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CFHRO SE CS LODR 75/2026
May 04, 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
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Dear Sir/Madam,

Sub: Transcript of Q4 FY26 Earnings Conference Call

- Ref: 1. Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Our letter no. CFHRO SE CS LODR 71/2026 dated April 27, 2026 on Earnings Conference Call in relation to the Q4 FY 2026 audited standalone financial results

In continuation to above referred letter, please find enclosed the Transcript of Q4 FY26 Earnings Conference Call held on April 27, 2026.

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

This is for your kind information and record.

Thanking you,

Yours faithfully,
For Can Fin Homes limited

Nilesh Jain
Company Secretary

Encl: as above



“Can Fin Homes Limited
Q4 FY '26 Earnings Conference Call”

April 27, 2026



MANAGEMENT: **MR. SURESH IYER – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CAN FIN HOMES LIMITED**
MR. SHAILESH KUMAR SINGH – 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**

Moderator: Hi, everyone. Good day, and welcome to Can Fin Homes Earnings Conference call hosted by Investec. I'll hand it over to Nidhesh Jain, our Lead Analyst, NBFC and Insurance with Investec India. Over to you, Nidhesh.

Nidhesh Jain: Thank you, Ramya. Good afternoon, everyone. Welcome to the Quarter 4 FY '26 Earnings Conference Call of Can Fin Homes Limited hosted by Investec Capital. As a reminder, all participants will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. For Q &A, please raise your virtual hand and we will unmute you from our side.

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

Suresh Iyer: Thank you, Nidhesh, and good afternoon to everyone, and welcome to this earnings call for FY '26 Results of Can Fin Homes Limited. I'll just take you through the brief highlights of the performance for the year ended March 31, 2026. And then we can have the question answer session. So I'll start with disbursements.

So first of all, in terms of disbursement performance as against the guidance of INR10,500 crores of disbursement that we had given for the entire year, the company has ended with a disbursement marginally in excess of that figure of INR10,531 crores, and this has been supported by consistent quarterly performance where in each of the 4 quarters, compared to the respective quarter performance, it has been a -- new peak has been achieved in each of the 4 quarters with Q4 ending at an all-time high of INR3,245 crores.

In terms of the 2 areas which is Karnataka and Telangana where the company was having some issues in the beginning of the year. Both the zones started with some negative. But over a period with the situation improving in terms of the e-khata performance for Karnataka, the state has consistently improved the performance and by the end of the year, we have ended with a 7% disbursement growth in Karnataka.

And now, in fact, also the position is such that barring the rural areas forming part of gram panchayats where the e-khata is getting delayed to some extent. But otherwise, in most of the urban centres, it's coming quite okay. So therefore, this performance is likely to continue. And in this year, we are targeting a 15% growth in disbursement in Karnataka. In terms of the quarterly performance as against us Q2.

In Q4, we could achieve about INR290 crores average disbursement per month in Karnataka. So therefore, it is a little positive. And in terms of Telangana, we started with a Q1 negative of 33% and that consistently has been coming down, particularly in Q3 and Q4, we've had a very, very steady run rate of more than INR100 crores disbursement. So therefore, we could reduce the gap.

But unlike the expectations that we had originally given or that we might also end up with a positive in Telangana, we have almost ended flat against INR1,198 crores disbursement last year, we ended up with INR1,147. So it's a marginal thing. But in terms of the current year, we are looking at a positive from day 1 because we've already reached a consistency in terms of performance, and Telangana now is doing about INR100 crores plus per month.

We have reached that level. Now in terms of the AUM growth, we had originally targeted about 11% to 12% growth. However, what we had started off with was that we would be having approximately about INR6,000 crores rundown, excluding the part repayments, full prepayments and everything. And that was based on the fact that last year, we had about 1,500 -- we had about INR5,400, INR5,300-odd crores of rundown in the entire year.

So we had assumed that there will be a INR6,000 crores rundown. But Q2, Q3 and Q4, we had a slightly elevated rundown situation. And therefore, we ended up with about INR600-odd crores extra over and above the INR6,000 that we have targeted. So that has actually shaved off some of our AUM growth expectations. So we've ended up with around 10.44%.

For the current year, we are targeting that if this is a present position, then we may have a rundown of about INR7,000 crores for the entire year. So based on that, with a INR13,000 crores disbursement target that we have kept for the year, we should be having a net addition of about INR6,000 crores to the book in FY '27, which would result in about a 14% AUM growth.

In terms of the prepayment intensity for the year, in Q4, actually, we have not had much of a BT pressure compared to Q3 or rather I would say it was very static because as against a rundown totally of -- we had of a -- about INR370 crores, INR380 crores in terms of the BT out in Q3, as against that, it has been about INR400 crores in Q4 considering that Q4 normally is a very hectic and a very high pressure kind of a quarter.

Still, the increase in BT out has been very marginal. And so therefore, it gives us confidence that the shift that we have made from annual reset to quarterly reset will help us. And now with almost 85% of the book having shifted to quarterly reset, the entire 50 basis points has been passed on to our customers. So that should help us in managing our BT outs. Other than that, in terms of INR1,691 crores was the total rundown, including, in Q3, including the part repayments, including amortization, BT outs and normal closures.

