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CFHRO SE CS LODR 129/2026
July 24, 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 Q1 FY27 Earnings Conference Call

Ref:
1. **Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
2. **Our letter no. CFHRO SE CS LODR 116/2026 dated July 14, 2026**
3. **Our letter no. CFHRO SE CS LODR 127/2026 dated July 18, 2026**

In continuation to above referred letter, please find attached the Transcript of Q1 FY27 Earnings Conference Call held on July 20, 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: 2026.07.24 16:57:55 +05'30'

Nilesh Jain
Company Secretary

Encl: as above

"Can Fin Homes Limited

Q1 FY '27 Earnings Conference Call"

July 20, 2026

MANAGEMENT:	**MR. SURESH IYER – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CAN FIN HOMES LIMITED** **MR. SHAILESH KUMAR SINGH – DEPUTY MANAGING DIRECTOR – CAN FIN HOMES LIMITED** **MR. PRAKASH SHANBHOGUE – PRESIDENT – CAN FIN HOMES LIMITED** **MR. UTHAYA KUMAR A– PRESIDENT AND CHIEF RISK OFFICER – 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: Hi sir, is it good to go, can we start? We have about 95 odd people on the call.

Management: I mean I am fine, we can start, I think it is, yeah, it is 3 o'clock already, we can start.

Swapna: Sure, sure, thank you. Thank you very much. So ladies and gentlemen, good day, and welcome to the Can Fin Homes Q1 FY '27 Conference Call hosted by Investec Capital. 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 any assistance during the conference call, please signal to me, Swapna, by raising your virtual hand. Please note, this call is being recorded.

I now hand over the conference to my colleague, Nidhesh Jain from Investec. Thank you, and over to you, Nidhesh.

Nidhesh Jain: Thank you, Swapna. Good afternoon, everyone. Welcome to the Quarter 1 FY 2027 Earnings Conference Call of Can Fin Homes Limited hosted by Investec Capital. We will start 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. Shailesh Kumar Singh, Deputy MD; Mr. Prakash Shanbhogue, President; Mr. Uthaya Kumar A, President and CRO; and Mr. Abhishek Mishra, CFO of Can Fin Homes Limited. Please note that this call is being recorded.

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

Suresh Iyer: Yes. Good afternoon, everyone. Thank you, Nidhesh, and welcome to this earnings call for Q1 FY '27 performance of Can Fin. I'll just start by giving a brief of the performance as few highlights. Obviously, all these things are covered in the Investor Presentation. However, I'll just give you some brief and some commentary on these aspects also, and then we can open it up for questions and answers.

First of all, I'll start with disbursements. In terms of disbursements, we had given a guidance or a projection that in Q1, we'll be doing INR2,500 crores; Q2, INR3,000 crores and INR3,500 crores and INR4,000 crores in the third and fourth quarters and so on.

So against INR2,500 crores, which was what was planned and what was projected, we have achieved INR2,609 crores. So we have been able to do more than what we had originally projected. And this has been possible because of a positive growth across all our geographies. That is we have 6 zones and all the 6 zones, including Karnataka and Telangana, we've had a positive growth. And Karnataka, actually, with the 18% growth over Q1 of last year is actually the lowest in terms of the growth -- zone-wise growth.

So we've had a growth across all the geographies. Plus, we've also had a positive contribution coming from the sales team as well as from the new branches that were opened post March 2023, which has helped us in achieving this disbursement. And that is a positive thing, which is one of the drivers for this growth.

In terms of breakup of this growth, if you see, we've had a salaried and self-employed, both have grown compared to last year corresponding period. So salaried in absolute terms has grown at 21%. The overall growth for the quarter has been 29%. That is against INR2,015 crores. The current quarter, we have done INR2,609 crores. So there is a 29% growth. But within that, the salaried segment has grown at 21% and the SENP has grown as 44%.

Similarly, if you break up between the housing and the non-housing, the housing in Q1 FY '27 has grown at 28% compared to the Q1 of housing figure of last year. And whereas the non-housing that is NHL has grown at 32% and combined, there is a 29% growth. So basically, across all the four 2x2 metrics, if we see, there has been a growth across all the four things.

The next, if you look at what is the challenge, however, has been that the prepayments or the rundown has been a little fair compared to even Q4 of last year. So we had this challenge and one of the expectation or one of our planning was that post this conversion from annual to quarterly reset, you may probably see a reduction in our BT outs. However, this has not happened. In fact, as against INR1,730 crores rundown in Q4 of last year this thing, we are having a rundown of INR1,857 crores. So basically, there is almost INR127 crores increase in the rundown.

However, if you break up the same run down, there's a -- what comes out is BT out, which was INR400 crores in Q4 of last year has increased to INR408 crores. So there is not a -- there is no major increase or higher BT outs, which has resulted in this rundown. It is just marginal INR8 crores increase compared to Q4 of last year.

Same way if you look at loan closures other than BT out, that is cases where customers have closed their loans from their own funds or because they are selling the property or where we have initiated the sale under SARFAESI, that amount last year -- last Q4 was INR360 crores. As against that, it has increased to INR377 crores. So both these things have not actually increased in a major manner.

However, what has actually increased resulting in the higher rundown, is that part payments from the customers have increased. So basically, when the reset happened from annual to quarterly. Most of the customers were under a change in tenure option. So the EMI was constant and the tenure was changing. So in all these cases, when the reset changed from annual to quarterly and the rate of interest was passed on 0.5 percentage, the tenure has actually crashed and the EMI has remained the same because of which higher amount of proportion has gone towards the principal.

