that.
- Tejas Mehta:** Even employee cost, it is actually stable at Rs. 180 crores to Rs. 88 crores. Last quarter, it went up to 214 and now it has again come down. I'll later on re-talk to you personally to get the break up.

- Management:** Sure.
- Tejas Mehta:** Sir, on the capital adequacy, what your capital adequacy that we have today?
- Girish Kousgi:** So, as of now, it is 23.3%.
- Tejas Mehta:** In Tier-1?
- Management:** I think 100% is Tier-1.
- Tejas Mehta:** Sir, 23.3%, if that is the capital adequacy, then why do we need to raise more equity then?
- Girish Kousgi:** Yeah. I think the only reason why we are contemplating is to, is because of DER.
- Tejas Mehta:** Because of what?
- Girish Kousgi:** DER, debt-Equity Ratio.
- Tejas Mehta:** But, if you don't really look at Debt Equity Ratio in this kind of...
- Girish Kousgi:** I understand we have been engaging with all the bankers. Obviously, we also were pretty comfortable now DER of up to 8.5x and therefore we also had a backup plan. One is if you look at capital adequacy, we are at comfortable level, but we thought of raising capital, no thinking in mind that one, it will help us to be in future in terms of growth and number two also to try and bring down DER.
- Tejas Mehta:** Because the thing is that, if you said say issue for Rs. 500 crores to Rs. 600 crores of capital and you are all on 3000 crores of equity today. So, that side 20% dilution on the equity and on the market cap of course it will look lower that on the current equity, it will look much higher so basically, existing equity investors will actually kind of suffer because the ROE will drop and as well as so many other things as well. So, I'm not able to understand why the need today's equity?
- Girish Kousgi:** The reason why we've been talking about this for last three quarters that is the reason why we had **(Inaudible) 49.33**. So, whenever we raise, there'll be some impact on ROE for that particular year. And from next year, I think it will enable not to include the ratio. So, this is true for any Company at any given point in time, whenever they go in for equity raise. So, I think that is in-built, we look at all the numbers before we take a decision.
- Tejas Mehta:** For next year, can you expect us (+) 10,000 crores kind of disbursements number for FY 2023?
- Girish Kousgi:** Yes. You can expect.

- Moderator:** Our next question is from the line of Chandrasekhar Sridhar Fidelity International. Please go ahead.
- Chandrasekhar Sridhar:** What is the LCR at this point in time?
- Girish Kousgi:** Come again?
- Chandrasekhar Sridhar:** What is the LCR at this point in time?
- Girish Kousgi:** LCR.
- Chandrasekhar Sridhar:** Yes.
- Girish Kousgi:** See the requirement is about 350 crores, but we are holding more than 1,000 crores.
- Chandrasekhar Sridhar:** And what is the drag on means? You said.
- Girish Kousgi:** No, no, there is no drag. It's a positive carry as of now, which is why I told that 4.15% NIM is not sustainable because today the rates are favorable. As of now you're holding more because it's helping us and also the rates are fluctuating. As of now it's a positive carry and therefore out of 4.15, 12 bps because of LCR investments.
- Chandrasekhar Sridhar:** Can you remind me, why you dividing 0.40% of credit costs next year? What's the logic behind this, especially being with asset quality so good?
- Girish Kousgi:** I'm only saying that we are pretty confident of the restructured book and the book what we are building, I'm only saying that there won't only be much changes as of now it is 0.4. It'll continue at 0.4 maybe there could be 1 or 2 bps here and there plus minus.
- Chandrasekhar Sridhar:** That's still much-much higher than the history. They've already passed through COVID waves done that we have honestly reasonably well. I'm just trying to understand the logic of having 40 bps, when we historically have been at anywhere between 15 and 22.
- Girish Kousgi:** PCR today what it is 53% maybe going forward, it has slightly come down because there should be the balancing act. From a 0.36 we went up to 0.4 of credit costs, PCR which is about 33. Now it is about 53. So, PCR going forward will come down because as of now you just created. Going for you might draw that. And I said 0.4 because currently it's 0.4 and there won't be much change in that maybe we put on the race change it will be 1 bp or 2 bps.
- Chandrasekhar Sridhar:** Is this **(Inaudible)** (52.31) estimate now higher than what we've had historically.
- Girish Kousgi:** In terms of credit cost?