As against that, it has been INR1,730 which is very much in line. So Q4 pressure also, we have been able to -- somehow it has been handled well. Next, we come to the delinquency performance for the fifth quarter in a row, we've had a reduction in our absolute delinquency numbers. And that has helped in ensuring that the credit costs remain low.

Overall, in Q4, we have seen a reduction in our overall NPA numbers also. So that also has brought down our GNPA number 2 below the last year number of 0.87%. So we ended with 0.85% in terms of our NPA numbers. Going forward also, we see that there is -- even in the month of April as well as in the month of March, in spite of the geopolitical situation. We have not seen a -- any major stress in terms of delinquencies. And therefore, in terms of our going forward guidance for delinquency, we expect that our credit costs will remain benign.

And while it has been about 10 basis points for the current year as a whole. However, on a conservative basis, we would still like to continue with the guidance of 15 basis points, although we don't see any stress and it could well be below that by the end of FY '27. As regards spread, as I mentioned earlier, we had a higher percentage of portfolio which was under annual reset, almost 70% plus of our portfolio was at an annual reset, and that it was 71.14% at the end of last year.

And that has changed drastically because this year, we also sent across communication and sought consent from our customers. So in Q4, we've had a major reduction from 48% to below 15%. So now almost 85% plus of our customers are at a quarterly reset, and the entire benefit of the quarterly reset, that 50 basis points, has been passed on at the time of the revision to all of them.

So now as -- on the entire portfolio, after giving the impact of this quarterly reset half -- 50 basis points to all our converted customers, as well as after considering the 15 basis points that we reduced in January, also, the entire book yield will come down to 9.8% and that also excluding the -- any reversal in NPA income and all. But 9.8%. So that means that we will be able to retain the spread of 2.8%, starting from day 1 in the -- this current financial year also.

So this was one major concern, which every time was coming up that what if the portfolio converts from annual to reset, you will have to -- the spreads will come down but that we have taken into consideration. And therefore, this 1 additional slide has been presented in this presentation, where we showed that as of first April, after giving the entire impact of conversion to quarterly as well as after giving the benefit of that 15 basis points to customers, eligible customers is the yield will be, opening yield will be 9.8%, and the spread of 2.8% plus will be maintained.

However, again on a conservative basis, we therefore continue the guidance of 2.75% spread and 3.75% on the NIM for the FY '27. So that is, in a nutshell, the entire details of the performance. As regards with profitability, this year, we have had in Q4 2 onetime specific events. One was the impact of DTA, where in earlier in the -- we were providing for the DTA on the NPA whereas in case of standard assets, the DTA was not being provided. So that has been provided from this quarter onwards.

That's a onetime impact -- additional impact of INR46 crores. The normal would have anyway -- there would have been some impact because of the DTA on the NPA. But this additional for the standard assets that has been provided is additional INR46 crores and there was also the closure of our income tax refund status, where INR13.5 crores income tax refund even was received and the matter was closed by the department.

So that also we have taken into account. So excluding these 2 onetime events also if you look at it, our profit for the entire year would be as against INR1,085 crores, it would be INR1,027 crores, which is also a 20% growth over the last year profit of INR857 crores. So these are the 2 onetime events, which we have taken into consideration. So I guess with that that's not in a nutshell.

Going forward, we would have a little impact in the current financial year of about INR40 crores, which we have been talking about on our cost because of our IT implementation. In fact, INR6 crores of that cost in the Q4 has also been -- has already been booked in this year also. So while we were saying it should start from Q1 of FY '27, but INR6 crores has come in this year also, which has been already booked and so additional slightly, the cost-to-income ratio next year will be a little elevated, which we have been already sharing.

And so overall, next year, we hope to be able to maintain our ROA of 2.4%. And therefore, ROE might slightly be impacted because of the cost, but still it will -- we hope to have an ROE of 18% plus. So that's, in a nutshell, the highlights of the performance. Thank you once again for joining for this earnings call, and I request now to open it up for the -- open the floor for questions, please. Thank you.

Nidhesh Jain:

Thank you, sir. We will now start the Q&A session. I will request the participant to introduce him or herself stating your name and the organization name. The first question is from Siddhant. Siddhant please I just unmuting you, please introduce yourself.

Siddhant:

So my first question was, how helpful have the IT programs been? And has there been any qualitative -- could you share any qualitative insight on how it's helping us right now?

Suresh Iyer:

Sure. See, in terms of the IT, which we have already implemented, we have presented the share -- the slides. So we have already implemented on the infrastructure side, and also on the security aspect. So both have been completely done. And of course, that is helping us in terms of the speed in terms of the connectivity and all those issues, that has come down considerably wherever there were these MPLS lines that has happened, considerable reduction has been witnessed.

In terms of security, of course, it is just -- it is just the confidence I can talk about. I can't obviously say that. But we have our MTTR and MTdTA that is time to identify a problem and this we have been very well within our limits and it has been giving us a lot of confidence that any kind of attack on the system, we have been able to immediately catch and we've been able to handle it also well.

So that is well within our prescribed or whatever the guidelines -- benchmarks we have set for ourselves. As regards to applications, we have already gone ahead with our deposit applications. So that should reduce a lot of our time or that be going forward will be there. Other than that, in terms of our entire HRMS package has gone online. So now there's a lot of saving in that also, whatever manual calculations and impact that were there, that is there.