So as against INR976 crores in Q4 of last year, which was part prepayment amortization, the number has gone up to INR1,072 crores. So basically, this is the main reason why the rundown has been higher, and we will have to now work on this particular aspect.

Now coming to the AUM growth. So last year, we had an overall AUM growth of 10.4%. And this year, in Q1, it has inched up to 10.8% or 11% as we have reported, but 10.8% in real. This has obviously been because of INR755-odd crores, which has been added to the book from the disbursements net of the rundown. And if you actually see, the disbursement was projected at INR2,500 crores.

And for the full year, we had projected that against INR13,000 crores disbursement for the full year, INR7,000 crores would be the rundown, which means approximately INR1,750 crores every quarter, against which this quarter, the rundown has been INR1,857, so almost INR100 crores more than what we had anticipated. But actually, this has also been offset by that disbursement which has been higher by INR109 crores against INR2,500 crores, we have done INR2,609 crore.

So basically, whatever was the expected increase in our AUM, which we had projected in the -- for the full year, the Q1, whatever we had projected actually has -- the numbers, net-net have been the same, just that on the -- disbursement also has been higher as I said, has been offset by an equivalent amount of higher rundowns as well. So we are still in line with the -- what we had projected at 14% AUM growth, just that we will have to now consistently do a little more disbursements every quarter to see that we offset whatever is the higher prepayment or rundown that is there. So that we will be planning.

As of now, we are projecting for INR3,000 crores only, but we will be pushing for seeing that we cover up for the higher rundown. So the projection for the entire year, we continue to have as 14% AUM growth is what we will be targeting.

And next, we talk about the spread and the NIM. So we had in the end of last quarter, of last year -- I mean, Q4 of last year, we had indicated that there was a high amount of portfolio, which has moved from annual reset to quarterly reset and have benefited from the reduction in rate of interest plus there was a January 2026 rate cut at also of 15 basis points. So net of that, our yield would come down to 9.81%, which, in fact, we have been able to sustain throughout the quarter. And for the full quarter, also, yield is 9.81%. So this is something which was already envisaged and was already highlighted in the previous quarter earnings call.

As against that, we had indicated that our cost of borrowing would be 6.99%, which in fact has ended at 6.98%. So basically, on the cost of borrowing side, we have further been able to bring down from what we were as on 1st April. And this is mainly because we also had some high-cost NCDs which have been repaid. And we also were able to time our CP fund raise at a very appropriate time.

So, this has helped in ensuring that our cost remains low. We do have a couple of term loans which we have or rather one term loan which we have raised at 7.25% during the quarter, but none of the older borrowings have had any rate revision because there is no revision. And all our term loans are either linked to T-bill or are linked to repo. There is nothing which is linked to MCLR, so we've not seen any increase in that.

So, our spread is 2.83% as against 2.81% as we had indicated in the beginning of the year. And consequently, our NIM is 3.81%, which also is we had given a guidance for 3.75%. Going forward, you know, we have a good amount, of sanctions on hand from banks and of course

NCDs and CPs are also there, but I think the banks are the currently the cheapest option we are having, of course other than the short-term CPs.

And we've also got an application with NHB, so at least as of now even considering that NHB we don't consider in Q2, we don't raise any NCD, based on the bank borrowings also, you know, there will be a very, very marginal increase only in cost of borrowing and there also because of the incremental loans, not on the existing loans. So, keeping that in mind, we are confident we should be able to maintain the spread and the NIM because on the yield side also we have a couple of opportunities available by because of a change in mix, product mix and segment mix.

So, we are confident that the NIM will be maintained at 3.81% plus and we should not have a problem in that. As regards delinquency and NPA, the stage 2 and stage 3 delinquency has actually come down compared to March 26 in absolute value. So, while there is a little increase about close to INR17 crores, INR18 crores in NPA, it is more than compensated in the reduction in our SMA 2 and SMA 1.

And consequently, our, you know, provision of credit cost is marginal, it is much less than what it was in last year. And we are confident, in fact, the trends also indicate that our -- the last six quarters continuously our NACH bounce ratios have been coming down and even right now we don't see any increase in the in the number of delinquent accounts. So, basically, we are confident that, you know, we should be able to maintain our credit cost guidance of 10 basis points.

So, that's in a nutshell the, you know, high brief highlights of the performance. If there are any queries, we can now I open it up for queries. Thank you.

Nidhesh Jain: Thank you, sir. So, we open up session for question-and-answer session. Participants, please raise your virtual hand, I will unmute you. Please introduce yourself and ask your question. So, first question is from Shreepal Doshi. Shreepal, I have unmuted you, please ask your question.

Shreepal Doshi: Hi, sir. Thank you for giving me the opportunity. My first question, sir, was on the macros, which have been tough and still remain uncertain, while our asset quality indicators have remained resilient. But how do you see that playing out in the next three-six months now, given and have we taken any underwriting norms or process changes in the last two-three months?

And also, in terms of customer profile, any filtrations or any, you know, do's and don'ts that we have, tweaked there? Any particular trend in terms of salaried, self-employed segment in terms of rejection rates and aspects on the same? So, how do you see the same, let's say, the asset quality trend shaping up in the next three-six months overall and keeping in mind the points that I've highlighted?

Suresh Iyer: Sure. So, thank you, Shreepal. First is, you know, in terms of macros, I think as I indicated across geographies, we are at least not seeing any slowdown in the demand. And we are not seeing any major issues either in the project launches also. In fact, in this quarter, that is Q1, we've added another 60 APF projects also. So, the projects are also there, you know, we are also increasing business from 271 approved projects, we now have 331 approved projects as at the end of the quarter.

