"Muthoot Microfin Limited

Capital Markets Day 2026"

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PROMOTER GROUP: **MR. THOMAS JOHN MUTHOOT – PROMOTER**
MR. THOMAS GEORGE MUTHOOT – PROMOTER AND NON-EXECUTIVE DIRECTOR
MR. THOMAS MUTHOOT - CHAIRMAN & NON-EXECUTIVE DIRECTOR
MR. THOMAS MUTHOOT JOHN - EXECUTIVE DIRECTOR
MS. HANNAH MUTHOOT – CHIEF STRATEGY OFFICER

MANAGEMENT: **MR. SADAF SAYEED – CHIEF EXECUTIVE OFFICER**
MR. PRAVEEN T. – CHIEF FINANCIAL OFFICER
MR. UDEESH ULLAS – CHIEF OPERATING OFFICER
MR. SUBHRANSU PATTNAYAK – CHIEF HUMAN RESOURCE OFFICER
MS. NEETHU AJAY – CHIEF COMPLIANCE OFFICER & COMPANY SECRETARY
MR. JINSU JOSEPH – CHIEF RISK OFFICER
MR. DILEEP PATHAK – CHIEF INTERNAL AUDITOR
MR. LINSON PAUL – CHIEF TECHNOLOGY OFFICER
MR. DEEPU S – CHIEF INFORMATION SECURITY OFFICER
MR. SANTHOSH K– VICE PRESIDENT - IT
MR. AJI JOHN – VICE PRESIDENT - PQM (OPERATIONS)
MR. RAJAT GUPTA – AVP INVESTOR RELATIONS

Rajat: Good afternoon, everyone. Thank you all for joining us. I am Rajat. I look after Investor Relations at Muthoot Microfin.

It's a pleasure to welcome you all for our maiden Capital Markets Day 2026. We are joined today by our promoters and the senior management team. And without further ado, I would now like to invite Johnny sir to share his thoughts on the industry. Sir, over to you.

Thomas John Muthoot: A very good afternoon to everyone. A warm welcome to all of you. It's a pleasure to meet all of you today, and I sincerely thank you for taking time to be with us. When we look at the Indian economy today, we continue to remain optimistic and confident. India is still one of the fastest-growing major economies in the world.

Domestic consumption remains strong, infrastructure spending continues, formalization of the economy is increasing, digital public infrastructure is transforming financial services. Most importantly, the aspiration levels of ordinary Indians continue to rise. At the same time, we should also recognize that global uncertainties continue to persist.

The ongoing conflict in the Middle East serves as a stark reminder that geopolitical tensions can rapidly influence oil prices, inflation, currencies, supply chains, and investor sentiment. India is an economy that is not isolated from these developments. But what gives confidence is that India today is more resilient than before.

Our domestic demand remains strong, our banking system is stable, and our financial sector continues to remain healthy and well-regulated. In this context, the NBFC sector continues to play a very important role in India's growth story. NBFCs today are not just lender, they are enablers of financial inclusion. They reach customers and geographies where traditional systems may not always reach effectively.

They understand informal cash flows. They support small businesses, women entrepreneurs, first-time borrowers, and low-income households. The sector today is becoming stronger through better governance, tighter risk management, digital adoption, co-lending opportunities, and regulatory harmonization.

As a group, Muthoot Pappachan Group, we have always believed in diversification within financial services. Across the Muthoot Pappachan Group, we are present in multiple NBFC segments, including gold loans, microfinance, mobility finance, affordable housing finance, MSME lending, mortgage lending, wealth management, insurance distribution, and digital financial services. This diversified model gives us resilience, stability, and the ability to serve customers across different life stages and financial needs.

Coming to the gold loan sector, we remain very positive in the long-term outlook for gold loans in India. Gold continues to be the most trusted household financial asset for millions of Indians. At the same time, we believe the sector is entering a new phase of evolution. Never before has the Reserve Bank of India taken such a supportive and structured approach towards lending against gold.

The recent regulatory direction is helping create a more transparent, disciplined, well-governed, and professionally managed gold loan ecosystem, which will strengthen long-term confidence in the sector. We also believe the sector is evolving from being just a transactional loan against collateral to a deeper customer relationship model.

Today, many customers borrow against gold not only for emergencies, but also for income generation, small business needs, working capital, agriculture, education, and livelihood support. This creates an opportunity for lenders to build long-term customer relationships while supporting financial inclusion and economic activity at the grassroots level.

Within our flagship company, Muthoot Fincorp, diversification is progressing well. Over the past few years, we have created three strategic business units. The first is MSME and mortgage business, which is growing steadily and helping us deepen our relationship with small business and self-employed customers across India.

Through secured and unsecured lending solutions, we are supporting income generation, business expansion, and financial inclusion for the common man. The second is our digital platform, which is the Muthoot Fincorp One, through which many of the products and services available across our branch network are now accessible digitally.

MFL One is gradually emerging as an important engagement platform that brings together lending, savings, payments, investments, insurance, and customer services into a single ecosystem, helping us to strengthen long-term customer relationships. The third vertical is our wealth management and insurance distribution business, which is also steadily gaining scale.

As customer aspirations rise, we see increasing opportunities to provide simple savings, protection, and investment solutions to low and middle-income households through a trusted and responsible approach.

Now, let me touch upon Muthoot Microfin. The last few quarters have undoubtedly been challenging for the microfinance as a sector. The industry went through stress arising from over-leverage in certain markets, temporary disruptions, elevated credit costs, and cautious sentiment.

However, even during this difficult period, Muthoot Microfin performed relatively better than many of its peers because of its disciplined execution, strong customer connect, prudent underwriting, and responsible collections. Today, we believe a major part of that stress is behind us. The sector is stabilizing, collections are improving, credit costs are moderating, and the operating conditions are becoming more normalized.

Financial year 2026 saw a return of more normal business momentum for the company, with performance improving year-on-year and trending ahead of our initial guidance across key parameters. The overall MFI operating environment improved progressively during the year, notwithstanding temporary disruptions in select states such as Bihar, where legislative developments proved inconsequential.

The company delivered healthy AUM growth, surpassing annual guidance, supported by a calibrated pickup in disbursements. The monthly disbursement run rate during Q4 scaled above pre-financial year 2025 levels.

One important area we are happy about is our diversification. Our initiatives in individual loans, micro-LAP, and gold loans are progressing in line with the roadmap we have outlined earlier. Our small and micro-enterprise individual loan portfolio grew to around INR2,387 crores with near-zero delinquency.

Asset quality also improved progressively through the year. GNPA trended lower, collection efficiencies improved steadily, and credit costs moderated faster than anticipated at the beginning of the year. As a result, profitability improved sequentially with every quarter. Funding conditions also remained supportive with enough liquidity and a declining cost of funds, helping maintain margin resilience.

Today, we are launching our Vision 3030, which would be elaborated by the CEO, Mr. Sadaf. Going forward, our focus remains very clear to grow responsibly, to maintain strong asset quality, to continue the diversification, to leverage technology and do responsible lending, and most importantly, to remain committed to serving the low-income households and women entrepreneurs with trust, dignity, and responsibility. We remain confident about the long-term opportunity before us. Thank you.

Rajat: Thank you, sir, for the wonderful remarks. Let me quickly introduce the leadership that is present today. So today we are joined by our promoters. From our promoters, we have Mr. Thomas John Muthoot. He is promoter for Muthoot Microfin Limited and also Chairman of Muthoot Pappachan Group.

Johnny sir, may I request you to please come on stage for unveiling of Vision 3030. A big round of applause, please. We also have Mr. Thomas George Muthoot, Promoter and Non-Executive Director, Muthoot Microfin Limited. He has extensive experience across sectors and has been pivotal in transforming the brand's identity. Sir, may I request you to be kindly on stage.

We have Mr. Thomas Muthoot, Chairman and Non-Executive Director, with over four decades of experience and deep expertise in microfinance and grassroots lending. Sir, we would request you on stage. We have Mr. Thomas Muthoot John, Executive Director, with extensive experience across banking, financial services, and insurance, and a focus on driving company's growth initiatives.

Sir, would you give us the honour to be on stage. We also have Ms. Hannah Muthoot, Chief Strategy Officer with Muthoot Microfin, with experience across strategy, microfinance, and social impact initiatives. Mr. Thomas Muthoot John and Ms. Hannah Muthoot represent the next generation of promoter leadership in our business. Along with that, we have our senior management team as well.

We have Mr. Sadaf Sayeed, CEO, who has led Muthoot Microfin since inception and brings deep expertise into microfinance and retail lending. We have Mr. Praveen T. our CFO, with over 16 years of experience across finance and accounts and long-term association with the group.

May I also invite on stage Mr. Udeesh Ullas, our Chief Operating Officer, with over two decades of experience into microfinance, including 18 years within the Muthoot Pappachan Group. Mr. Subhransu Pattnayak, he is the CHRO for Muthoot Microfin, with over 24 years of experience, of which 14 years is within the group.