But additionally, what I can say is that the -- some of the upgrades that we have done, we've been able to bring in, some AI components also have already come in. Like, for example, in terms of our digital signatures and everything have been implemented, our entire DMS has been implemented. So search and everything for records has improved. Our -- in terms of our meaning solutions that has also been completely moved to Office 365, and we also have the benefit of the copilot and all.

In terms of legal, we have implemented a new solution for title search and this legal clearance report and all, that has also brought in a lot of efficiencies. But of course, the main component, which is the LOS and LMS, which is yet to be implemented in Q1 of this year. That will also, once implemented, we've given a lot of advantages. And we will be able to -- so therefore, a higher amount of benefit will start coming in at that point in time.

Siddhant: Understood. That's great to know. The second question is just after -- I think on April 1, we shifted to quarterly resets for most of the largest chunk of customers, right? So after that, would you assume that the BT out rate or the rundown rate has peaked now? Are you...

Suresh Iyer: I would probably assume so because as I mentioned, if I look at the data today, our BT outs in Q4 have marginally increased and that is also probably a function of the increased portfolio. Otherwise, in terms of the percentage, it is almost static, which normally in Q4, see witness is a spike because of increased competition and everything, but it has almost INR380 crores has been just INR400 crores for us.

So that has not -- INR373 crores, INR380 crores. That's a very marginal increase only. I would have therefore assumed that, that would be there because we went across sort the consent from the customers. And we pass on the entire benefits. So now the customers have got the benefit. They have already -- we have demonstrated that they will not be negatively impacted. So I guess this should be probably the peak. We have also considered only INR7,000 crores for FY '27 as against INR6,600 crores approximately for FY '26.

Siddhant: Understood. That's great. Just a follow-up to this is now if there is a rate hike cycle, what lag will we have in our spreads?

Suresh Iyer: See, actually, today, almost 85% plus is on quarterly reset. And in terms of our liability side, about 62%, which is the bank-related loans is on a link to repo rate. So if there is a repo rate increase on the liability side, about 62% of the book will witness, the liability book will witness an increase immediately or in the coming months. Whereas on the asset side, since 85% is quarterly, that will be about maximum, maximum 1/3 I mean 1 quarter delay might be there.

Nidhesh Jain: The next question is from Nipun Khemka. Nipun, please unmute yourself. I am unmuting you here.

Nipun Khemka: Sir, how satisfied are you with just under 5% growth in our housing loan book this fiscal?

Suresh Iyer: See, actually, it was a conscious effort to have a increase in our non-housing -- and to some extent, it was also because we had to focus more on LAP, particularly in Karnataka, where in Q1, Q2 and almost Q3 also to some extent, we had an impact of our e-khata issues where for fresh sanctions, there were issues in getting the registration or the sales deeds and all. So there was a compulsory requirement also where in one of the most important markets for us, we had to focus more on LAP.

That is why if you see our LAP also has gone up to almost 2 percentage points in this financial year. But having said that, going forward, I think we will be focusing -- we have almost reached

the limit that we had set for ourselves in terms of our housing, non-housing. So I guess we should probably -- we will see a higher increase in this current financial year.

Nidhesh Jain:

Next question is from Pavan Kumar.

Pavan Kumar:

I had a couple of questions. The first one was on the disbursement target and the loan growth target. So if I do the math correctly, then excluding Q1, Q2, Q3, Q4, you need to have around INR3,400 crores kind of a disbursement that you need to do, right, on the run rate. So given that you have -- your branch growth has been only to the order of around 7% -- 6% to 7% annualized in the last couple of years. Could you throw some light on how do you plan to achieve this higher sales of disbursements?

And a related question is that in terms of AUM growth in the previous couple of quarters for FY '27, you were indicating 15%, but I think in your opening commentary, you indicated a 14% AUM growth. So is it a tacet recognition that the BT out and the prepayments are actually much higher than you predicted and that's here to stay? Yes, that's my first question.

Suresh Iyer:

Yes. Yes. So first, I'll handle the disbursement aspect of it. See, actually, the year '23, '24 and '24, '25 also, if you -- from then onwards, we've been consistently opening branches. We opened 54 branches. The first and the second year, we had almost most of the branches being opened in Q4 or mostly in the month of March.

So we couldn't get the benefit of the branch expansion, whereas last year, we entirely opened all the branches, the branches, 15 branches in the first half itself. So we were able to get the advantage. And what has happened is in terms of the disbursement growth we have had 2 factors which have impacted or supported us in our growth.

One is that the sales team that we had opened -- Okay, sorry, I'll counter the branches. So as against the last year where in FY '25, the new branches which are opened in '23, '24 and '24, '25 contributed only about INR128 crores, the last year because of our change in strategy and also because we could get the full year benefit of the '24, '25 branches also.

Last year, the new branches have contributed INR863 crores. So the new branch strategy that we have done has really helped in the last financial year. And going forward also, this year, we are looking at 28 branches to be opened, which again, we would be opening in the first half of the year. So that also should bring in plus this 54 branches that we've opened, we'll also have some more efficiency improvements because not all of them have reached their breakeven points.