So, we don't see any major thing on the demand side. On the interest rate side, of course, and liquidity side, liquidity also as I mentioned, we are having a good response, banks are, you know, almost all our partner banks have come forward and have shown a willingness to sanction, in fact, we've got a couple of, you know, large sanctions also. So, you know, we don't see any problem in the liquidity either.

In terms of the rate of interest, yes, you know, the rates have slightly gone up. As against 6.95% which at which we were raising in last year from the banks, we are now, you know, the spread they have increased and while they can't increase on the existing loans, it's only for the new loans where the banks have been quoting anywhere between 7.25% to 7.5%. So, that is the only that is one change.

So now on -- so what we have done is in terms of -- to offset this increase in the incremental borrowing cost, we have also tweaked some of our internal guidelines also. So, like now whatever special rates that we are offering, which we are offering for more than INR20 lakhs, we have increased it to more than INR25 lakhs.

So that is one thing, which was slightly, in the INR20 lakh to INR25 lakh bucket, we will slightly get a little better yield. We've also -- in terms of customers re-rating basically every year, we have to do a customer appraisal once again and classify the customer's risk profile. So there also, we have relooked at it.

One is, we have added additional parameters so that we are doing a little more -- EWS signals have been added. A little more monitoring in terms of OTMS reports and all those things have been added. So that we are -- if anything is there, we get an early warning and we are able to take corrective action. And as I said, INR20 lakh to INR25 lakh we have increased. And now we have also, in terms of CIBIL score, as against about 75% to odd percentage.

Today, we are 82% of our loans are now having a CIBIL score of more than 700. So, I think it's more of customer selection also, which is slightly improved, that is coming for the customers at this point of view. So consequently, there will be some indirect increase in the rejection ratios. But as we know 80% of our customers are coming through the DSA channel.

So, the log-in and everything happens only when it is basically cleared or fitting into our norm. So, we don't have a very great data, we can share about how -- whether the reduction rates have gone up. But basically, these are the things that we have done in terms of this.

And as I mentioned, for the last 6 quarters, we have been monitoring. We have our NACH bounce rates have actually come down. And we have also, during the last couple of quarters, run some exercises to see that older cases where NACH was not there, we have tried to convert those cases also into NACH. So, these are basically some more of hygiene improvement that we have tried to do. This is what we have done.

Shreepal Doshi: Got it, sir. My second question was on the IT side. So, in the quarter, we were supposed to do a complete implementation on the LOS, LMS and report generation. And I think we've completed the pilot already. So, when do we see complete implementation? And if it is in Q2 or in Q3, would -- do you see any impact on the business or on the disbursement targets that we have highlighted?

Suresh Iyer: Sure. See, we have done a pilot of 5 branches. And of course, there have been some teething problems, but nothing which has impacted our business. All these -- actually, we implemented all of them on 8th of July. Today, it is just 12 days. But all the 5 branches have put through all transactions, including sanctions, disbursements, customer creation, NACH processing, collection of -- EMI collection through BBPS non-NACH transactions, loan closures, all these transactions have been put through.

And we -- I mean, while there have been some small, small issues which have come up and have been immediately attended to, but I mean, we have not had any kind of a problem, touch wood, where we have had to kind of -- where we feel that it will impact our business. So, we plan to, in fact, implement it across our remaining 245 branches in this current quarter only.

The only thing is we don't have a weekly upgradation or a weekly implementation process possible. It has to be only at the month end because only then we can take the data and compare it and be able to go ahead. So we have done it based on the 30th June data on 8th of July. Same way, we'll be doing it on -- based on the 31st July data in August and August data in September.

And so definitely before the next quarter's earnings call, we will be done with all the 250 branches. And going by the experience of the 5 branches, I think we don't envisage any problems or any issues in the business because these branches also are likely to end the month of July with almost the same or better business than June. So we don't -- because already they are all logging files, their disbursements are happening, all integrations with all other applications, including internal as well as external APIs, all of them have been functioning quite well. So we don't envisage any problems.

Shreepal Doshi: Got it sir. Thank you so much for answering my questions. I will come in the queue for more questions. Good luck for the next quarter.

Nidhesh Jain: The next question is from Sonal Minhas. Sonal I am unmuting you. Please unmute yourself at your and ask your question. Sonal you can unmute yourself from your end and ask a question.

Since there is no response from Sonal, we'll move to Rajiv Mehta. Rajiv unmute yourself and ask your question.

Rajiv Mehta: Yeah am I audible?

Nidhesh Jain: Yes.

Suresh Iyer: Yes Rajiv please go ahead.

Rajiv Mehta: Thanks Suresh and thank you for giving me the opportunity. Sir, just a few questions from my side. In terms of the IT implementation, what was the experience in coming back to normal business volume for the 5 branches that we implemented in June? Are we already back to normal business volume or productivity in those branches so that we get to understand that when you implement it in the residual number of branches, what will be the business impact and for what length of time?

Suresh Iyer: This IT implementation, I just mentioned, it is based on the June data we've implemented in July. We are almost 12 days since we implemented. We are already, kind of, I would say, on track in terms of the business for the month. All the branches, we have been talking to them. There are small, small issues but nothing major, which is a showstopper. All the processes, as I mentioned, disbursement, sanction, closures, repayment, NACH, everything has been processed, and they are very much on track to -- I think in this month itself, they will probably be on track for the business.