Ms. Neethu Ajay, Company Secretary and Chief Compliance Officer. Mr. Jinsu Joseph, Chief Risk Officer, Chartered Accountant with over 16 years of experience in risk management and 10-plus years with Muthoot Pappachan Group. Mr. Dileep Pathak, Chief Internal Auditor, with over 18 years of experience, of which one and a half decade spans with Muthoot Pappachan Group. Mr. Linson Paul, Chief Technology Officer, leading the company's technology and digital transformation initiatives. We have Mr. Deepu S, Chief Information Security Officer, with over 18 years of experience in information security and cybersecurity. I would request the honourable promoters and leadership to unveil the Vision 3030.

So, coming to today's session, we will cover the macro environment, our strategic priorities, business performance for the quarter and year ended, as well as our medium to long-term direction. So, I would now invite our CEO, Mr. Sadaf Sayeed, to start with his opening remarks. Over to you, sir.

Sadaf Sayeed: Thank you very much, Rajat. Good evening, everyone. First of all, thank you very much for being here and being part of our journey. I think this is one meeting that we have planned for some time, and we have the opportunity now to have your august presence and to share this. I think you have just seen the unveiling of the Vision 3030. So, what is 3030 all about? That is what I'm going to articulate here with my team and the management team of Muthoot Microfin. We will be talking about how we will achieve this Vision 3030.

So basically, the Vision 3030 means that Muthoot Microfin is aiming to reach INR30,000 crores AUM by 2030. And we are going to explain how this journey is going to take about. I think first of all, of course, the business is happening in a macro environment which is volatile. So how it will play out and what impact it will have on us, I'm going to a little bit outline here. We all know there is global uncertainties, there are trade wars, there are actual wars which are happening, which is impacting the economy, global economy.

But the important part is that if you look at India as an economy alone, whether it's today or up till 2030, it is slated to be one of the fastest-growing economies. It will continue to grow at a 6.5% growth rate of GDP. So, we are in the right place in terms of the market and irrespective of whatever macroeconomic events are happening, the growth is there in the economy.

Of course, with so much volatility, there are two uncertainties which can impact us. One is inflation, the second is your interest rate risk that we carry. We have seen the policy rates change over the period of time. They were at pre-COVID level, or post-COVID around 4%, and then they increased up to 6.5%, and they have further come down to around 5.25%. The anticipation is for the next six months the rates might not change much, but the only thing, the risk is that it can increase a little bit.

But if you look at the interest rates or inflation which has gone up, irrespective of that, I think contribution of financial services in the gross value added in the overall GDP remains robust, around 23%, which has grown to around 24% in the current financial year. So, it is playing more and more important role. So that's where we are in terms of financial services.

The GDP forecast and various variables which are going to impact us are also relatively favourable. We have a GDP forecast of around 6.7% by RBI. We have inflation which is likely to increase from lows of 2.5% and even half a basis point to even 5%. But your biggest risk is your fiscal deficit as it plays out, what would be the outlook of global investors on the economy.

All of these may play out, but still India will continue to grow. And most important factor for a financial services company is the overall ecosystem that has been created. Today, India is an economy where almost 40% of the digital transactions that are happening globally are happening in India. There are around 200 trillion plus digital transactions happening through UPI. There are 80 crores plus customers who have internet access. We have a population of 1.4 billion which is absolutely verifiable by Aadhaar. And there's a good momentum in terms of growth of digital transactions, the CAGR growth is 50% for last four-five financial years that is there.

Also very important to recognize, the population which is 1.4 billion is a young population. We have almost 38 crores people who are in the age of 15 to 29. They will grow, their needs will grow, they would need assets to acquire, they would need financial services to be used to cater to their needs. The per capita income in India is growing 5% to 6% on a compounded annual growth rate.

So, people are earning more and more and they are able to afford more services. So definitely we will have more people availing financial services and meeting their need. If you look at in terms of like growth in middle-income class, the middle income is slated to grow 4x from 4 crores households, 18 crores households are, estimated to be in the middle-income class.

Your saving rate despite all of this financialization and which is happening, people are investing in capital markets, still remains very high as compared to the other economies at 29%. But what is the major shift? Is the major shift is people are focusing on owning physical assets. People want to consume, buy better life for their family and their kids. So that is where the consumption nature of the economy is coming in. That will benefit us.

Even last year, we have seen microfinance as an industry shrunk a little bit, around almost 19%, but despite that, on the financial inclusion index of RBI, there is progress. So financial inclusion is not limited to microfinance, we can say that. People are availing financial services. Even if you compare global economy and Indian economy, there are formal sources of finance and there are informal sources of finance. In India, the gap seems to be the largest. Even though 63% of the population is getting some sort of finance, only 15% is getting from a formal sector.

If you look at, compare it to developed economies like US, the gap is very little. The only comparable is maybe South Africa where the gap is similar. But important part is that still credit to GDP gap and household credit to GDP gap remains very high. We can still continue to grow. Those are the fundamentals that are in place. And how that growth will be achieved? By the digital public infrastructure that government has created. There is UPI, there is DigiLocker, there is e-Sign. These are the facilities. Today, that financial services to the bottom can only be provided by having physical branches is not the limitation.

Today, you can reach to the last mile through digital infrastructure also that has been created. Also, government has created platforms like OCEN, Open Credit Enable Network, where multiple credit services can be provided to the customer and it's a marketplace where customer can avail whatever she wants to. Similarly, to underwrite better, you have a very robust aggregator platform. To understand the customer, you can avail all the banking information of the customer using the aggregator platform.

That is helping underwriting better. There are AI and emerging technologies which is also helping underwrite the customer better, understand the customer better. On the repayment side also, you can use UPI link to collect. We have used that successfully in our products and are doing good. I think what we are trying to articulate here is Vision 3030, how we are going to achieve. So, we are talking about a INR30,000 crores AUM by 2030 and consistently delivering a ROA of 5% and above, ROE of 20% and above, and touching 10 million lives by 2030. How we will achieve it? The year when we started off, we were a monoline business with very little diversification. Almost 99% of our portfolio was JLG portfolio.

But as we ended the year, we successfully diversified ourselves. We created multiple product lines including individual loan, we created gold loans, we created LAP. Today, as we stand, 82.6% of our portfolio is JLG portfolio and around 17% of our portfolio is all the other products, non-JLG portfolio.

What has that led to? That has improved the productivity of the branch and productivity of the individual staff. The staff which used to do loans of around INR7.6 lakhs is now doing a loan of around almost INR12 lakhs per month. And average ticket size which was around INR60,000, it has gone to around INR1 lakh. So, all of that is helping us improve productivity.

The collection efficiency has also improved. The collection efficiency which was around 93% has gone to around 96.4% overall. What our vision is, that by end of 2030, we will have 53% portfolio in JLG loans and around 47% portfolio would be in non-JLG products, which would be MSME, Muthoot Small Enterprise Loans, which is the individual loans, around 33%. Our MSME product, which is the LAP product, around 10%.

Our retail secured loan, which includes two-wheeler, used commercial vehicle, and gold loans, around 3%. And the average ticket size would be around INR1.5 lakhs and productivity of per staff would be able to disburse around INR18 lakhs to INR19 lakhs per month. And of course, all of this would be on digital platform. We have already converted lot of our collections into digital and 75% of our collection would also be entirely digital. Today, we stand at around incrementally 40% of our collection is digital. By 2030, 75% would be entirely digital.

Why we are choosing this path? I think it's important to understand that where the customer is moving. We have to move there. If you look at today, microfinance, the preference of the customer if you look at, that how it is moving. This is the data that we have developed after scrubbing all our customers' data and where all they are borrowing from. If they are not taking microfinance, what they are taking.

So, if you look at from a microfinance perspective, the customers that we cater to, they had overall INR33,700 crores of microfinance exposure, us plus the other lenders. And that exposure has come down to INR23,891 crores. The market share, or in a sense that wallet share of those customers through microfinance has come down from 54% to 38%.

And disbursements among those customers have come down from INR54,000 crores to around INR43,000 crores. Meanwhile, at the same time, business loan, secured business loan exposure with the same customers of the industry has grown by 157%. Business loan unsecured has grown by 54%. Gold loan has grown by 41%. Other business loans have grown by 43% and LAP has grown by 48%. So definitely customer is borrowing, but she is borrowing from other sources because of better services, because of better ticket size, or maybe because of better rates.

Also, if you go further and if you dissect the same customer, I mean we have taken for this analysis a cohort of the same customers, the same 30 lakh customers that we have, how they are borrowing. So, in those last FY '24 versus FY '26, among those customers, the overall loan balance was INR40,000 crores. That loan balance as of today has increased to INR45,000 crores. So definitely they have borrowed more money. But where they have borrowed? The disbursements have increased from INR59,000 crores to INR70,000 crores among those customers.

However, the loan count for them has reduced and average ticket size for them has increased from INR54,000 to INR73,000. If you look at microfinance exposure for them, it has come down by 32%. Disbursement has come down by 18%. Loan count has come down by 25% and their share of microfinance exposure has overall come down by 22%.