So there also will -- we are expecting. So this new branch expansion that is there is going to be 1 key factor pushing or helping us in our growth. The second thing is the sales scheme that we had last year in FY '25, we had only about 30, 35 people in the sales team, and they contributed about INR183 crores in the full year. Last year, post June, that is from first July, we increased the team's strength and the whole of this FY '26, the team of about 80 to 90 people has contributed around INR868 crores, so both these parameters, that is a sales team as well as the branch expansion is what we are looking at for bringing the growth and sales team this year, we are looking at increasing it from about 80, 90 to about 150 people.

So this means another 60-odd people, we are planning to add to the sales team. And as I mentioned, 28 branches are also planned to be opened in the first half of this year. So majorly, it is these 2 aspects, which has helped. The third, of course, aspect is, as I mentioned earlier, that Karnataka, which had a first half slightly negative, whatever, because of the e-khata is now almost kind of getting resolved.

So we are looking at a much higher positive coming in from both Karnataka as well as Telangana, which had some impact in disbursements during the current year. So basically, these are the 3 parameters why I feel where it gives us the confidence. The second, as you rightly pointed out, yes, we have to acknowledge that we have had a slightly higher prepayments.

And so therefore, we have slightly marginally looked at it. But as I said, we have taken the step for conversion. And if, therefore, we are able to slightly manage our prepayments, this could go up. But in a nutshell, I would say the calculation is that INR13,000 crores disbursement is what we are planning.

And we have projected for INR7,000 crores prepayments, BT outs and closures. If that is reduced, obviously, the portfolio can even be 15%. But knowing the current situation, at least we have factored in INR7,000 crores because unlike last year, where we had projected less, but it slightly was elevated, we don't want to give a higher figure and then fall short of it.

Pavan Kumar:

Understood. My second question was again on the road map -- geographical road map that you have presented this time. I noticed that the proportion of the Southern states is marginally increasing in FY '28 compared to the FY '26 levels. Again, is that -- does it again imply that Karnataka and Telangana are expected to continue to drive a higher rate of growth and hence, the South proportion is marginally increasing?

Suresh Iyer:

No. 2 things. One, of course, we had these issues in Telangana and Karnataka, which now are getting resolved. So obviously, their contribution this INR290 crores or INR250 crores, which was the run rate will go up in Karnataka. Same way if you look at it, at run rate in Telangana will also go up, therefore, the contribution from these 2 states, which was actually slightly subdued, will start to show.

And the second thing is that now that the situation in both these states is coming under has kind of stabilized. In the last 3 years, we have not opened a single branch in either Karnataka or in Telangana, which now slowly, we will look at a couple of branches here and there. SO that is basically the thing I think we are targeting 3 branches in Karnataka and about 2 branches in Telangana this year out of the 28.

So those also we have factored in. So maybe it will be a marginal increase. Not to mention that we are looking at a slowdown in any of the other markets. Our other markets continue to be -- to perform strong. In fact, our North Zone, West Zone and East including, which is mainly Andhra Pradesh have almost done a 40% plus kind of growth in this year in terms of disbursement. And Tamil Nadu, which has been already -- was a well, high-performing even the 2 years back, continues to grow at around close to 30% so it's just that these 2 states will also start now inching up in terms of the disbursement, Therefore, we have -- that is what it is planned.

Pavan Kumar:

Understood. And my last question was on the DSA proportion. See, in FY '26, your DSA proportion of sourcing is somewhat similar to the previous year, a few decimal points here in there, right? However, in your P&L, when I saw the fees and commission expense, that's -- in FY '26 things should have come down drastically compared to FY '25 levels. So could you throw some light on that?

Suresh Iyer:

No, actually, it is only an impact of the amortization, and it has impacted both in the income as well as on the expense side. So on the expense side, because of the amortization, it is reduced. So also on the income side, because it is there. So it has nothing to do with that, that the absolute outflow of the DSA expenses have not gone down.

It is just the amortization impact, which is there in this year, for which I think there is a note also which we have put in our Q1 because we changed that and in Q1 and in Q1 also, we have put that note and in Q4 also, we have put that note. But it is impacting both sides. So on a net-net impact in terms of our entire P&L, there's only a INR5 crores difference net of growth. But otherwise, as it's an amortization impact, not otherwise.

Nidhesh Jain:

The next question is from Shubhranshu Mishra.

Shubhranshu Mishra:

So if you can take me through the budgeting per state for the disbursements, how much are we expecting in these large states that we have, which is Karnataka, Telangana, Tamil Nadu and Andhra. And also, if you can talk about North and West as well in terms of what we have budgeted for in the in FY '27? Second is how do we look at the opex growth, especially the employee and the nonemployee if you can split it into 2 parts?

And the third is about the credit costs, we have some amount of management overlays. So if you can speak about that. And fourth is more macro, if you can speak about, we're seeing a lot of disturbances because of West Asia crisis, any kind of delinquencies you are seeing in our LAP book or anything we want to provide for just to increase our management overlay? Or any kind of policy support that we are seeing in CLSS to additionally a demand and supply of an affordable housing, it will be great?

Suresh Iyer:

Sure, sure Yes. So I'll first start the disbursement targeting. I will be able to immediately share with you roughly the run rate that we are doing in each of the zones or the states. Growth next year, we are almost targeting an almost similar 25% growth across all the zones because that is what it is. So you can have the numbers. The exact breakup, I think I don't have right now.