Already, disbursements have also started in all the 5 branches. So there is no problem in terms of that. So going by that experience, I think we are confident we'll not have major issues. The only thing is we had 5 branches. We could give individual attention to 5, when we do the next 50 or 100 in the next month, we may not -- it will take a little longer to do the handholding.

But beyond that, we don't see any problem because the system perhaps -- system-wise in terms of the product that has been delivered and the processing that is happening, there is no issues. And in fact, even the people, they have been 3 to 4 days is all that they are taking to get the hang of the system.

Rajiv Mehta: Sir, are we targeting a certain number of business in this quarter since it's going to be a very testing quarter from our bandwidth point of view. If we did a certain run rate, say, in June, would we be able to maintain that run rate in July, August, summer despite this implementation? And can you share the number?

Suresh Iyer: No, I think we are confident that 3,000 we don't want to change. We are -- I think we will be able to meet that number. However, we do plan to come back somewhere in September and maybe either we will issue a press release or we will maybe come back and have a conference like this.

But we can update -- we'll give a proper update on how the remaining two tranches of implementation have happened in August and September also, but we are confident the way 5 branches have been able to, quickly within 10 days, come back to normal and do all the processes. I think in other branches also, we should be able to do it in the same month. And -- so 3,000 crores that we are targeting for Q2 stays, that number stays.

Rajiv Mehta: One last thing on pricing. When I look at the shift in the ticket size mix, to more than 30 lakh loans, the proportion is going up in disbursement and 50 lakh to 100 lakh category, ticket-size of loans have also gone up in AUM. So if they're contributing higher to our growth with every passing quarter, what is the pricing here versus the overall pricing that we get in the quarter?

Suresh Iyer: So actually, there's a multiple combination, it's I would say, a 2x2 or 3x3 or whatever kind of metrics with some additional.

Rajiv Mehta: Blended number is okay. Yeah.

Suresh Iyer: So as I said, blended cost is 9.81. And last year also, we had 9.82 is there. And so by and large, overall blended cost is coming to 9.8. For a salaried customer, who is having a CIBIL score of more than 725 and who is probably looking for a loan of 25 lakh plus because we have moved it from 20 to 25. I think the best rate would be around 8.4%, but then it goes up to around 11% also depending on the customer profile.

If an individual customer rating is S2 or S2 plus or S3, then obviously, the rate will be higher. Same way, if the customer is vis-a-vis a salaried, is a self-employed then it will be a little higher. Against the housing, if it is a little -- so the highest rate would be for a non-salaried, non-housing customer who is having an S3 rating. That would be probably the highest rating. So anywhere between 8.4 to around 12.5 would be the range, when blended comes to 9.8.

Rajiv Mehta: Okay. Thank you and best of luck.

Suresh Iyer: Thank you. Rajiv.

Nidhesh Jain: The next question is from Shubhranshu Mishra. Shubhranshu I am unmuting you. Also, please unmute yourself and ask your question.

Shubhranshu Mishra: Yeah. Thanks Nidhesh. Hi Suresh thanks for giving me this opportunity. Two or three questions. The first one is, a couple of NBFCs who have reported before you have spoken about some amount of disruptions in the IT sector hiring, especially at the entry level, mid management level. Given the fact that we have a larger exposure to Bangalore and the outskirts of Bangalore. Are we seeing any kind of changes in the offtake, especially in the IT sector, for home loans? If so, have we changed any policies around it?

Second is, can we spell out the number of home loans and the number of LAP loans that -- non-home loans that we have done in this particular quarter? And what's the expected run rate for the quarterly run rate for the rest of the year? And the third question is around any kind of surprises that we might expect in opex, going forward in '27? Thanks.

Suresh Iyer: Sure. See, in terms of the IT sector impact on the loans and everything, we have not seen any major thing. Maybe Karnataka, as we said, it still is also growing at 18%, and Telangana has grown at a little higher than that only. Of course, to some extent, it is also because of base effect. But having said that, it is still growing compared to last year, and it is also contributing.

We are not seeing any major change because of this IT. In fact, we -- there are job losses. That's a fact. But there are also people who are in the mid this thing and all, who are able to re-equip them in new thing, they are also able to get different jobs in different these things. So there are -- it's not that there are more jobs and people are absolutely having to sit at home.

So far, there has been no impact. Having said that, if you look at our Karnataka delinquency, our NPA as on 31st March '26 was lower than in absolute value as compared to 31st March '25. And in June also, it's a very, very marginal one or two, three cases, but nothing, nothing major, which is there, which also is anyway a first quarter sequential impact. So we have not seen any major impact of that.

Second, in terms of number of loans, I don't -- wouldn't be able to give you the number of loan accounts, but I can definitely share, the amount. As in -- out of 2,015 crores which we have done in Q1 FY26, 1,291 was HL, 724 was NHL. As against that, Q1 FY27, we have done 2,609 crores, of which 1,650 crores is HL and 958 crores is NHL. So basically, in HL, we have had a 28% growth Q1 to Q1. And in NHL, we have had a 32% growth. This is in terms of the amount I can say. Number of accounts, I don't have right now.

Shubhranshu Mishra: The third question was around opex. And if I can just squeeze in one question, which is around the APFs. So, the total number of APFs you have spelt out is around 331, per project, what is the maximum number of apartments that we can do? And when does this become a major contributor, when I say major upwards of at least 15% in our disbursement number?