Meanwhile, the business loan exposure to them, which was only secured business loan, was around INR261 crore. It has gone to INR931 crores. And business loan unsecured, which was INR2,675 crores, it has gone up to INR4,910 crore. So both business loan secured and business loan unsecured have increased. Similarly, if you look at gold loan exposure with these customers, they had gold loan exposure of INR4,093 crores.

It has increased to INR7,456 crore. And similarly, LAP loans, it has increased by 109%. If you exclude the microfinance part, every other business loan, every other loan has increased. The microfinance is reduced from 58% to 36%. But whether it's business loan, it has grown from 7% to 11%.

Business loan secured has grown from 1% to 2%. Gold loan has grown from 10% to 16%. Other business loans have grown from 9% to 14%. Housing loan have grown from 5% to 6%. Property loan, which is LAP, has grown from 3% to 5%. And vehicle loan has grown from 2% to 3%, and all others have also increased. So definitely the same customer that we are catering to, she is borrowing from other sources and utilizing other products.

Now, if you further dissect this to like our core market, what is happening. In the core market itself, if you look at in Tamil Nadu, which is our key market, the microfinance exposure among these customers is reduced from 46% to 24%. Meanwhile, the gold exposure has increased from 21% to 30%. Similarly, if you look at business loan, it has increased from 5% to 9%. And if you look at other business loan, which is secured, 8% to 12%.

Property loan, 5% to 8%, and all other loans as well. Similar story in Kerala, where 43% exposure for them was microfinance, it has come down to 24%. And gold loan exposure, which was 14%, it has gone to 20%. The business loan unsecured, which was 6%, has gone to 8%. Other business loan has grown from 13% to 20%. And similarly, property loan has grown from 3% to 4%. And other states also, similar impact is happening.

If you look at on the right side, the right side of the chart reflects the core customer, which is a standard customer, which is a very, very good quality customer for microfinance, which has no defaults at all. The left side reflects all the customer, that right side reflects the good repaying customer. There the shift is even more acute. From 45% in Tamil Nadu, it has come down to 21% in microfinance, and 29% gold loan has come to 35% gold loan.

And 5% business loan has come to 14% business loan, and 7% has come up to 11%. So similar story in Kerala. Microfinance has gone down 47% to 23%, and gold has grown from 18% to 23%, and business loan has grown from 5% to 12%, and other business loan 11% to 19%. Property loan 2% to 3%, and other loans have also grown. And similar story in other rest of the South.

So clearly, the customer is borrowing from other sources, and their preference is gold loan, business loan, two-wheeler loan, LAP. And all of these segments we are present, and that is what we are trying to leverage on our strength. And this is how we will achieve INR30,000 crores AUM. Today, we are at INR14,000 crores of AUM.

In the next four years, we will increase our wallet share with the customer at 2% per annum, and we will disburse through that wallet share increase around INR11,000 crores to these customers. We will build another INR11,000 crores of portfolio. We will meanwhile continue to acquire more customer. Every year, we will acquire around 1.3 lakh new customer. So in the next four years, we will acquire close to 5.5 lakh new customers, and through those customers, we will build another INR4,300 crores of portfolio. Put together, by end of the four years, that is 2030, we will have INR30,000 crores of asset under management.

We definitely recognize that there are challenges in this environment that we operate, but we feel that Muthoot Microfin is uniquely positioned to handle these challenges much better. We have a very strong risk management culture and a governance practice. We are trying to address the challenge of volatility in JLG business through diversification. We have already started diversification where 17% of our portfolio has already moved to non-JLG.

Progressively, it will further move to non-JLG as we have articulated. We have superior asset quality. We have focused on collection, we have focused on underwriting to ensure that our asset quality continues to improve. We are also addressing the climate risk. We are trying to build a climate-resilient portfolio. We have developed a product which are natural calamity product, insurance product, NatCat, through which we ensure that even if there are floods or cyclone, our portfolio is insulated from there.

From a funding side, we have shown tremendous progress. In the presentation, my colleague would be showing you, we have been able to raise INR9,500 crores worth of debt in the last financial year at a very good rate. We had a cost of fund of 11.02%. That cost of fund has come down to 10.27%, and it is further likely to come. We are doing PTC transactions at as good a rate as a treasury bill.

We are doing it at around 8.2%, 8.1% at which we are getting PTC transactions. So from a liquidity side, we are very, very robust. On a, we have, as Mr. John Muthoot, our Chairman, and our promoter and well-wisher, Mr. Thomas Muthoot, who has given us the vision to take, they have always told us to be customer-centric and keep the customer at the center of decision. So we have a very customer-centric approach.

We are the only microfinance entity which has a working customer app. Almost 2 million customers out of our 3.3 million customers are already on the app. We're going to leverage on their access to that customer app, and we're going to build portfolio and products to cater to their services. And of course, the most important ingredient of a success of a microfinance institution is their employee. We have a strong management team, we have a strong team at the bottom.

We are controlling attrition by innovative retention strategies, which my colleague in HR will articulate to you. And that is how we're going to achieve this vision. And not only how this is possible, we also want to show you that we have made progress in technology. We have developed underwriting prowess through use of technology to be able to cater to this customer. I think we can demonstrate through a video if we can play.

So I think this is one of our key features. We have used generative AI technology to enable underwriting. We are able to understand customer better. We are the only microfinance company who has from the day one believed in a separate underwriting team. So we have 1,800-member separate team. At every branch has a credit officer who is now assisted with this generative AI technology through which he can underwrite these loans.

So biggest challenge is how would you underwrite the loans that we are talking about. So we are leveraging with the same branch, same infrastructure, we are training the team, and we are using this technology to underwrite. With this technology, with a click of a photo, we can understand what is the inventory at the shop or we can also understand the standard of living of the household and what is the value of that inventory.

And based on that, we can calculate. We have created a questionnaire where the credit officer goes in the field, asks those relevant questions, and based on those questions, a credit appraisal memo is prepared, and based on that, the underwriting is done. Similarly, I think we've made lot of progress in technology. We can also show a video. Please play the video.

Yes, so all the applications that we have shown here, whether it's a loan management system, Serene Pro, whether it's Mahila Mitra app which the customer is using, or whether it's M-Info app, all of this independently developed by us. These are all proprietary software that we have developed, and we have scaled the business through this.

And we believe that these would be the cutting-edge technologies that will propel us further towards INR30,000 crores of AUM and beyond and help us cater the customer better. We have already travelled a lot of journey. I'll invite my colleague, Mr. Udeesh Ullas, who is the Chief Operating Officer, to share with you a proof of concept already what we have done with these apps and this business, how we have progressed further with our diversification journey. Udeesh, over to you.

Udeesh Ullas: Thank you, Sadaf sir. Good evening, everyone. Once again, thank you for taking the time out and joining us here today. We already talked about our strategy to diversify and having a vision of reaching INR30,000 crores by 2030. So this strategy is not only a concept now; we tested this strategy and we have a proof of concept to showcase that this is something is very much achievable.

So if you start, I think in the beginning of the financial year, we had a very monoline product organization. We had only JLG product, and close to 99% of our portfolio was in JLG product only. And over the year, we have faced multiple challenges because of the industry concerns. So we looked at our data, and some of the data you have already seen presented by our CEO, and we decided that moving away from a monoline company to a multiple product company will be a real difference we can create in the industry. And by the end of the financial year, you can very well see we are diversified from, only JLG product company to a multiple product company. Right now, we have 17% of our portfolio out of INR14,000 crores what we have is non-JLG portfolio, and 83% of our portfolio remains in JLG model.

So what it exactly helped us to sail through this challenging period, not only increasing the portfolio, which is also helped us to build a very disciplined collection in the field as well. So in the Q1, when we had only one product, since the industry has faced certain challenges, our collection efficiency was only 93%. But with the help of diversified product strategy, within a year, we are able to increase our collection efficiency from 93% to 96.4%. So the product diversification strategy not only helped to build a good portfolio, it's also helped to build a lot of discipline in the field.

And I just wanted to talk about the two-three products which we done, we initiated last financial year, and one of the major ones is the Muthoot Small Enterprise Loan, which is the individual loan product. So in this we have done INR2,536 crores of disbursement, and portfolio stands at around INR2,383 crores. One of the major features of this product is that this is completely a digital collection product where we do NACH collection. And that is also through e-NACH model.

So what it's done is that which helped to reduce the load on the people. So it's completely on a digital platform. So the efficiency of the field officer has increased, as well as the risk of cash carry is also eliminated. And with this product, we increased our digital collection from 23% last year to this year it is grown up to 34%, and incrementally we are doing a 40% digital collection month on month.

And as I said, this is an e-NACH product. Initially, we thought that these are microfinance customers, their banking habits would be less, but the proof of concept here is that almost 90% of the NACH is cleared on the same day itself. Only 10% is getting bounced, and that too we are collected in a week's time itself. And month on month, we are disbursing a quantum of around INR450 to INR470 crores, and the average ticket size of this product is INR1.8 lakh. And if you look at the portfolio split between the states, our core markets are leading here. Almost 37% of the portfolio is coming from Tamil Nadu, 16% is from Kerala, and rest of the South, which is Karnataka, AP, Telangana, contributes around 11%, and rest of it is coming from the rest of the India.