- Chandrasekhar Sridhar:** Yes.
- Girish Kousgi:** Not really. Nothing has changed. Even today I think 0.4 is quite low very low actually.
- Chandrasekhar Sridhar:** No. Absolutely, I'm just saying versus our own history it is in higher, we used to run between 15-20 bps. I'm just trying to understand that the logic of...
- Girish Kousgi:** No. At that point in time portfolio has not matured. Now you see, we see a matured portfolio and over a period of time it will settle down in between 0.35 to 0.4.
- Chandrasekhar Sridhar:** Can you help us? What's the Stage-2 number as of the end of the year?
- Girish Kousgi:** Rs. 1270 crores Stage-2.
- Moderator:** Our next question is from the line of Abhijit Tibrewal with Motilal Oswal. Please go ahead.
- Abhijit Tibrewal:** A couple of questions, firstly I used to call them in week so excuse me some of these are repetitions. So, what's the stock of your borrowing number as at the end of the quarter?
- Girish Kousgi:** I did mention this in Quarter 4. Incremental borrowing is Rs. 5,000 crores.
- Abhijit Tibrewal:** You've mentioned that in your opening remarks, I was asking, what's the stock today as of March 31st, what is the outstanding borrowing that day?
- Girish Kousgi:** 24,600.
- Abhijit Tibrewal:** Secondly, somewhere the quality you mentioned that other than Rs. 67 crores of OTI provisions you are sharing about Rs. 90 crores of NPA provisions and around 116 crores of standard assets provisions. So, will you, can we take of say that the total ECL provisions that we are holding today about Rs. 273 crores?
- Girish Kousgi:** See, today what is holding is totally Rs. 270 crores of provisioning high rise. This is our Rs. 98 crores is standard assets, then NPA is about a Rs. 90 crores, then restructured loan pool is about Rs. 67 crores. And additional is 15. The total is Rs. 270 crores.
- Abhijit Tibrewal:** Sometime back to the previous participant you mentioned the Stage-2 a number which was about 1270 crores. What is the provision that you're carrying on the Stage-2?
- Girish Kousgi:** On Stage-2, we are carrying 34.88.
- Abhijit Tibrewal:** So, that, can you sake of say that large part of the increase that you've not seen other, that 40 bps of credit cost that you are guiding for, is partly driven by the fact that you now want to increase

the provision cover on your standard routes given that you suggested that PCR on stage three will incrementally come down.

Girish Kousgi: Yeah, partly right. And also, if you see when we are growing the book, our provisioning on standard assets goes up.

Abhijit Tibrewal: The other question that I had, you were suggested during this call itself that you have increased the interest rates are about two times during the course of the last year. If I recall from my past earning calls and you have suggested that there is annual reset on the interest rates that you do. Are you kind of running at this that given that there will be annual reset on some of the customers that you would have probably lent at lower rates about a year back? There could be higher balance transfer requests going forward.

Girish Kousgi: No, it is a balancing act. Yes, that does happen. But, to manage that we will probably drop rates or keep the card rate lower. It's a balancing act. End of the day, we need to work on the yield spread and the cost of fund. So, it's more of a balancing act.

Abhijit Tibrewal: Just I will ask last question here on your liability mix. So, obviously the CP has declined to about 11% in this quarter and likely to expand that this was to do with the fact that there's a requirement to borrow in the form of entities of a proportion of your incremental borrowings in the quarter. But, then you subsequently also registered that you would be looking to maintain seepage at around 15% of the liability mix. Don't you think given that a lot of questions, I'm sorry all invested in fraction that vary over and around the fact that you're running a higher proportion of CPs in the liability mix. Don't you think? It will be better if you maintain CP at maybe these levels other than looking to increase it back to about 15-16% levels in the next year. Probably one more question here is that to the earlier participant you have guided for disbursements of about 10,000 crores, if I recall correctly. So, I just wanted to understand, I'm seeing that our branch network has been fairly constant for a long on the time for the last 3-4 years. What is leading to these better disbursements, the technique either better distribution, deeper penetration or improvement in efficiency that enables lenders to scale up the disbursement. What is it that our secret associates sir?

Girish Kousgi: In terms of CP, CP is not for funding; CP is only used as a tool for cost leveraging. So, if you see a couple of years back, it was very-very high. Now we brought it down and now what happened is that we need to also manage the cost and before renewal we will definitely use CP as a tool to ensure that the cost remains low and there is no risk because the CP will be only against backup which means sanctioned term down limit which is undrawn or against available OD limit. So, to that extent CP of 14%, 15% or 16%, I don't think so. It's a risk because it is not for funding purposes. In terms of disbursement, if you look at the growth from last year to this year, I think the growth is not really substantial, it will be about some 20% odd and that is the guidance what have given as well. I also mentioned that, we are opening branches and we will

open branches this year as well. Only the thing is due to COVID, the pace of opening branches came down and therefore if you see last two years, not too many branches are opened. Now, having said that we're also working on deeper penetration and working on employee productivity, there we feel that enough scope is there and we can take our book to close to about 40,000 crores to the existing set of branches, having said that we will also open branches and try to increase the contribution from the new branches as well.