Suresh Iyer: I think, see, in terms of opex, I don't think, there is any major surprise other than what we have been saying that INR40 crores are yet to happen. As I said, since we have just implemented in Q1 -- in July of this year, we still have some of the things where sign-off is -- we have to still capitalize, some of the things we'll capitalize in this in July also. So that will come into by way of depreciation and all those things.

By large, I think quite a few of the items, which are there where the AMCs have also kicked in, some of the cases where payments and all have been made, which are -- so those things have already started. I think even this quarter, there is a little bit impact.

In fact, if you recollect, Q4 last year also, about INR5 crores to INR6 crores of expenses have already kicked in terms of the project because some of the project items for which we had taken in the last quarter of last year, 1 year -- first year AMC was also started. So basically, in terms of opex, I don't think major -- any major new things are going to come. Salary cost or rent and taxes and all those, everything else other than IT cost is also well under control. There is no major surprise there. Everything is in line with last year's thing only.

In terms of APF actually, we are looking at as such about up to 100, 150 units per project also, we can consider for APFs. So, we do have some good marquee projects also, which have been approved by us of some very CAT A builders also. Although most of the projects are of CAT B builders, but we do have some good marquee projects of CAT A builders also.

As of now, in fact, the contribution is more and they are also testing us. We are also going through whole things. So learning is happening. So, it's a very small number. I think 15% will be a while away. But at least we have started getting a good regular trickle from these projects, which is a positive thing.

Shubhranshu Mishra: Sorry, these 100 numbers is what percentage of their total apartment throughput?

Suresh Iyer: No, no. This is a total number of apartments in the project. What we are expecting is to start with maybe 1, 2. Because we will see all the projects that we have tied up with mostly are already having 2 or 3 tie-ups, Okay? And no builder goes with a single tie-up. And since we are not doing developer finance, obviously, the first right of refusal goes to the lender who has also given the project finance.

Shubhranshu Mishra: No, what I'm trying to get at, Suresh, is from a risk management perspective, what is the maximum number of apartments we can do per project?

Suresh Iyer: That actually, we have a dual thing. We have a 10%, and there is a number wise also, that if it is project with 20 units, then you can go up to 5 or 6 or something. So, we have a metrics for that also. So, we don't go by that from the risk point of view, we will never go with more than 10% in a single project. That was the point. I misunderstood your question, sorry.

Shubhranshu Mishra: Suresh, I am done. I will come back in the queue. Thanks.

Nidhesh Jain: Then the next question is from Abhijit Tibrewal. Abhijeet, unmute yourself and ask your question.

Abhijit Tibrewal: Sir, just two things. One is, I mean, given the fact that we are going for a higher ticket size now, where we are seeing that large part of the growth coming from higher ticket sizes. I think, I also heard you on the call that given that the incremental cost of borrowings are moving up, we are also trying to do some tweaks on the asset side. Basically, where you said that maybe the yields that we used to charge to up to INR20 lakhs is the same yield, we will charge to INR25 lakhs now. I hope that understanding was correct.

Suresh Iyer: Correct. That is correct.

Abhijit Tibrewal: Don't you think that as we keep moving up, sir, we are facing higher composition? Basically, what I'm trying to understand is, sir, until now, the competition always used to be with banks or PSU banks. Now a lot of these large HFCs also talk about doing -- I don't want to call it affordable, but small ticket housing the INR25 lakhs, INR30 lakhs, INR35 lakhs, where we are building our sweet spot. Are we not seeing higher competition from banks there? I come from these largest HFCs there? My bad.

Suresh Iyer: See, actually, in fact, it is not the banks who are the prime players who take away our portfolio. Our main BT happens with LIC and Bajaj only. It's always been the private sector and the players who are doing it in the NBFCs or larger HFC space. The banks, of course, are there, but so far, we are not still -- not in ticket size segment. We are directly in competing them.

If I ask 50 branches, probably 30 branches would say, LIC is the main competitor, maybe another 10, 12, will say, Bajaj is my main competitor, and maybe a few of them will say PNB in one or two pockets, smaller geographies. Rarely, you will have the number one competition or the number one entity as a bank.

We don't have that. But so far, at least these other players, they have not majorly been able to make a dent in this thing. As I also mentioned, our prepayment or loan BT outs, has been almost stable in Q1 compared to Q4 of last year. Q4 last year, we had INR400 crores of BT out. This time, it is INR408 crores.

Abhijit Tibrewal: Got it. And sir, then you remember you touched upon this when someone asked you, if you're seeing any higher bounce rates, higher delinquencies from salaried customers in the IT sector, given that we have a very good presence in Bangalore and Southern India, Telangana. So, sir, just trying to understand, have you had a chance to look at what proportion of our salaried customers are employed in the IT sector? That is one part of the question.

And the other part is that, if these are our customers, what ticket sizes, what is there, annual income like? Because what I'm trying to understand is what kind of IT customers will typically end up going to banks and what kind of IT salaried customers will come to us.

Suresh Iyer: Sure. See, our IT sector exposure is only about 6% in terms of the number of customers who are associated with the IT sector and have taken a loan from us, okay? And we have done so, a study, at least the top companies which are in IT, are definitely not -- the customers from those companies are not, like if you say, whether an Infosys customer, whether a Wipro customer, whether a Cognizant customer or somebody is taking a loan from us, it's almost not there.

We have small, small IT-related entities with whom we are there. Obviously, yes, there are -- those entities will be the first ones facing the challenge whenever competition comes or whenever any new change happens. Still so far, we have not seen any major impact of this. At least our check bounce ratio, as I mentioned, for the last 6 quarters have actually -- our NACH bounce ratios have been coming down. So, we have not seen any major impact because of this, yet.