So this is the proof of concept I've told that the on-time collection, on-time NACH clearance is as high as 90%, and balance 10% which is getting bounced because of various reasons, and one of the major reasons is insufficient balance, which is collected within a week itself. And if you look at the cycle-wise split, so we give these loans only to our existing microfinance customers. So 37% of this loan is given to second-cycle customers, 36% is given to third-cycle customers, 13% is to fourth-cycle customer, and balance is given to five and above cycle customers.

So these are the customers who are with us for some time and they are a credit-tested customers for us. And the split between the customer profile if you look at, it's almost 28% of customers come from the Agri background, 23% are from animal husbandry, 6.9% customers are doing manufacturing, 33% are from service industry, and 11% are doing trading businesses.

And one of the major credit underwriting norm for this product is their credit bureau score. So we kept a minimum credit bureau score of 700 for this product, and if you can look at the right bottom chart, almost more than 55% of the customer is having more than 750 score. So that means they are the customers who are having a very good credit behaviour.

And only 2.36% of customers is having 700 to 730. So I can tell you that almost 97% of customers we given this product is having a credit bureau score of more than 730. While come to the next product which we done on the secured side, it is the MSME LAP, which is the loan against property loans. We disbursed around INR26.5 crores last financial year, and the AUM stands at around 47%.

This is also a product which is having 100% collection as of now. We don't have any delinquency in this product. Again, this is also collected through the NACH model and completely e-NACH collection. So again, we are reducing load on the feet-on-the-street people and the efficiency has been increased.

And the average ticket size of this product stands at around INR4 lakhs right now, and we were disbursing almost closer to INR11 crores month on month. And again, the good part is that the portfolio is split between different geographies. Our core geographies are leading in this also.

Kerala is having 45% of the portfolio is coming from Kerala, 17% are from Tamil Nadu, and rest of the South contribute around 8%, West is 6%, East is 12%, and North is also contributing 12% portfolio share. We are also doing a gold referral with our group company, which is Muthoot FinCorp, and we are doing around INR7 crores of referrals month on month.

So how we are going to scale this? So we are going to leverage on our strength. We are not going to build anything separately; we wanted to leverage whatever we have and whatever we have built over this last 15 years. So what we have is a strong customer base. We have 33 lakh active customer base, and we are going to leverage on that.

We got a very good branch network. We got 1,670 branches which is spread across 21 states and Union Territory. We have presence in 390 districts. So our retail network is so pretty strong. So we wanted to utilize that to reach out more and more customers. We got experienced resources that our average tenure of our all senior managers I think is more than 10 years.

We have a very good team at the field. We have more than 15,000 people working in the field. So we will be utilizing their specialization to reach out to customers and help the customers to graduate in the product level. We got a very good strong group ecosystem.

We hail from a large business conglomerate like Muthoot Pappachan Group, and we wanted to utilize that group strength. So we will be offering certain products in collaboration with the group companies. As I said, I think the CEO also talked that we will be looking at customer-centric approach. We'll keep customer at the center while we design any product.

And our approach is going to be like we are not shying away from JLG. JLG will remain there. JLG will be the entry point for this ecosystem, and while they graduate, we'll be offering a different product segment. Like entry level, we will be offering them JLG product. Once they graduate, we'll offer them MSME, the individual loan product, then we will be offering on a secured side, we'll be offering them LAP, gold loan, used vehicle, two-wheeler loan, and other products.

And the JLG, we will be utilizing our current branch network. We have 1,600+ branches. On the other product, as I said, we have group companies. For example, if you wanted to do gold loan, we will be utilizing Muthoot FinCorp for that. If you do two-wheeler loan, we will be collaborate with Muthoot Capital Services. For the housing loans, we'll have partnership with Muthoot Housing Finance Limited. And that is how we wanted to build this product in the future.

Just wanted to take you a few minutes to explain the product features. As I said, the major products which we have is the Muthoot Small Enterprise Loan, which is individual loan product. So if you look at, this is a monthly loan product which we offer on an EMI basis, and collection is on the NACH model, so it's a digital collection. Ticket size start from INR60,000 to INR3 lakh, and ROI of 23% to 25%.

And we, as I said, we will be leveraging on the existing manpower. So the existing relationship officer will source the file, and we got a separate credit vertical. They will be doing the underwriting for this cases as well. On the LAP, the model will remain the same. The ticket size of the LAP product is like INR1 lakh to INR10 lakh, and ROI of 18% to 22%.

And as I said, the sourcing model will remain, the existing staff base will source the customers, and the existing credit vertical will do the underwriting. Gold loan will be a different model here. We work with the parent company, which is Muthoot FinCorp. We'll be doing referrals, and we'll also explore the option of co-lending with Muthoot FinCorp for sourcing gold loans.

I'll just touch upon the core strength. I said technology will play a pivotal role. We just showcased few of our strengths in the technology, and my colleagues will talk about in detail afterwards. The credit vertical, which is again a unique positioning for Muthoot, we have this credit vertical from the beginning. So we got around 2,000 people in this team.

So the credit underwriting will be taken care by the separate credit vertical, which is different from business unit. We got a very strong experienced team, so we are not having any loss of any experience. So we have people who can manage multiple products. And the major strength which I already told is branch network, which we will be going to leverage over the years.

And what we are going to do, we also looked at some of the challenge, and major challenge in this industry is the climate risk, as CEO also talked about it. We have a NatCat insurance product, so we will be offering that product to the newer product as well. So we'll make sure that any of the climate risk impacting this product quality.

And we also have a strong credit risk management team. We build our own internal proprietary scorecard, and we will be utilizing this for the newer product as well. And technology we will discuss in detail in the coming slides. With this, I hope we have a very good proof of concept for the strategy we built for 2030. I hope it will give us swings to reach that strategy.

With that, I'll hand here. I'll welcome our CFO, Praveen, to explain about the performance for the last financial year. Thank you.

Praveen T: Good evening, all. Yes, so speaking about the financial performance for the recent quarters as well as the recent financial year. I think we have already unveiled our Vision 2030, and Udeesh also talked about the how we will be achieving and our proof of concept, etcetera. So mostly I'll be covering how where we are stack up on in terms of our financial performance.

I think last financial year has been a challenging year as you all know. We had a loss of INR222 crores, and there is an elevated NPA and credit cost as well. But I think when we come to the current financial year, quarter-on-quarter, we have keep improving on all financial parameters, whether it is collection efficiency, X-bucket collection efficiency, improvement in disbursements, in the in the terms of revenue momentum.

So we have seen improvement on quarter-on-quarter. And when we look at the closure of the current financial year, we are closing the financial year with around INR14, 005 crores of portfolio under management, which is a 13% growth year-on-year. And if when we look at quarter on quarter, it's around 7%. And this is also in line with the disbursement growth.

So if you look at Q4, we have disbursed around INR2,876 crores, which is almost 46% growth year-on-year and 15% growth quarter-on-quarter. So there is clear growth momentum which is there in terms of our disbursements and as well as on the portfolio growth side.

And when we look at asset quality side also, I think the important aspect is to look at it how our X-bucket recoveries are coming in where you see the fresh slippages. So the X-bucket collection efficiency last two quarters consistently at around 99.8%. And if you look at that to the pre-2025 period, we were at similar range.

So in terms of X-bucket collection efficiency, we are back to the normalcy. And that is also showing an improvement in the overall collection efficiency. Currently, we are at 96.43%. That is a growth of almost 160 basis points from quarter-on-quarter and almost 340 basis points improvement from year on year. So there is a substantial improvement in terms of our X-bucket collection efficiency as well as overall collection efficiency.

And that is showing in the GNPA as well. It has come down to 3.89% from 4.85% in in the previous year, as well as the net NPA stands at 1.14%. So when we look at on the key two aspects in terms of portfolio growth as well as portfolio asset quality, we are performing much better as against we've been done in the previous financial year and previous quarter.

And when we come to the quarterly financial performance, we have reported a INR71 crores profit, which is highest profit that we have reporting in last seven consecutive quarters. So we are started to come back in terms of profitability. That is also driven by improvement in income. The quarter-on quarter-the income is improving as the portfolio growth

And there is an yield change also happened in between, especially in the second quarter of the current financial year. The benefit of that is started coming, but the more benefit will be getting to us in the next financial year. So there is a clear momentum in terms of improvement in revenue. And the NIM is started improving. We are at 12% NIM standalone Q4 of the current financial year.

And another key aspect we need to look upon is with respect to opex. So we have currently 6.4% opex in Q4 of the current financial year. But it has peaked to almost 7% level where the portfolio was not growing, but we have doing all these investments. We will be talking about some of the initiatives that we have already taken and made investments and things like that.

So actually that has that cost has already been incurred by us where the opex have gone up to 7% in Q2 and Q1 of the current financial year. We have come back to almost 6.4%, and there is lot more scope for us to improve on the opex, and we are seeing that going forward, which will be one will be an improvement in the overall productivity.