Moderator: Our next question is from the line of Viraj Gandhi with SAMCO Mutual Funds. Please go ahead.

Viraj Gandhi: Most of the questions are answered. Just one final clarification from my side, you started this call thing saying that and the NHB audit are going on. Just wanted to clarify or comment on this is it not a special audit and only a general audit which happens with most of the housing finance companies?

Girish Kousgi: NHB, they do two types of audit. One is on the, which is central system audit. And second is credit audit. So, one audit is over and the discussion is pending and another audit is yet to start. This happens every year and this apart there'll be internal audits which should be happening. I think the specialized what they're referring to is the internal audit. So, this happens on a continuous basis.

Viraj Gandhi: From the provision that we have made this quarter, there's nothing allocated for this particular audit, correct?

Girish Kousgi: Whatever observations we have received so far are general in nature and in the normal course of business.

Moderator: Our next question is from the line of Gaurav Jani with Prabhudas Leeladhar. Please go ahead.

Gaurav Jani: Just clarification first, firstly the investment income, the impact on margins versus 12 bps, whose this we are only to middle about Rs. 8 crores on the NII?

Girish Kousgi: See this is figure out for a quarter, it's about Rs. 18 crores.

Gaurav Jani: Rs. 18 crores. And that is only on NII not the net asset that you are saying.

Girish Kousgi: NII only.

Gaurav Jani: Secondly, the NPA numbers that you have mentioned this time around, so have we reverted back to the previous recognition or this is misleading variance recognition?

Girish Kousgi: See, rolling back to current if you're talking about that I think that is very-very less. This is basically through legal action and SARFAESI and OTS from the NPA pool. There have been

some flows from SMA-2 to NPA, but the recovery is much higher and therefore the NPAs come down from 0.71 to 0.64.

Gaurav Jani: Sir, What I wanted to ask you is look, 0.64% is the basis for daily NPA recognition or is it as the previous guidelines?

Girish Kousgi: This is as per the new regulation only.

Girish Kousgi: Number 12, RBI circular said two things. One is NPA tagging. NPA tagging has to happen on the 90th day. So, earlier every month was taken as one month. For example, in a month, let's say if you take quarter one, so quarter one, April is 30, May is 31 and June is 30. So, it is more than 90. So, NPA recognition has to be on the 90th day and we should not go by month-wise. That's number one. Number two; once the account becomes NPA, earlier we could have upgraded suppose let's say an NPA account if you receive two EMIs that account could have come to SMA-2, but now we have to collect four-year life so that from NPA it will directly come, it will become current. So, these two are the changes. Now this 0.64 is as per the new guidelines.

Gaurav Jani: Sir, there was a relaxation and that's why I thought of asking the five-fold detailed answer?

Girish Kousgi: This we implemented from that month only, from November of last year.

Gaurav Jani: Coming back to the provisioning guidance number of about 40 bps. So, could you sort of say that you are being a bit more conservative order because frankly assuming a 20% growth on a fall over of 40 bps highlighted versus provisioning? We're looking at 20 odd crores and we already have a 50% odd for PCR. I just wanted your thoughts on that. Have you been much more conservative about it?

Girish Kousgi: Maybe you're right. We will try and moderate this looking at couple of more quarters.

Gaurav Jani: Just there are two more questions on my end. One is the repayment rate for the quarter per se seems a bit elevated although obviously there is a bit sense you are pretty strong, but on an annualized basis, it was about 20%. Needing to read out here, certainly there is compared **(Inaudible)** (1.05.59) goes up from banks or other checks if you see the how should we forward look at it?

Girish Kousgi: No, for 2020-21 it was Rs. 543 crores and 2021-22, it came now to Rs. 293 crores. What a peak we saw out of this, if you could take on an average, a BT out is about Rs. 30 odd crores and this is part payment and the foreclosure all put together it is Rs. 293 crores.

Gaurav Jani: So, nothing special from the quarter.

Girish Kousgi: No, it is normalized. It is back to pre-COVID level.