Abhijit Tibrewal: Got it. And sir, then just the last year, in the clarification to what you said earlier. What you're saying is that this year, you're still targeting that INR13,000 crores in disbursements. Just that -- given that what you explained the EMIs remain the same, the tenure comes down, so the principal amortization is faster. So, to that end, this year, you're expecting the rundown in the book to be higher but still targeting that 14% growth that you spoke about?

Suresh Iyer: If required, we may have to push the business, I think we should be able to do that. And already in Q1, we've overshot our -- whatever we had targeted for. Q2 also, we are targeting INR3,000 crores. And I think, the way our IT transformation has gone; we may be able to push a little earlier than what we had anticipated.

I think ,we will be able to do that, a INR6,000 crores accretion to the book by the end of the year. If that means we'll have to push a little more in terms of disbursement, INR13,000 crores will become INR13,200 crores, INR13,400 crores or whatever. We will try to push for that.

Abhijit Tibrewal: Got it, sir. That that answers my question and I wish you and the team the very best.

Suresh Iyer: Thank you, thank you Abhijit.

Nidhesh Jain: The next question is from Kunal Dhokas. So please unmute yourself and ask your question.

Kunal: Hello, sir. Am I audible?

Nidhesh Jain: Yes, yes.

Kunal: Okay, am I clear?

Nidhesh Jain: Yes, go ahead.

Kunal: Okay. So, just two questions from my side, both long-term. First is, is it correct that since 2001, Can Fin Homes has written off just about INR20 crores in total loans? Is that information, correct?

Suresh Iyer: Sorry, Rs. 20,000?

Kunal: INR 20 crores.

Suresh Iyer: INR 20 crores.

Kunal: Since the year 2001.

Suresh Iyer: I mean, written off, you're talking about. Yes, that is correct. That is correct.

Kunal: How, sir? I mean, we have companies who write off thousands of crore in a year. Can you please talk about the culture or the processes of Can Fin that make it so unique?

Suresh Iyer: So I'll tell you. So, one thing is in terms of technical write-offs, so there are two things over here, I'll just clarify. This is we are talking about credit frauds or credit write-offs that we are talking about. So, of course, this doesn't include that INR40 crores of Ambala which we are talking about, that is a non-credit issue.

In terms of the credit thing which affect the thing, there are two things. One, there are frauds. So, there are issues where some frauds might happen and those frauds are -- we are still continuing those frauds with a 100% provision and they continue to reflect as NPAs in our books of accounts.

So, our INR 380 or INR 375 crores of NPA that we are showing, this could include some accounts which we have been flagged as fraud, we may be providing 100% provision for it, but we don't -- we would not have written off those accounts. There is a 100% provision, there is a fraud, it continues to show as an NPA, it is there in our books of account and we attempts to recover from that either through SARFAESI wherever properties are available or through other legal processes is continuing. So that is one part of it.

The second is in terms of actual write-off where this happens where we know that there is no property. Some fraud wherein nothing is possible, that is a case where we would have written off. Or alternatively, second would be where we have sold the property, there is a difference amount, like for example, there is a INR22 lakh outstanding, we have sold for INR21 lakh through SARFAESI sales and we don't envisage a possibility of recovering the remaining INR1 lakh, we would have written off that INR1 lakh also.

When we add up those write-offs also, that is up to INR20 crores only from the last 20-25 years. That is correct. But there are additionally some frauds which are shown as frauds, reported to the regulatory authorities, we have taken police action, they continue to show as NPA, they continue to show with 100% provisioning. If we actually remove those kind of frauds and would have either written off, then probably we would have had another INR60 odd crores which pertain to the frauds, which pertain into all other things, maybe about INR50 crores-INR60 crores could have additionally been would have written off.

Had it been some other entity where there is a fraud. There's a write-off policy, then in that case if we would have had a similar policy, then another INR50 crores-INR60 crores would have probably been also written off, in which case our NPA which is 375 would have come down to INR310, INR320 crores only.

Kunal: That's still an a very exceptional number, especially if it is cumulative given how much total loans have disbursed over the 20-25 years and written off just INR100 crores cumulatively. And that was my question, even with reliance on DSA sourcing, how have we been able to maintain such a pristine credit underwriting practice and policy over such an extended period of time?

We all know that financial institutions are subject to very great external pressures, human pressures and organizational pressures, pressures to grow where they make mistakes, but Can Fin has been able to maintain that discipline over the last two, two and a half decades.

Suresh Iyer: I guess yes, customer selection and with tight policies, conservative policies is yes, it has impacted our growth. Sometimes we've not grown in line with what market expect, but yeah, we've been a -- it has been a very safe lending, conservative policies, conservative lending has been followed.

Kunal: Fantastic, sir. The second question on the cost to income ratio. With the technology transformation and the movement towards more in-house sourcing, how do you see that playing out over the next few years?

Suresh Iyer: Current year we do envisage that it will be hovering around 19.5% cost-to-income ratio. And some of it as we said has already started kicking in this quarter itself. That's why from the 18% odd numbers we have now moved to the 19% plus cost-to-income ratio.

For the year, we expect it will be around 19.5%. And since, our project is already implemented and we've already worked out the cost, now going forward this, you know, the AMCs and this depreciation part and all will kind of remain stable, but as the book grows, this percentage will again start to come down a little bit. So, I guess, we would in another three years down the line, we would again would want to bring it to 18% or thereabouts.