But roughly, if you look at the current run rate that we are doing, we are doing about INR275 crores, you can say, in per month in Karnataka. North Zone and West zone, both are doing about INR150 crores to INR160 crores each West zone includes Rajasthan, Maharashtra, Gujarat and MP, North Zone covers Punjab, Haryana, Delhi NCR, UP and Himachal and Uttarakhand. These 2 are doing about INR150 crores, INR160 crores per month. Tamil Nadu does about INR180 crores to INR200 crores per month.

That is the contribution. And Telangana now is almost doing INR110 crores to INR120 crores they are doing per month. And East Zone, which is mainly Andhra Pradesh and other states of Chhattisgarh, Odisha, Bihar and West Bengal is doing about is doing about close to INR100

crores a month. So that's the current run rate. And next year, we are projecting almost uniform 25% kind of a growth, marginal would be from where we are -- expansion is a little higher.

It would be going up to some extent that way. But this is the present breakup that we are having. In terms of our opex, I think I'll just give you this work -- in terms of the credit cost, in fact, management overlay, I don't think we'll be able to -- we will be adding any more management overlay in terms of -- in the sense of a management overlay per se.

But yes, we have slightly -- you have seen that our PCR has slightly gone up from 49% to 56% this year. That is a little more conservative in terms of our valuations and all those things we have taken. But otherwise, in terms of management overlay per se, we don't expect to -- we don't -- we will not be adding anything over that. But credit cost per se, as I mentioned, we are having a 10 basis points cost -- credit cost in this financial year, which includes higher PCR that has been there.

Otherwise, next year, we don't expect any major increase. So while we are projecting for 15 basis points, I am quite confident it will be well below that only. As regards to our CLSS and under the PMAY, under PMAY 2.0, they are, in fact, now some traction is slightly happening. In fact, NHB is also making attempts to tie up with state governments to come up with some construction and providing support.

So there are some states, particularly last quarter, there was a meeting with the UP and then now with Odisha. So there are some -- each state by state the NHB is also trying to tie up and provide that support so that there is more supply coming into the CLSS or the PMAY funding and all. So we are hoping that slightly that impact will stay, but it's not a very major kind of a number that we have. In fact, it's been almost 1 year and 1.5 year or I'm sorry, it's almost been -- I think -- sorry, 6 months that we have done September to now.

In 6 months, it's just been about INR1 lakh crores that -- sorry, Sorry, I'm sorry, only 1 lakh numbers that have been happened in terms of the PMAY numbers across all the HFCs, all the NBFCs who are claiming and over is registered with primary lending institutions HUDCO and NHB. So it's not a very great number that we have. But yes, some traction or some improvement is there.

And hopefully, the states, other than the couple of states who are doing it can also start seeping in. It might go up a little bit. But we are not very, very, very positive or gung-ho that the numbers will jump up in a very drastic manner in terms of our PMAY contribution. As regards to geopolitical impact and all those things, currently, there is no impact. We are not witnessing anything in our either match bounce rates or in our delinquency or any customers talking about it so far. So it's really just 3 months, but even in April, we have not witnessed that kind of a pressure. So that's the situation.

Shubhanshu Mishra:

One last question, if I can squeeze in. In terms of prepayments, if we get 100 applications, how many applications are to foreclose or do a part payment versus how many are actually going out to a competition and what is this percentage which really goes out to the competition as a

percentage of if there are 100 applications for prepayment and who are these competitors basically?

Suresh Iyer:

Okay. I'll give you my Q4 numbers, so that should give you some idea. So out of INR1,730 crores, which is the BT out prepayment, part prepayment amortization and everything, INR400 crores is what is the BT out okay? That is INR400 crores. There are customers who have closed their loans, which either because they have sold the property or they have made other closures because it's some other thing, but purely from their own funds, that is something around INR350 crores -- INR360 crores, okay?

And then there are about INR970 crores odd which includes part prepayment and amortization. That is the principal component of the EMI and part prepayments. So these are the -- this is a breakup. INR400 crores is BT out, INR360 crores is where customers have closed their loans from their own funds or they have sold the property and then taken another loan or moved to other property and stuff like that or properties, which have got closed because of a separate reactions.

And third, INR970 crores approximately is part prepayment and amortization. So that's the kind of number you can say. So I would say out of INR1,800 crores, INR400 crores. So that's not -- that's about 25% of the loans probably are. So 1 in 4 is where it is coming for a BT out.

The key players who are doing the BT out is LIC Housing and Bajaj. These are the 2 major ones. Of course, regions, specially, there are some local banks and stuff also doing it. But majority is -- majority of the branches will have LIC as the first competitor and the second would be Bajaj.

Nidhesh Jain:

And the next question is from Andrey Purushottam.

Andrey Purushottam:

First of all, congratulations for a very sound set of results. And I also wanted to appreciate I've been a shareholder for a long period of time. There has been a remarkable degree of consistency in the professionalism and the transparency with which you communicate with us. So we really appreciate it, okay. Now my question -- my question was a follow-up from what previous people had asked?

You had indicated that in terms of a LAP percentage, the increasing 2% is -- now you're quite happy with the risk profitability equilibrium, so to speak, right? I'm also assuming that you might be doing the same thing with your target groups. It means there are some which are more profitable, but a little riskier.