- Gaurav Jani:** So, REs next year answering those break-up of CAT-1 on Tier-2?
- Girish Kousgi:** Tier-2 is only Rs. 100 crores.
- Gaurav Jani:** And finally, the total employees number as on date?
- Girish Kousgi:** A little over 900.
- Moderator:** Our next question is from the line of Ayushi Shah from Affluence Shares and Stocks. Please go ahead.
- Ayushi Shah:** My question is slightly on the macro level. Sir, I think everyone here is aware of the fact that the Company is like one of the greatest beneficiaries of increasing demand in the affordable housing segment. What I would like to know is like the intensives of the problems you feel that the Company is facing especially in increasing disbursements to the various geographies that we have and how are we dealing with the increasing competition in the segment, because like the Company has previously adopted like a low interest rate strategy to protect its market share. But, do you think that is sustainable and if not what are the other measures opting?
- Girish Kousgi:** Actually, competition was there always only thing is during COVID time because there was a certain constraint on mobility of people and therefore businesses was not coming through and therefore a lot of banks they came aggressive on BT and therefore there was heightened activity of BT. The competition was much higher than what it used to be. From January onwards, it is back to normal. So, from January competition is back to normal which is the business as usual for us. It's almost what I think five quarters now we do have competition. We were able to manage that. So, the competition what was there in COVID two quarters and what we see now, there is a huge difference at that point and there is huge competition. Now competition has come back to normal level and before the kind of growth what we are looking at is quite possible.
- Ayushi Shah:** Are you looking at any new products that we can launch in order to like improve this Franchising have going forward?
- Girish Kousgi:** We'll have to think about it, but yes, if there's an opportunity, we'll definitely look at it.
- Moderator:** Our next question is from the line of Gaurav Kochar with Mirae Asset. Please go ahead.
- Gaurav Kochar:** Sorry for persisting on this, but the credit cost guidance of 40 bps, if I look at FY 2021 and FY 2022 the two years of COVID, our credit cost was up 30 bps in each of these years. Even if I look at the net NPA number, it's 30 bps. So, nothing much to talk about what's underlining this, 40 bps guidance, are you seeing anything on the credit cost side or an asset quality side that you believe maybe the restructured books or the Stage-2 assets, which is leading you to guide for the 40 bps what of the request, because...

- Girish Kousgi:** No, not at all. For all we know this 40 bps will come down because we have increased our PCR which will have its impact. We are not seeing the impact from the restructured books, the book has come down by 42 crores already and out of the EMIs it is a fall and due, I think all the accounts are regular. Initially we'd mentioned out of the restructured pool about 7% might flow to NPA which is about 49 crores. I think there is no change in the plan. Probably that number could be much lower than what were anticipated earlier. So, this 40 bps will further come down.
- Gaurav Kochar:** Sure, so this 40 bps is only a conservative number and based on experience in COVID, one can easily assume that credit costs should be 30 bps or up 30 bps.
- Girish Kousgi:** It could come down from 40 bps.
- Gaurav Kochar:** Sorry, this has been answered earlier, you mentioned that there's an NHB audit going on, but any other investigation internally or by an outsider done in the last quarter or so apart from the NHB audit that you're talking about.
- Girish Kousgi:** Basically, I'll tell you what these kinds of audits keep happening. Whenever there is a complaint, obviously the audit happens. So, in that audit also nothing has come out which is other than what comes from the normal course of business. What are actually come out is, some kind of irregularity in one branch which is Bhilwara, there we have identified about Rs. 3.93 crores of fraud reminiscent for its irregularity where the income tax returns is a fake. This happens at any given point in time during any audit across any branch. This is what has come up. Apart from this there is nothing which is abnormal which has come up.
- Gaurav Kochar:** This audit was conducted by your own internal team. Is it?
- Girish Kousgi:** We do regular audit in fact every month, every quarter, because it's more of a concurrent kind of audit was it we keep doing across the country. So, this is a regular exercise.
- Gaurav Kochar:** And the last question on margins, when you see the spreads will go down to 2.5 and margin on a sustainable basis 3.7, is it more to do with funding costs moving up or you believe yield could also be under pressure given that currently get marginal yield of 8.07. Do you see that as a risk or your funding cost at 5.5, that as a risk. When you say the spreads will come down.
- Girish Kousgi:** See yield will go up, cost also will go up, so we will protect no margins what we have mentioned, it is basically a balance between profitability and growth. If you have to grow at that level, and now we need to fix slightly it on the margin. Therefore, I said 2.5 spread and about 3.75 NIM would look as appropriate in the steady state of business.
- Gaurav Kochar:** You are just saying 18% to 20% growth in order to maintain that maybe some bit of margin compression might happen in the next year?