Kunal: That would be the long-term average.

Suresh Iyer: Yes, correct, that's right.

Kunal: Okay. Thank you very much and have a great day.

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

Sonal: Hi, sir, this is Sonal. I hope I'm audible.

Suresh Iyer: Yes, Sonal. Please go ahead.

Sonal: Yes. Sorry for the IT trouble earlier, there was some issue regarding some admin issues. So, I have two questions, sir. I'm looking at your book run down numbers and they have been elevated for the last four quarters. Sorry if I was out of the call because of these IT issues.

I want to understand like how do you understand these numbers, how do you decipher these numbers and what is the near-term to longer-term targets of these numbers? Should this be lower than 4.00% over the course of next one or two years or this is the new normal? That's the first one.

Suresh Iyer: Sure. See, first of all, you know, as I had given in the opening remarks itself, the breakup of our run down, we have about INR408 crores is coming from BT out, INR377 crores is from where the customers are making their own closures from their own funds, either because they're selling the property or because we are pushing them to sell the property or where generally small amounts and they are just making a payment and closing their loan to reduce their liability.

The major challenge or the major portion from where our run down is happening is actually amortization and more importantly, part prepayment where customers are making more payments every month, and but the loans are still with us. So, it's just the conservative approach from the customers' side where they just get some extra funds and they are parking with us.

So, this is something which, you know, from the customers' point of view, obviously it is good because they are able to cut down their tenures and repay earlier, less interest burden for them. So, from that point of view it is good, but at the same time it is hurting us. We'll have to see how it is there. What we look at is, you know, this particular quarter it has been -- this has been the number, but going forward I think we will want to work on whether we can convert some of these customers into deposit customers for us or else if we can look at some other kind of a thing where they can be retained without having to prepay and move out.

So, those we will we looking at it, because some of the prepayments probably we may be able to offer them a solution and see. We are right now analyzing and talking to credit information bureaus to see if we can get an alert even at the time when they make an enquiry as well, so that we can contact them and try to retain them. So, those efforts are going on. But another thing which is there is today if you look at it, before the interest rate started going down, our best rate was 8.95% whereas the banks and bigger player, larger players were offering best rate as 8.40%.

So, the differential was or delta was 55 basis points. Today with repo rate cut, the banks have moved from 8.4% to 7.25% or 7.15% and some of the larger players also have followed suit, but we have come down from 8.95% to 8.4%. So basically, now the difference is 7.15% to 8.4% or 7.25% to 8.4%. So this difference, which was 55 basis points has now increased to more than 1 percentage point, which is difficult to convince a customer, 50 to 60 basis points, we can convince the customer, customers also don't mind because the impact on their EMI is not very large. But over a period of time, a 1% impact is quite large if it is a INR25 lakh, INR20 lakh, INR30 lakh, kind of ticket size loan.

Therefore, it is one issue. If this rate differential can come down either because if repo rate starts going up or something of that sort, then this might come down a little bit, then we may not have so much of a pressure. But having said that, I think the bigger challenge for us is the part repayment and not BT out, because BT out is just about INR408 crores out of INR1,857 crores.

Sonal: Got it, sir. Sir, my second question is with regard to looking at your numbers and you talked about LIC being a competition. I see LIC not growing, you talking about Bajaj Housing Finance being the other competition. So just to understand, like one player is growing at 25%, 30%, which is Bajaj Housing and what is it that you see the trade-offs they are making as a competition vis-à-vis you, because of which they are able to demonstrate aggressive growth.

So we have 3 players, one is 25%, you at 11%, 12%, and there is LIC, which is not doing at all. So from a comp-set perspective, if you can just subjectively tell us, what's happening and who's doing what trade-offs? Basically, that will just help us set the context for us.

Suresh Iyer: Bajaj definitely has had a technology advantage, they have been the first movers, and they have adopted technology and that is able to give them a better edge in terms of TAT and all those things, we are catching up and we have all just implemented our -- transform -- our project has been implemented.

We also will now be starting on these journeys -- and customer journeys and digital road maps and all. That is something which we will be able to catch up and we will have to obviously push for constantly 20%-plus kind of a disbursement growth over previous years for us to slowly, the AUMs to start picking up and catching up.

Second thing is, having said that, while technology is also one part, LIC also has an issue of large prepayments, much higher prepayments because they are directly in competition with -- on pure home loans with the banks -- most of the bigger banks because the ticket sizes are also higher than ours.

I guess that they have a pressure of one is constantly growing, having to grow, at the same time also retain whereas, had it been a LAP book or had it been a LRD or had it been a developer finance and all, maybe that pressure would have been less for them.

I guess -- but I guess only they will be in a position to exactly tell you what are the challenges they are facing. I mean, sitting here, I can -- I guess these are what I see.

Sonal: Sir, all else being equal with the IT background and I think more agility with regard to the software platform. Would that mean that you would have more higher capability of assessing risk at higher yields apart from, obviously, aggression in disbursement? Does that also mean that you're able to launch more products, a little higher yield products, which are not too bad in terms of customer profile, quality of customer, but they are in the 11%, 12%, 13% kind of yield spectrum. Can we see that happening in the near term?

Suresh Iyer: Actually, Today, our system, what we are now implementing definitely gives us the chance or gives us the opportunity to launch these kind of products faster with proper controls and all those things in place, workflows and decision engines and all those things in place.

When and how we'll start, I think we'll have to -- as of now, in fact, our IT transformation was a bigger -- was our first priority. We will look at all these products going forward. I mean, as of now, I can't comment on that because we – our Board has not -- we've not actually deliberated and taken a call at our Board.