And that, in a sense, cup you already drank from. So if that is true, are there any significant levers for you to improve your profitability in the next 12 months or so, given the fact that there is an understandable increase in your IT expense to the extent of INR40 crores of whatever you have mentioned, how do you look at improving profitability? And how should we look at it? Should we talk -- think in terms of your ability to improve profitability? Or should we assume that your profitability would be roughly at levels that you currently have?

Suresh Iyer:

Okay. So first of all, thank you for appreciating our efforts and our performance. So in terms of our portfolio mix and our yield and everything. Currently, after having passed on the entire

benefit today, our entire portfolio yield is around 9.8%. Actually, it's 9.84% or maybe there's a -- there are some portfolio, which we have not considered for the NPAs and all those things. So that's where we have given a conservative 9.80%.

Our incremental yield is also 9.80%-plus because that's the breakup post our change in our mix from housing to a little bit of non-housing LAP increases and all those things and also increased slightly from our self-employed segment, which has happened from our salary, which has come down from about 89% has come down to close to around 84%, 83%.

So that impact, what we have seen, that is -- ensured that our incremental it is also around 9.8%-plus, so therefore, in terms of our current yield and everything, we should be able to maintain even if we don't change our mix. But having said that, as our road map 2028 shows there is a scope for slightly increasing our non-housing as well as our SENP category. So which would slightly give us a little slightly higher or a little improved yield if we work on that a little more.

So that is one thing. The second thing is in terms of our cost; we have given that our present borrowing cost is up 6.99% to start with as on first of April. However, on the liability side, there is some small book which is of NHB, where we are yet to get benefit of the rate cut because as and when that particular tranche of NHB comes for a rate revision or the annual -- which is an annual reset, at that time, they've given the PLR impact to us.

So there is still some component of NHB portfolio, which is not very large, but some portion is there where we are yet to receive that. So probably our cost will -- might slightly come down, plus the fact that Q1, we have already got sanctions on hand, which -- where the highest cost from banks is at 7%. So we are already getting something which will be lower than 7% is what we will be raising the funds from banks in the coming quarters.

And currently, the CP rates also compared to Q4 have come down. So if there's opportunity, we may raise some, little bit because already our CP rates -- proportion has almost come down to below 3.4%, which used to be at a point in time, 6%, 8% on so on. So therefore, we have some scope on the liability side to slightly reduce further.

And on the asset side to slightly improve if we continue with a little increase SENP and a little more higher percentage of nonhousing portfolio. So these are the 2 things in terms of the mix. So I guess that's what it is. In terms of the costs, as I mentioned, yes, there is a little extra cost that will come. But the other area that we have seen is last year, we have -- you would have noticed that our bad debt recovery has also increased slightly. So there is some scope, probably we will be able to do some recovery and keep the credit cost also lower. Although we have projected to 15 basis points, it will be definitely below that. So that should help.

Andrey Purushottam:

I'm just wondering whether you have 2 additional maybe small levers of profitability. One is the revenue kick from the increased positivity of Telangana and Karnataka. And the second is the decreased cost of sourcing to increased digitization. So should this -- would these be significant contributors to some extent? Or do you think they are marginally contributing?

Suresh Iyer:

No, that will be -- they will definitely contribute. In fact, as I had mentioned earlier, the LOS, LMS, once it is introduced, we will be able to bring in a lot of efficiency in terms of our delivery.

And we are also increasing the percentage of our business coming through our direct sourcing through our own sales team.

So that will obviously help us in a little -- in managing our or reducing our DSA costs. So those are -- but this will not be adding too much, maybe a few basis points, definitely, yes, but maybe that would be what it is. The true impact of our IT transformation, probably we will be able to gauge and come back in FY '28 more than in FY '27.

Nidhesh Jain: Next question is on Pavan Kumar.

Pavan Kumar: So I just wanted to understand the cost structure, especially in terms of 2 things. One is the employee cost, which has gone up significantly this particular year. What are our expectations going forward? Secondly, on Suresh did mention that INR40 crores incremental expenses will come in, next year. Is it on -- so for the year, it is INR40 crores extra on IT infrastructure, is it? I just wanted to clarify. Can you just clarify, is it INR40 crores for the entire year?

Suresh Iyer: In INR40 crores is for the entire year because currently, the entire IT project was -- has a total outlay of INR300 crores, of which INR100 crores was capex, INR200 crores was opex spread over 5 years. So the depreciation will kick in mainly from this financial year, that is FY '27. So the depreciation component of the capex and the opex, which will be there, the total cost in FY, in 1 financial year will be about INR60 crores, whereas currently, we are paying about INR20 crores total cost for our IT in a financial year.

So the net impact will be INR40 crores for the full year okay? And in terms of our the full year opex, it's about INR311 crores, of which INR177 crores is for the employee cost and the other cost is about INR134 crores. So the employee cost will probably go up by about 10%, 12% because we are also adding staff and there will be some encryption. And the other cost, which is INR134 crores, will probably go up to about INR175 crores to INR180 crores.

Pavan Kumar: Okay. And the IT, this INR40 crores incremental, does it also include the amortization of INR100 crores capex that we have done or...?