Secondly, there is a rationalization of the resource and more utilization of people in in other products where we are diversifying as well. And with respect to credit cost, we are at 2.8% in Q4 and for the full year we are at 3.5%. But if you look at in the previous year, we were at almost 9.4% full year credit cost. So the credit cost is also now stabilizing with like I highlighted 2.8%.

And the credit cost is lowest in last seven quarters. So there also we are showing tremendous improvement, and last four quarters consistently the credit cost is coming down. And we have reported a 2.1% ROA standalone Q4 and 10% ROE for the quarter. And when we look at for the full year, the overall profit for the full year is INR170 crores.

And the capital also started growing where we have a loss in the previous quarter. So overall net worth stands at INR2,854 crores. And if you look at the debt-equity ratio, we are at 3.34 times. So we have enough room in our equity to do the growth that we are planning. So at some point we will have to look at equity, but immediately in the next 12 to 15 months, we have enough capital to grow the business. And the PCR ratio is very strong at 71.5%.

And another key aspect is to look at the cost of fund. So the cost of fund is started coming down. We were at 11% in the previous year. Currently, we are at 10.27%. And if you look at the incremental cost of borrowing whatever we have borrowed in the last 12-month period, the effective cost is around 9.9%.

So we have seen good reduction in our cost of fund, which will also add improvement in terms of financial performance and NIM going forward into the next financial year. So we'll catch up of some of these aspects in little more detail. I think the AUM growth we can already see quarter on quarter we have doing the portfolio growth as well as the disbursement growth.

And in terms of clients, we are more focusing on the existing clients. So the points Udeesh was talking about is already been articulating. So we have quarter-on-quarter there is more focus is given to the existing clients in terms of disbursement, but at the same time, we are always bringing new client into the system. So in Q4, we have brought in another 80,000 clients into the Muthoot Microfin ecosystem.

So I think that will continue. So the strategy is to ensure that we bring in more clients, but at the same time focus on our existing clients and offer them multiple product and ensure them they retain in Muthoot Microfin umbrella itself. And in terms of business, we have already talked about with respect to the resilience model and things like that.

And one point I just wanted to touch upon is with respect to credit cost. So we are also looking, we have a credit underwriting team, we have a strong credit team in the field and various aspect. And even in the cross cycle with if you look at the recent events, etcetera., still an weighted average credit cost for us in in last 10 years has been sub 3%.

And in in last four-five years in the 10 years, you know that there are multiple events the sector has faced. And when we look at going forward with more diversification coming in, I think we can bring down the credit cost much lower than what we have done in last 10 years. So I think that is where we are looking and quarter-on-quarter it is very steady and the credit cost has been controlled well.

We have already talked about the collection efficiency. It is improving quarter on quarter. We are at very strong position. The GNPA, NNPA is consistently coming down. The SMA book is coming down. On-time portfolio is improving in the overall portfolio. So when we look at all the parameters of the operational matter, the we are on a right track in terms of the next level growth.

This is the next aspect we need to look at is with respect to the liability. There also if you see we have been doing very well. In last financial year, we have borrowed almost INR9,537 crores, and that too in a very difficult market. But at the same time, not only raising the capital, we've raising the capital at much cheaper rate.

We have reduced our cost of fund by around 75 basis points. And we have also widened our lender base as well. Currently, we have dealing with almost 62 financial institution in India and abroad. In addition to that, we are also diversifying our lender base and the funding base.

So if you look at four-five years back, we were more dominant on two category, one is structured funding as well as the term loan. But right now, we have more diversified into our borrowing profile into NCDs, ECBs, and etcetera. So the NCD, ECB, which was contributing 18% in last financial year, currently contributing almost 22%. And what we are trying to build is that going forward, we wanted to bring this 22% by 2030 to almost 40%.

So that is where we are trying to work. Currently, we have almost 22,500 retail investors who have subscribed to our NCDs, and we continue to do more fundraise through that. And what we have seen is that the public markets are more resilient in terms of environments and various other factors. So we are very strong, and the balance sheet is very liquid.

We have almost INR700-INR800 crores of free funds carried across the financial year, plus we have adequate investments in HQLA. We have contingency funding plans in place where we can raise almost INR2,000 to INR3,000 crores fund in very short time. So we have liquidity-wise there is no concern.

Plus, I think one more key aspect here is that one is that we raise capital, we reduce the cost of fund, but at the same time, we are also working to add value also to the investor stakeholders. So we have already done ECB funding through social loan framework. So we have already put up our social framework, which is audited by S&P annually. So that is one process we do.

In addition to that, we have strong rating. We have rating done by CRISIL A+, and there is an upgrade in the outlook as well. So currently we are A+ positive outlook, which was upgraded from stable. We have consistently got M1C1 grading, again done by CRISIL.

Consistently last 10 consecutive years they've been auditing us in the field with respect to the transparency and client protection principles and been awarded highest rating. And in last financial year, we have also did our global rating. We are the first MFI to complete the global rating, and we have listed our ECB in in INX Gift City. So that's also one new initiative that we have done and the industry is also following that.

So in all the aspect, I just wanted to conclude that there is there is definite plan with respect to the vision, and we have a team to execute that vision in terms of portfolio diversification, etcetera. But with respect to liability franchise, we are future-ready. There is no concern, and we have enough liquidity to build up the business.

With that, I conclude my financial presentation. I'm here to call upon our IT team, CTO, CISO, and application head, to explain on the technology initiative that we have done. Thank you.

Linson Paul: Yes, thank you, Praveen. Good evening, all. Actually, as you already heard about our business value and how the business IT information technology will be helping on our business, that is what we are explaining here. It's actually the IT is driving our business to go -- it's like the leading role to play to lead the business to moving forward.

And actually, it is a key driver and also it is like an enabler, not like an basic minimum enabler, it is like a core pillar strength of the business. That is the main point here, and that is what we are planning to explain to you all. It's actually our IT strategy that we are built on basic IT governance and a security framework. That is making the system enabling the people to be responsible.

They ensure the responsibility, accountability, and align with the regulatory framework to make sure that the entire portfolio, like now it's actually we will be focusing on the IT security part and also the delivery part and also the enablement of all the entire infrastructure.

That will be making enabled the entire the system ecosystem that is responsible. And so that we based on the strategy will be built on a five pillars: that is the first one is IT governance and security, and the second one is fintech-ready. We are a fintech-ready environment and a compliant-ready.

That's actually the RBI, UIDAI, and all those enabled, all those guidelines will be following up. And we have a strong in-house capability of more than 100-plus people are strong IT professionals are working on our environment. That is contributing to the business and is leading business to the next level. And we have an security posture and a good security posture, that I'm inviting our CISO to explain you more on that. Deepu.

Deepu S: Hello. Yes, good evening to all. Now, just to add on what CTO has just demonstrated. So the in-house IT capability is something that we have explained earlier too. Now, this showcases that the core IT functions whatever are being performed are through our internal IT team. Now, this has provided us various benefits.

So let's say, the dependency with third-party support vendors is minimal, I should say. I mean, that has helped us to address, minimize, or keep in check the various risk aspects with respect to dependency with third-party vendors. And on top of it, this internal team that we are talking about, I mean, works on a strong governance framework, I should say.

I mean, we have a very strong IT governance framework, which clearly sets the roles and responsibilities of each stakeholders. Now, when I talk about governance, so we do have a very strong information system management system governance framework too. I mean, we are already aligned with ISO 27001:2022 standard. And I should say proudly that I mean, this is our third year of sustenance of maintaining this certification.

And it clearly demonstrates our commitment to maintain global standards with respect to information security management. And all these governance aspects that we have put in, I mean, this has largely helped us to be fintech-ready. I mean, as you all know, when we are talking with various fintech partners, there are various security parameters which needs to be addressed.

Now, since we are already aligned with various frameworks, this helps, this helps us to get integrated to various platforms on the fly. And we are, we are also an RBI regulated entity as you all know. we are also regulated through an UIDAI regulated entity too. I mean, as you have seen in the earlier slides, we are already e-KYC enabled, we have an e-KYC enabled platform.

And all these things with the right governance and with the right IT infra, we are already ready to scale up to support high-volume transactions. And the framework that I have talked about this is already helping us in order to ensure that we have a continuous compliance and assurance systems. So on top of maintaining the governance aspect, the framework systems, we do have many internal and external audit functions which are happening around the year.

I mean, that these types of audits also helps us to give enough assurance to the stakeholders, say it internal or external stakeholders, for our alliance with the various regulatory and other frameworks basically. And talking about the threat management and monitoring, I mean, that is also a pillar on which the information security is working on.

So as you all know, the threat landscape is very dynamic, and we already have an established a continuous threat exposure monitoring system in place. And we also have various other technologies like SIEM, I mean, that's an industry term, which is helping us to keep a tab on all security-related operations. And many other functionaries are also established, which provides us real-time threat visibility.

And even we do have a structured vulnerability management program too. All these aspects whatever I have talked about is being governed through various level of committees too, a board-level committees.. And just to touch upon how the current infra is aligned with various security and compliance parameters.