- Girish Kousgi:** Correct.
- Moderator:** Our next question is from the line of Dhaval Gada with DSP. Please go ahead.
- Dhaval Gada:** I just had one question on the insurance attachment. So, where would be the on the insurance attachment in FY 2022 compared to let's say pre-COVID and your expectation for next year?
- Girish Kousgi:** No, we are also looking at some 20% odd growth in the insurance income.
- Dhaval Gada:** In terms of attachment rate, it would be like a 50% attached or a higher or lower any qualitative or quantitative number, if you will provide?
- Girish Kousgi:** The insurance is something which is optional to the customer and therefore we will on a best effort basis, we'll try to grow at about 20% odd. Because we track based on value penetration and for certain products and number penetration, we will try to grow at about 20% odd.
- Dhaval Gada:** And the value penetration is more than 50%.
- Girish Kousgi:** No. both 20% only.
- Moderator:** Our next question is from the line of Franklin Moraes with Equentis Wealth Advisory. Please go ahead.
- Franklin Moraes:** I just wanted to confirm that even the volatility in rates that we had seen in the past year or so, and even the borrowing mix where in the CP was increased and then reduced. This kind of volatility is not likely to or it's likely to moderate going forward.
- Girish Kousgi:** See, in terms of the liability mix, I think this is quite normal for us. What we saw abnormally last two years is only COVID. Other than COVID everything else for us is quite normal. The CP fluctuation also is well within the limit.
- Franklin Moraes:** So, this 10% to 20% range of that CP fluctuation we can assume that similar kind of range happening in going forward.
- Girish Kousgi:** We will keep it at 15%. (+/-2%).
- Franklin Moraes:** What is your average tenure of the book both on origination and on closing out of the loan?
- Girish Kousgi:** Average is about 8.5-9 years. On origination, it will be about 20 years; if you look at the average on book is about 8.5-9 years.
- Franklin Moraes:** And what is the average LTV?

- Girish Kousgi:** Average LTV at a portfolio level is about 67%.
- Franklin Moraes:** 67%. Is there some scope to increase this LTV or we are happy with the current level?
- Girish Kousgi:** It depends on the need of the customer. If there is a need will increase by 1% or 2% otherwise, we'll go with the flow. It was 65 and now it is 67. We will keep at that level unless and until there is a need.
- Moderator:** Our next question is from the line of Miti Gupta with IIFL. Please go ahead.
- Miti Gupta:** Can you please confirm me the numbers for Stage-1, Stage-2 and Stage-3 for this quarter?
- Girish Kousgi:** Just a minute. Stage 1 is 25,268, Stage-2 is 1,270 and Stage-3 is 170.
- Miti Gupta:** 3526 it is for Stage-1.
- Girish Kousgi:** Come again. 1270 is for Stage-2.
- Miti Gupta:** And Stage-3?
- Girish Kousgi:** Stage-3 is 170.
- Moderator:** Our next question is from the line of Manoj Oberoi with Yes Securities. Please go ahead.
- Manoj Oberoi:** I have just one number. I wanted a Stage-2 number for December quarter for the previous quarter ending.
- Girish Kousgi:** I'll come back to you, just give me some time.
- Moderator:** Our next question is from the line of Gaurav Jani with Prabhudas Leeladhar. Please go ahead.
- Gaurav Jani:** So, quick questions. Thanks again. One of the incrementally what would be the cost of CP Vs NCD for you?
- Girish Kousgi:** NCD, the last NCD what we raised was at 6.8% and the CP depends on tenure. One year CP comes at about, now it is about 5%.
- Gaurav Jani:** Secondly, on the OTS pool basically the restructured pool, now how should we look at FY 2023 and FY 2024? How much of it and will become due in '23 and '24 and so on?
- Girish Kousgi:** This year about 10% would become due, but we are seeing increased, closures happening in the restructured pool.



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- Gaurav Jani:** Lastly, that's the number the total risk weighted asset number please.
- Girish Kousgi:** I'll just tell you what is the blended? it's about 50%.
- Gaurav Jani:** 50% of the closing AUM.
- Girish Kousgi:** Yeah. Book. In December, Stage-2 numbers are Rs. 1,652 crores.
- Moderator:** That was the last question for the day. I would now like to hand the conference over to Mr. Girish Kousgi, MD & CEO for closing comments.
- Girish Kousgi:** Thank you, all the investors. We look forward to your same support in the future. Thank you so much. On behalf of Investec Capital Services that concludes this conference. Thank you for joining us. And you may now disconnect your lines.