Suresh Iyer: No, that is included. So as I said, the INR100 crores is our capex. So the depreciation will also start. So I said that's what the depreciation of the capex plus the opex will be about INR60 crores and net INR40 crores.

Pavan Kumar: And this INR60crores capex has already been done, or it will be done in the -- it will be completed in the next 6 months. How does that work?

Management: It is part of Capital learning progress we will summarize once the [inaudible 0:44:41]

Suresh Iyer: So almost the entire component has already been taken into the..

Moderator: The next question is from Abhijit Tibrewal.

Abhijit Tibrewal: In the fourth quarter, we have seen a full momentum terms of disbursements for our -- but for the fourth quarter, we are seeing...

Suresh Iyer: Voice is very muffled Abhijit. We are not able to hear you.

Abhijit Tibrewal: Just give me 1 minute. Sir, is it better now?

Suresh Iyer: Yes, this is better, much better. Please go ahead.

Abhijit Tibrewal: Sir what I wanted to understand is, this fourth quarter, we have seen very good momentum with disbursements, for us as well as a few other players who might report and once who've already reported. But fourth quarter after maybe a lull in the first half, third quarter, we saw things picking up. And in fourth quarter, things really picked up when it comes to housing. So you think this was just seasonality led?

Or are there, I mean, real structural triggers at play, which is -- are leading to a good demand. Because, sir, when we hear analysts who are tracking real estate, experts we are tracking real estate, they're all talking about the strong upcycle that we saw in real estate and housing kind of seems to be tapering off now. I don't know whether this is just applicable to higher ticket size loans on the same comment can be applied equally to affordable housing as well, so that was the first question that I had that what is the outlook on demand.

Sir one thing is we guide for a certain disbursement, certain sanction number, right? But underlying that is the demand also very strong, which will help us do that? Or do you think that the demand is weakening and if we have to get to maybe the INR13,000 crores disbursement number that you spoke about earlier, that will require market share gains?

That is the first question I had. The second question I had, sir, was around margins. Like you mentioned, almost 85% of our customers are now on quarterly reset effective April 1. So -- and then I remember you also spoke about a small tranche from NHB, which is expected to get to the price sometime later this year. So a combination of both these things on one side, you have customers getting repriced because they are now on quarterly reset.

At the same time, there are, I would say, small little pockets on the liability side, which can also get repriced. So combined together, what would be the outlook on spreads and margins? And lastly, sir, I just wanted to understand, given that you have a good presence in Bangalore, which is the IT hub, do we have customers who have got impacted by layoffs in the IT sector, or are those predominantly customers who are catered to by the bank? So those 3 questions.

Suresh Iyer: So first thing about the disbursement, yes, to some extent, that is a seasonality because normally across the year, we have seen that it is a 45%, 55% breakup, H1, H2. So roughly H1 is a little lower than H2 definitely. And as in Q3 and Q4, once the festive season starts, the demand picks up and the business also picks up. So that is mainly the seasonality part of it.

And having said that, we don't see any major impact in our demand side because across our branches, we are seeing a good amount of inquiries coming in still. Even normally post March, there is a slowdown in people generally. But that is also -- we are seeing that there is a good amount of demand there. Good inquiries are coming in, and we are not seeing that much of an issue in terms of -- at least the segment that we cater to.

Probably, yes, there is a definite slowdown in the affordable segment. And that is also reflected in the numbers because if you look at affordable, if you look at mid segment and you look at prime, yes, affordable definitely has is now in the mid-single-digit numbers, that growth that we are talking about. So definitely affordable is impacted in terms of demand. But in the segment that we are catering to, I think we at least are not seeing any major change or a slowdown or anything in that in terms of the demand.

As regards to the margins, see, what has happened is this entire 45% or 48% of the loans that we had, which were at annual resets, we sent across communication to them, and we got in touch with them. And because the remaining 15% are those customers to either have opted not to shift to quarterly reset or who have right now not taken a call. The shift now further from here, to the quarterly reset probably will be a little slow because these are customers who opted for this thing.

The only thing would be in case of rate going up, yes, this 15% will have an impact, where there will be a lag effect in terms of the assets getting repriced. But on the liability side, I said currently, assuming that this 15% does not move to quarterly reset and remains same, we have taken into consideration the entire impact of the reset as well as the 15 basis points that we passed on in January.

Therefore, no further reduction is expected on the asset side in terms of the yield. As I said, our incremental yield is also a little higher than 9.8%. Therefore, even that is not going likely to eat into our overall yield for the -- on the book. Therefore, whatever we are expecting a reduction in our NHB refinance rates or whatever we are able to get in terms of our better pricing from a bank term loans or repricing or being able to raise the CP at a lower rate.

That will help us actually reducing our costs further, which should actually help us in improving our spread, so the only flip side will be if the rates start going up, then this 15% is where we will slightly get impacted, okay? So that's as regards margin. So we are quite confident that the 2.8%, which is there is kind of is there. We don't have a problem in that. And -- but we do conservatively talk about 2.75% okay?

As regards IT impact, our IT impact has been very, very less, in fact I don't think our -- in fact, our delinquency ratio in Karnataka is the lowest among all our 6 zones. And we have not seen that impact. In fact, our absolute value of NPA in Karnataka in March '26 is lower than our absolute value of NPA in Karnataka in March '25.