So we are working in a defense -- I mean, we have established a defense-in-depth architecture basically. So we have built security in various layers so that we don't have over-concentrated security systems in in one particular area. So this is in a staged manner. And it is already built on a zero-trust ready architecture.

And the important part is that we work on a risk-based security assessments basically, so that we don't overdo anything. We put in the right controls at the right place. And I've explained it earlier, we all are already in a system which is ready to have security orchestration and automation also in place. Now, yes, talking about applications.

Linson Paul: Yes, thank you, Deepu. It's actually, as you observed, it's actually our IT ecosystem is 100% depends on, it's actually focused on innovation, security, and agility. That is what you can see from this slide. It's actually the infrastructure, you can see the infrastructure, so we have a scalable multi-cloud infrastructure setup. And also we have an AI/ML ready environment.

And it is in a high availability architecture. It's on a multi-region kind of a model. And also it is a cost-optimized on-demand model. And we have a robust disaster recovery mechanism, and it's like a resilient BCP mechanism is available. And also you can see the software and digital platform mechanism we have already following. We do have a secure software development life cycle mechanism in place.

And also we have an ITSM framework in place. And we have a CI/CD pipeline in place. And also it is an API-first integration model. It's and also the mobile-first innovation for field operations. And it's 100% AI-driven and automation analytics, everything is AI-controlled. And you can see here, it's actually we have a clear roadmap on the strategy and how we will be focusing on the IT investment.

And also it's actually the platform, as the evolution will be happening like now, the technology modernization, we are capable to handle the latest technology. And also we have an identity for zero-trust mechanism we'll be following up. We have a the world-known products we are using and so on protecting our entire ecosystem from endpoint to the server level and the cloud infrastructure.

And as far as data compliance also, the data security and regulatory alignment is already in place as Deepu already mentioned about. And workforce capability, that the talent capability and all those development part, training, everything is in place. That is what we are capable to and to support the business as a key core pillar to support the business to go ahead. And I will, I'm inviting my colleague Santosh to explain about the software ecosystem. Santosh.

Santosh: Good evening to all. This architecture represents the robust end-to-end workflow. For the first channel, we are using mobile app and web app and partner API integration. Through these, we are onboarding our customer. And application system, we have loan origination, loan management, and customer application, and collection system, risk application, audit application.

These applications are we are in-built applications. And our credit engine, we are our credit engine combined with AI and real-time credit bureau integration and e-KYC for identity check and fraud detection to make faster credit decisions. The entire thing is connected to our MML core system.

The core system is core system and ensuring data accuracy. And again, this system is supportING the risk monitoring framework and digital payments, and the enterprise data layer connected to our ERP and analytics system. This will ensure our system scalable and future-ready.

Mahila Mitra app, this is our customer app. The customer app we have live features, account management, the real-time insight on account loan balance, statement account, and etcetera. And we have multi-channel payment options and EMI due reminder. And the loan processing, we have a loan request eligibility check processing. We have integrated e-NACH and UPI mandate to do the registrations. And customer support part, we have enabled voice bot and ticketing system

And upcoming features are we are offering diversified product based on that the customer can select multiple product. And AI-based loan sourcing process and e-KYC with face authentication and real-time analytics on live insight and product suggestion. And planning to add multi-utility payment and credit health dashboard.

Linson Paul: Thank you very much. I'm inviting Jinsu Joseph from Risk Department to continue on.

Jinsu Joseph: Thank you, Linson sir, and very good evening to you all. Risk governance is one of the core drivers in our organization for sustainable growth. Our board of directors defines risk appetite, and our management execute it across people, process, and policies. That further enabled us to identify, mitigate, take measures, and further enable us to more measures to mitigate the risks. It safeguards our organization from downsides and most importantly, it enable us to use more opportunities in the open market. And we have established three lines of defense in system.

The business function, the risk management function, and the independent assurance function. This three-layered approach that enable us to mitigate all emerging risk our organization. Moving forward to manage credit risk, credit underwriting plays a very critical and pivotal role for managing credit risk. The most importantly and it's very peculiar for having a dedicated independent credit underwriting team with Muthoot Microfin Limited.

Having more than 1,800 resources, they are well responsible for completing the credit underwriting process, end-to-end process. And we are following a hybrid kind of approach for credit underwriting the traditional approach as well as technology-enabled approach. Especially for microfinance loans, the traditional approach like group recognition test, comprehensive group training, household level income assessment, and credit bureau check that we have been following for credit underwriting perspective.

And IT-enabled approach, you have seen a video how AI-enabled underwriting help us to have a robust underwriting mechanism in place. The personal discussion having by the credit manager with the applicant and the pictures captured that translate into create a credit appraisal memo. That credit appraisal memo enables our credit manager to have a informed decision, very transparent decision, whether applicant is eligible for the loan or not.

And we are having a internal scoring mechanism. The scoring mechanism is a predictive kind of model, and we have used this mechanism shift the decision-making mechanism from hindsight to foresight. It's a predictive model. We have used multiple variables the socio-demographic variables, industry-level geographic variables. The combination of variables defines the risk profile of the customer. That risk profile enable us to decide whether customer is eligible or not and how much amount is eligible.

And for individual for enterprise loan and MSME LAP loan, we have been following multi-layer credit underwriting process. Multi-layer means the credit assessment at field level and the central evaluation process. For the LAP loan, our robust legal team, they are evaluating the validating the documentation and all. And this kind of approach enhance the quality of underwriting and enhance the portfolio quality.

And what are the risk remediation to mitigate the operational risk? In addition to the life coverage insurance, we are offering NatCat insurance to mitigate the loss happened through natural calamities. We are offering HospiCash insurance to meet the unexpected expense that we met by the applicant due to hospitalization expenses.

And we are encouraging digital payment. We have seen recently 100% NACH achievement in enterprise loan portfolio. And we are using accounts aggregator not only to evaluate their banking habit, to evaluate their savings habit also. That enhance the profile of the customer, that enable us to cater certain loans and design the products and cater the loans based on their requirement in future.

And IT-enabled measures like e-Sign, e-KYC, penny drop validation, and geo-tagging and geo-fencing. Geo-tagging and geo-fencing is not only a control measure, it is increase operational efficiency. How means when an relationship officer gets in, he can easily trace the residence of the customer. And we are doing face detection real-time for avoiding impersonation. And these approaches enable us to mitigate all operation risk.

Going forward, the liquidity risk governance process that built enable us to manage all financial obligation and financial requirement at all times without any disruption, even at stress scenarios. We have been using multiple metrics for evaluating the liquidity risk. And our board sets the thresholds, and our ALCO committee and the treasury management, they execute it and further it is evaluated independently by the risk management department.

All these measures that help us to create a good portfolio quality and record a sustainable growth, thereby we could achieve the Vision 3030. By concluding here, I would like to invite Mr. Dileep Pathak, Chief Internal Auditor, to take you to through internal audit function. Thank you.

Dileep Pathak: Thank you, Jinsu. Good evening, all. I'm Dileep Kumar Pathak, Chief Internal Auditor of Muthoot Microfin Limited. Over the years, the internal audit function we have been in internal audit function we have been focusing on the strong governance, ensuring regulatory compliances, enhancing control effectiveness, and identifying the risk by the data-driven internal audit practices. The internal audit function of Muthoot Microfin Limited has a very robust coverage. We very good frequency, good coverage sample size, and timely reporting.

To provide you further detail, our internal audit department has five units. One is data mining analytics, which is working as the brain or the guiding force. Another unit is branch audit, which cover the field-related audits. Then HO/ROaudit is there, office-related audits. Then we have the fraud verification unit, which is like cover the 100% of which does the 100% of portfolio scanning based on the triggers that are being identified during the regular audits. We have very experienced and skilled team members, total very strong team with the 460-plus people, and 30% out of that are more than five years with associated with us.

We have been able to achieve all the targets of 100% that the audit report we had planned. Last year, we conducted 5,758 branch audit reports. In the way forward, we are going continuously focus on the optimization of audit software, that is Teis 360, in-built in-house audit software, and enhance product-level audit oversight as we are going into the mix, we are diversifying our portfolio.

Application of advanced audit tool, early warning system, and the triggers and use of artificial intelligence, and talent upgradation through various training sessions and the multi building the multi-skilled audit team, data analytic enhancing the data analytics capabilities. Overall to conclude, the internal audit function of the Muthoot Microfin Limited is highly committed to the standard audit practices, and we are to ensure that the sustainable growth of the organization. That's all from my side. Thanks for your time. Now I'd like to invite Neethu Ajay, Chief Compliance Officer of the organization, to take over. Thank you.

Neethu Ajay: Thank you, Dilip. Good evening, everyone. So, I'll quickly touch upon the corporate governance frameworks followed by the company. So, at Muthoot Microfin Limited, we believe that the long-term sustainable growth is built on governance, discipline, and institutional growth. So, to quickly start with, I have to highlight you one of the key factors under the corporate governance framework is that we are one of the few NBFCs in which the original promoters of Muthoot Microfin retain ownership and control of the business.