Sonal: Got it. Thank you. I will fall back in the queue. Thank you.

Suresh Iyer: Nidhesh, you are on mute.

Nidhesh Jain: Our next question is from Prachi. Prachi, unmute yourself and ask your question.

Prachi: Hello sir. I wanted to ask that last quarter, the company has indicated an aspiration to deliver around 2.4% ROA and around 18% of ROE. So given that the relatively softer performance in Q1 and some higher opex also we are expecting a little bit. Are we still confident of achieving these return ratios in FY '27?

Suresh Iyer: I guess, this quarter, we have done 2.39% as the ROA and 18% plus in terms of ROE, at least for the quarter. And yes, you are right, in terms of our opex, we -- it has slightly inched up. But because it has inched up a little bit compared to last year, is the reason why, in fact, our ROA has dropped from around 2.53% last year to 2.39%.

But going forward, I think we -- the costs, whatever impact we had envisaged, it started already reflecting. Therefore, this number is something which we will be able to do, manage. So one is we may have to -- we will have to obviously ensure that our NIMs and spreads and NIM are maintained, which as of now definitely looks possible.

In terms of credit cost, also the other variable, which is there, where we will have to look at it. As of now, we don't see a problem in the credit cost either. In fact, being the first quarter also, if you look at it, last year, in Q1, we saw a INR45 crores increase in NPA. The year before that, again, in Q1, we looked at -- we had a INR41 crores increase in NPA.

So this INR30 crores, INR40 crores increase in NPA has been there for -- as a cyclical thing every year. But this year, we have been able to, in fact, restrict it to just about INR17 crores, INR18 crores. So basically, what I'm trying to say is that in terms of credit costs, we are in a much better position today.

And so the 10 bps that we have been talking about, definitely doesn't look to be a challenge this year. So I guess, as of the moment, there is no reason to believe or nothing to reflect that we may not be able to achieve it.

Prachi: And so one more question was around the SENP segment increase, which we are looking at. I wanted to understand the portfolio, how we compare it with salaried segment in terms of the yields, spreads, the credit cost and the returns? So going to be -- they are going to be margin accretive right over the medium term.

Suresh Iyer: Correct. Actually, see, when we are talking about SENP, we -- our SENP also is not the assessed income or surrogate income kind of segment. The SENP category or the customers whom we serve actually are ones who have documented income. So they also are having 2 to 3 years of IT returns.

And we are verifying the IT returns from the portal. And based on that, we are assessing based on our norms. So even the SENP segment compared to the rest of the affordable housing finance companies would be a better segment for us in terms of credit. If I have to look at the credit cost and all, and the yields, self-employed would be at least 0.5 percentage higher in terms of the ROI as compared to a housing customer.

If it's everything else being the same, if it was just a matter of salaried versus self-employed, the differential would be 0.5 percentage point. And if you look at it as to the risk weightage -- sorry, the risk, the GNPA in the salaried segment today is roughly around 0.6% to 0.63%. Whereas in case of SENP, our current NPA ratio is around 1.45%, 1.5%. So roughly, factored for our credit cost also, I think 0.5% is accretive only.

Prachi: Okay. One more on the CBS platform, the branch expansion, all we have invested and the incremental operating expenses, which are going up. So when do we expect the productivity benefits? It starts to reflect in my cost/income ratio?

Suresh Iyer: See, today itself, the 5 branches that we have initiated. Those 5 branches also the speed and everything is much faster. And I think in terms of the stability, I think it will take about 6 months for the branches to stabilize, to get fully used to it and all those kind of things. But having said that, I think this year itself, we should start seeing some benefits in terms of staffing itself. Not to mention the speed and better quality, more faster TAT and all those things.

That part, I think even in terms of manpower, I think this year also itself, we should be beginning to see some benefits whereby we may not be taking -- adding staff for the sales team. We might be able to or we in fact, intend to take all the sales -- additional sales people from within the existing team sizes only.

Prachi: Okay. Okay. And lastly, just one point on the tax rate, what do we see the tax rate for FY '27 overall, in total, I should expect?

Abhishek Mishra: Is it the same that you mentioned?

Prachi: 21%.

Abhishek Mishra: Yes, 21% because of some DTA benefits, and this will be stable rate. There are no major surprises coming in the next quarters.

Nidhesh Jain: Thank you, everyone. That concludes today's session. I will hand over the call to Mr. Suresh Iyer for his closing comments.

Suresh Iyer Thank you, Nidhesh. Thank you once again to everyone for taking your time out to join this earnings call of Q1 results for Can Fin. And I hope we've been able to answer all your queries. And of course, if there are anything more you can always feel free to write to us, we have our listening.

We are also, in fact, meeting the -- and whenever we are having any meeting with any investor or anything, we are uploading our -- the transcripts of all our meetings also on our website. So I think that also is something which you can refer to for any updates and all.

Second thing is, as we mentioned, that now that we have undertaken this IT transformation thing, and we expect to complete it in this quarter, somewhere around September -- mid-September or first week of September, we might put up some update also on that, on how it is progressing and how many branches have gone live. How is the disbursement performance and all, in light of this, because it is a very important thing.

But having said that, we don't envisage any issues as of the moment, looking at the 5 branches, but we will still be putting up an update somewhere around September. So that's it. So once again, thank you. Thank you very much for joining this call.

Nidhesh Jain: Thank you. Thank you, everyone.

Suresh Iyer: Thank you. Thank you, Nidhesh.