So I think that should give you the confidence that we have not had the impact of the IT job losses and everything in this. So I guess that's what. Anyway, our IT salaried segment coming from IT segment is only about 6% of our book. It's not very high.

Abhijit Tibrewal:

And then, sir, just one follow-up where you mentioned, right, that margins can be maintained at, marginal spreads for that matter, where you said spreads can be maintained at 2.8% in you conservatively guided for 2.75%. So sir, then when we look at the entire business model, the only risk that is left then is basically a rate upcycle, where the rates start going up. And this 15%

who have still not opt for the quarterly reset, they are the ones you think are the only risk including?

Suresh Iyer:

I guess in term for the spread component, yes, and therefore -- I mean, we don't see any major change in that because our current incremental spread also will not eat into our overall spread.

Abhijit Tibrewal:

And sir, lastly, cost of borrowings, while you spoke about NHB, but when we are speaking to other NBFCs, other HFCs, all of them were acknowledging and while we don't borrow too much from the debt markets. But debt market borrowings had gone up significantly, especially in the month of March, and they have subsequently pulled off a little bit in the month of April?

Do you think that the cost of borrowing bottoming up has now come to an end and from here, cost of borrowing figure remains stable or inch up or do you think there is some more leg, some room left except this NHB volume that you spoke about, that costs could further come down, remain sideways or inch up from here?

Suresh Iyer:

See, today, if you would see our presentation from 55%, which was our bank borrowing, it has gone up to 62%. So basically, we have relied more on bank borrowings where we have got rates at below 7% and below 7% and raised that funding rather than depend or go to the debt market. okay? That is the 1 point. Second thing is in Q4, some of them, I'm sure the rates are very much there for everybody to see.

The debt market rates, even CPs actually had gone up considerably post the shift the geopolitical situation and all those things. But we had, if you recollect, we had indicated that we were sitting on a INR1,000 crores of unutilized NHB sanction in -- at the end of Q3. And that was also because we had total INR1,500 crores. We had planned wherein we could drop INR1,000 crores in the Q4 where normally, the rates because of a tighter liquidity are on the higher side.

So we had planned our liability side accordingly. And therefore, we were obviously benefited, which is there. Going forward, other than this NHB, I mean the only thing would be that we have about -- today, our NCDs are at the highest cost of funds for us, which is on a blended outstanding portfolio in NCDs is around 7.67%, 7.66%.

So there, in fact, if we are able to, as and when the maturity happens, we'll be able to replace them with a lower cost NCD because today, the rates are at a lower than the 7.67%. So that is one thing.

Plus, as I mentioned, CPs. CPs in Q4 had gone up, 90 days CP had gone up to almost 7% and a little above 7.35% also. Whereas now today, you are -- we raised in the month of April, we raised CP fresh CP at 6.45%. So -- these are some of the sense, the timing differences where we have to be careful and see if we can draw at the right time, we will use those opportunities.

Nidhesh Jain:

There is a follow-up question from Andrey Purushottam.

Andrey Purushottam:

Just you mentioned that your prepayments, you're largely losing out to LIC Housing and to Bajaj Finance, right?

- Suresh Iyer:** Correct.
- Andrey Purushottam:** Now LIC Housing, I can understand that they will be basically luring customers by virtue of price. I was a little surprised to hear that about Bajaj Finance. I thought their plan would be mostly convenience, ease and quickness of this thing. But since the person has already been sanctioned the loan by you, that cannot be an advantage for Bajaj Finance. So can you just throw some light on that, [inaudible 0:57:00], behaviour? And why do you think they are behaving the fact that they want?
- Suresh Iyer:** Absolutely right. LIC because they offer a lower rate. In fact, they were also offering 7.15% at a point in time for new business, and that is one thing. But in case of Bajaj, what happens is it's normally a takeover plus top up. And many times, we are not able to match the kind of top up that they are able to offer.
- So that is some area where we lose sometimes to Bajaj. That is one aggressive they -- I mean, I wouldn't want to get into that. But yes, sometimes we are not able to match the top up. So it's usually a BT plus top-up where they are able to offer the same rate on a takeover probably. But on the top they are able to give a much higher amount.
- Andrey Purushottam:** So any thinking on how to counteract that? Or you think that we just live with that?
- Suresh Iyer:** No, I guess we are a little more conservative in our LTV values when it comes to takeover out of top of loans and all those things. So I guess, it has helped us in the past, and we would like to maintain that conservative approach. So sometimes, yes, it hurts, but I think the conservatism has helped.
- Nidhesh Jain:** As there are no further questions from the participants, I now hand over the conference over to Mr. Suresh Iyer and the team for his closing comment.
- Suresh Iyer:** Sure. Thank you, Nidhesh and thank you to once again to all of you for joining this earnings call of Can Fin Homes for Q4 FY '26. And I hope we have been able to answer all the queries. In fact, 1 of the queries, we couldn't answer them, but it subsequently came up, and I guess we've been able to answer that also, so on the cost breakup. So if there are any further queries, of course, you can please feel free to get in touch with us. And once again, thank you very much.
- Nidhesh Jain:** On behalf of Can Fin Homes Limited, we conclude this conference. Thank you for joining us, and you may disconnect your lines now. Thank you.