So, this highlights that the confidence and commitment of the promoters within the organization. And along with the promoters' oversight, we have a strong composition of board of directors with representation from independent directors as a majority, and then the nominee director of investor and the promoter directors. And our promoters brings with a varied experience, rich experience across various areas like banking, finance, technology, risk management, regulation, etcetera.

And also, to strengthen our corporate governance framework, we have independent audit functions auditing the company and also strong risk management frameworks and as well as the regulatory compliances. So, moving on to the management team, we have a stable management team with long leadership backgrounds. And if you see, we have a we just want to highlight that the management or the leadership team comes with an average vintage of 10 years, which shows the leadership stability and the long-term value creation they will bring to the company.

Coming to the employee mix of the company, we have a the core pillars of the company is the employee mix. And we have a vast area of our employees under the field operations, which brings in our which focus which showcase our focus on the financial inclusion aspects. Also, our corporate governance practices and processes has helped us won various recognitions and awards.

So, some of the key awards which the company has won includes the best organization for women award for 2025, and we are the three-time winner of India's best women workplace in health and wellness 2024. Then we have won the great place to work for the seventh time, and also, we won the financial inclusion institution of the year award. So, these are the some of the key recognitions and awards received by the company on account of our various corporate governance principles and the people's culture practices we follow in Muthoot Microfin Limited.

Now finally, coming to the ESG. ESG is one of the key ESG principles are one of the key embedded parameters which we follow in our business approaches. So, we are focused more on financial inclusion, customer protection, operational transparency, responsible lending, etcetera. And we are happy to highlight one of the great achievement the company has made in the last financial year is that during the last financial year, the company has upgraded got an upgradation of the ESG rating from Care Edge-ESG, and we have been upgraded to the highest ESG rating, that is ESG 1+.

So, this shows the commitment of the company towards the responsible lending. So overall, with the governance principles the company follows, the strong leadership team, and the business approach will helps the company to achieve a sustainable growth to achieve Vision 3030. So, with this, I'm concluding my presentation, and I would like to invite Mr. Subhranshu Pattnayak, the Chief Human Resource Officer.

Subhransu Pattnayak: Thank you, Neethu. Good evening to all. I will quickly take you through how the HR department will enable the act as a strategic partner, business partner to business team to achieve the 30-30 commitment. This is what Neetu has already told. This is we have certified great place to work for seven times, consecutive seven times. We are in microfinance, the employee satisfaction and motivation is key to our business because they are the people who are regularly day in, day out going and meeting customer.

But we have seen our trust index, which our employee gives us, is almost it has moved from 85% to 88%, and we are targeting now that to be 90% very soon. And we are also one among the top NBFC, top 50 NBFC in terms of the workplace in India. Currently, we have 15,735 strong employees across pan-India. Out of that, 90% people are on the field role who are meeting customer and satisfying their needs, customer service.

And we have a vintage of senior management leadership which comes the in-house vintage of 10 years, and they have been homegrown leadership followed by homegrown leadership in the robust succession planning, which ensures that they can take the responsibility beyond 2030. And we have seen in microfinance industry attrition is a challenge.

So, what we are changed our strategically that increasing the female population in the customer-facing role, and we are seeing a drastically improvement in the number of the female customer-facing role where we are continuously moving upward. Now we are almost 12% to our total field role are female ROs, and we have seen these are the these population the attrition is low and their productivity in terms of the collection efficiency, in terms of the customer grievance is comparatively less. And more, more things to highlight is their attrition. Their attrition is 50% lesser than the, their counterpart. That is what this is the one of the initiative we will be continuing to do that.

These are some of the pillars how it will help the act as a business partner to the overall business team. We will be acting like a, towards inclusive growth for bringing diversity, increasing the female population. We are generating rural employment as a part of the Pradhan Mantri Viksit Bharat Rozgar Yojana. That will also give a rural economy strength.

Governance and compliance in HR means the proper management of the policies, procedure, all the labour laws. It has to, has to act all the accordance to the labour laws. The recent labour codes. I'm happy to inform you that we are 100% adherence to the newly, newly wage code. And then we are also building high culture and performance culture through regular, regular training sessions and recognitions.

We also provide them a career path and all transparency level, everything they can see in their, you know, digital platform, and that also will help us to build a high culture and performance kind of team. And we are 360 degree, we have taken care of their health, while means health part of it. We take care of all their insurance needs, their family, their kids, their spouse, and all those, and we provide them all the doctor-on-call facility to all their families, friends, and their relatives also.

And we also making the future-ready workforce through capacity building. 100% of our employees undergo the, you know, product training and structured training across the levels. And we have enabled the digital platform, online training platform where we know that this language for our field employees, the language is the key. So our AI, GenAI learning platform is been, you know, translating the training into their vernacular language, and all our employees are undergoing this training on their own languages.

And we have a fully automated HRMS system for better engagement and satisfaction level. And yes, I have covered the diversity and attrition management. So, this will be our key to our business because people are the our key focus. So that we have started improving the female participation, that where we will reduce the attrition. And there are places where the accommodation required, we are providing there, and that we are seeing a, you know, very low in that particular areas where we have provided the at, means accommodation.

And every month, we are hiring, we're doing a campaign on the pink hiring, where the exclusive female will be participated, means candidate can be hired. And during the Women's Day, I can share with you, we have hired almost 200 people who have already on-boarded with us. So that is a great success to us. And with this pillar, I believe that HR will play a role to achieve the 3030 vision. Thank you very much. Now I request Aji John from Analytics to come and take us through the analytic part.

Aji John: Good evening, all. I think before I talk about analytics, I think I also need to give you a bit of perspective on the journey actually. I mean, it is not only about, where do we stand? And where are we going ahead? But the journey. I think it was a very deliberate, very structured thought process that had gone into making data and intelligence a part of our existence. The way we act and the way we execute things actually.

That was the beginning with which we had ventured into creating our own data warehouse, which many organizations of our scale might not have thought or probably would have started thinking right now, but I think we have already executed that in our ecosystem. I'm not getting into the nitty-gritty of or the technicalities of it, but the whole point is that the more, a single piece of data tells you a limited story, the more data you get, the bigger the picture gets, the better decisioning you can get it.

So that's the whole intention of us getting into data warehouse where we were dealing with smaller truths and hence limiting our decisioning to a smaller risk. And now with this data warehouse, we are getting into the bigger picture, more and more truth about the customer, both structured and unstructured. And I believe in terms of unstructured data, we have not even scratched the surface of information that we could gather from them.

And I think the possibilities are limitless, and this is just the starting point of that. We have brought all our data into the data warehouse currently. The structured data, the core system data, the bureau and the market information, the scrub information which was basis of a lot of strategic decisions and the visions that we took about came out of that. And that layer is done.

Jumping onto the fifth analytics and AI/ML layer, that is where we harness the value from all that hard work and effort that we had done into descriptive, diagnostic, predictive, prescriptive, self-service analytics. I think those are all the layers that we have been getting into. Prescriptive we want to get into more, in more and more detail, getting to understand the customer more, be more real-time, be more on-the-ground kind of an action.

Self-service analytics, we have into the first phase of it. I think that also will evolve in the coming couple of quarters. And on the AI/ML models, I think we already have developed our proprietary risk model on the application scorecard, I think which is performing very well. I think and with increasing alternative data sets, we are going to make it more and more better. Inculcating socio-economic profiling of the customer, again alternative data to credit, evaluate the customer better, currently which doesn't get captured in your credit bureau information actually.

And propensity models, as we are moving into other retail products, that also comes into relevance where it becomes critical for me to channelize my investment, my cost, acquisition cost into the right channel and the right time actually to maximize the ROI. So propensity model will help me in that. My, churn models is the next where I want to understand more on my customer moving out of me, understand that better and try to retain them as much as we can.

Now, all those intelligence, all those data is fine, but how do I get those outcomes out of it? Now, unless I action upon it, the outcomes is not achievable. That's where the agentic layer comes into picture. I'm sure you might have heard a lot about Agentic AI coming into role. I think still it is in the evolutionary phase. We are also getting into it in lot of places. Broadly, we have identified the 10 use cases where we want to get into probably in the next couple of years in the journey to achieve our vision for 3030.

While we are focusing on couple of things right now in terms of lead qualification, we are already working to see how we can convert the cold leads into warm leads and convert them for our SME and other products. We are already working towards credit underwriting. I think the risk function and I think our Sadaf sir already mentioned about that. I think that is also again going to get evolved.

Currently, it is not executing things, but I think we'll slowly get into a phase where it will be executing action for us. And of course, on the collection strategy piece, where we are working with a vendor to orchestrate the strategy where I want to define the right kind of strategy to get the money from the right from the customer at the right time actually, thereby improving the efficiency of my staff who is going on the field, as well as the next best action to connect the customer, the right time to connect the customer, the right channel of connecting the customer.

So these are broadly the area where we are getting into in terms of analytics. I've just given you a flavour of what we are, what the thought process is, where we want to get into. But I think a lot of action is going to come. I think and we are all geared up for that. The organization all set for it. And I think I truly believe, I mean, the organizations which are going to win are the ones which are going to, you know, act quickly, probably decide smarter and hyper-personalized products for the customers understanding them better. That's all from my end. With that, I invite Sadaf sir for the concluding remarks.

Sadaf Sayeed: Thank you, Aji. Thank you very much for bearing with us for all this while. I would like to conclude by saying once again, the Vision 3030 that we are talking about is our strategy to go to the next level for Muthoot Microfin. So far, the INR14,000 crores journey has been tremendous. We have been able to create a customer base, we have a robust branch infrastructure, we have a strong team that you met today. And with this team, the leadership, the vision of our promoters, and the strong brand that we operate with will enable us to be the winner in this race to 3030.

And I can tell you as a diversified microfinance NBFC, we will be more resilient, we will be more consistent, more profitable, and more rewarding for all our investors. So once again, I thank you all for joining us. We will open the floor now for Q&A. I'll hand over to Rajat to moderate that.

Rajat: Thank you, sir. So we would be opening the floor for Q&A. We would just take two minutes to set up the stage. Meanwhile, if you have any questions, you can raise your hands, and my team would get to you with a mic. Then maybe probably you can introduce yourself and ask the questions. We would request you to keep your questions up to maybe maximum two so that all people can get opportunity to ask questions. We would just wait for two minutes so that stage could be quickly set up.

Rajat: So now I will invite the promoters and the management, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mr Sadaf Sayeed our CEO, Mr. Praveen T our CFO so please join us on the stage. Mr. Thomas Muthoot John, Mr. Udheesh Ullas our COO.

Ladies and Gentlemen I would again request you to raise your hands, so that my team can reach out to you. Yes, please quickly introduce yourself and then please ask your question.

Varun Dubey: Good evening, everyone. This is Varun Dubey from Share India Securities. First of all, congratulations on your strong set of numbers. It's been really a great transformation on a quarter-on-quarter basis, especially after the microfinance industry has gone through turmoil.

My question regarding your 2030, I mean your 3030 vision is that you have given a CAGR growth, I mean basically I wanted to understand the math, of around 21% to reach the INR30,000 crores of AUM. Yesterday in your presentation, your AUM growth for FY27 was 12% to 15%. Now, if you take 12% to 15% growth for FY27, the remaining three years you have to grow at a CAGR of around 23%. So that's a big jump from 15% to 23%. So what gives you the confidence of, you know, getting that growth from FY28 and not from FY27? So that's my first question.

Sadaf Sayeed: Thanks, Varun. I think first of all, the important thing to articulate here is that for last financial year, if you look at, we have among the guidance that we have given, out of the five things, four we have kind of outperformed. In terms of AUM growth that we had guided for around 5% to 10%, we are at 13%.

In terms of our asset quality also, the credit cost that we had guided 4% to 6%, we are much below that at 3.5%. And in terms of our diversification strategy that we were talking 85% to 15%, we are at 83% to 17%. So we are confident that we will overachieve our guidance.

We believe that we will definitely be able to achieve more than 15% growth rate. And as you correctly pointed out that it requires a 21% CAGR, and that definitely we think we can achieve in the next financial year through diversification and growth that we have articulated.

Varun Dubey: Understand that the guidance given yesterday was a conservative guidance of 12% to 15%. Okay. My next question is when you give a guidance of ROA of 5% till 2030, ROE of, you know, 20% and above, and ROA of 5%, so that actually translate into a profit of INR1,000 crores. That's the milestone I think so that the company is looking at.

And just to add to this question, I mean you're not touched upon the asset quality because microfinance has a cycle of three to four years. So I mean does the diversification actually shield you from the microfinance, you know, cycle that goes through and that's the reason your credit cost and everything goes up every three or four years? So just wanted to understand what would be the asset quality look like in FY30 if you can just throw some light on that.

Sadaf Sayeed: Yes, Varun. I think the biggest reason for diversification is to ensure that there is a consistency in the asset quality. So we make sure that the cycles that microfinance sees up and down are mitigated by the entry into alternative products that we have. Also, these are same customer that we are giving microfinance, and without over-leveraging these customer, we are getting more products through them because they are already borrowing outside these products.

So we are making a deeper engagement with the household. That also will result in better asset quality in microfinance portfolio itself. We believe that on a long-run basis, we would be having a credit cost of around 2.5%, and that is what we feel that we can sustain. And with these diversification of the products, especially products like gold loan, loan against property that we are building, the individual loan which is currently having zero delinquency, will definitely help us improve the asset quality.

Varun Dubey: The INR1,000 crores profit, is that the number for FY30?

Sadaf Sayeed: Yes, your interpretation is correct. Yes.

Varun Dubey: Thank you sir.

Anil Tulsiram: Yes, thank you for the opportunity. This is Anil Tulsiram from Bestpals Research. First of all, thanks a lot for very detailed presentation. I can see lot of hard work has gone, so thanks to the entire team.

My question is on the underwriting. So generally, if I see the entire microfinance sector, for underwriting, there are the basically three-four problems. First, the attrition of the employees, then the informal nature of the income, how do you assess that, and then the availability of the talent to match with our scale.

So in light of this, the, your two videos and the analytics and the credit underwriting is already explained a lot. So how do you reduce the reliance on the talented employees for the underwriting? To what extent it has been templatized and you are relying more on the technology? So that's the first question.

Sadaf Sayeed: See, in our presentation, we have articulated that we are keeping the human-in-the-loop concept. And we are using technology to assist our field officer to underwrite customer better. We have integrated aggregator platform, so it gives us information on the customer on all the bank accounts at a click of a button that is available before the underwriting.

We have information on the credit bureau already. We are looking at household obligation of the customer. We have our internal credit scorecard, which is also giving score apart from the credit bureau score. And we are using generative AI technology to assess surrogate parameters to understand what kind of asset, what kind of a standard of living the customer has, and what is the inventory that the customer has.

And based on that, we are underwriting a customer. And with the strong team that we have and the core market that we operate in Kerala, Tamil Nadu, and Southern regions, generally the per capita income is higher. And one of the unique things of microfinance has been, and it's a blessing that we kind of hail from Kerala, the level of education among our field force is very high.

Almost 50% of our staff is graduation and above. So in terms of understanding, trainability of the staff is very high. And we've been following a credit underwriting culture at the branch level, a separate independent vertical of a credit. So that's how we're going to be able to underwrite it better and be able to deliver better credit quality.

Anil Tulsiram: Yes. So second question is on the, your credit officers. So a few of the peers, they have adopted the centralized underwriting system where field level just collect the data and pass it on to the central, but we have all the credit officers in all the branches. So what's the thought process behind this?

Sadaf Sayeed: Yes, so ours is a hybrid model where I think the field-level PD which is happening with the customer is done by the credit officer. The all the information that is collected through the PD through the generative AI technology, all of that prepares the CAM on a fly, credit appraisal memo, and it goes to the centralized team. And the centralized team is able to confirm that this customer is good to go or not good to go.

They will give a range that up to this amount the customer can be given the loan. The branch decides that within that range what loan has to be given. So it's a centralized plus decentralized approach.

Anil Tulsiram: And the last question is on the individual loan which we are calling small enterprise loan. So how does the underwriting varies between this and the JLG? Because to my mind, it is the same customer which we are giving a different loan by a different name.

So how does it reduces risk? And the related question is another player which is into unsecured business loan and it is giving to non-microfinance customers, okay, they are giving a credit cost sustainable credit cost guidance of 3.5% to 4%. And we are giving 2.5% even when we are lending to the same customers. So this is the last question.

Sadaf Sayeed: I think that's a valid question that you have raised. In terms of asset quality, we have seen in the proof of concept that my colleague has shown, we have already build a portfolio of INR2,300 crore. In that portfolio, the 0 plus delinquency or 30 plus delinquency as of now is zero. And even the bounce rate as compared to other retail products where the bounce rate is 25% to 30%, it's just 10% is the bounce rate, and that is also getting collected within eight days.

So we are very confident because we are pre-filtering these customer at a 700 score plus. And 700, believe me, is a very, very good score for a retail credit customer. And 90% of our loan are 730 score plus. So we are selecting at the point of selection itself a customer which is very, very good.

And we are giving loans to those customer who are already credit-tested, who have a two-year and more, two-cycle, so which would be around two and a half to three years of track record with us. Unlike other business loan lender, they are giving loans to customer for the first time and they are kind of originating them for the first time, so they're testing them with their underwriting prowess.

But we have already seen that journey. And in terms of underwriting practice, there's a significant difference between a group loan underwriting and an individual loan underwriting. In group loan, it is based on joint liability. Of course, there's a PD involved, but that PD is more just declaration of what business they are doing, how will they utilize the loan.

But here, there's a proper cash flow assessment that is happening, and we are using generative AI technology. We are doing additional check, the aggregator platform that we are using to get the banking information, we are doing for the individual loan, loan against property, and other loans, which we were not doing for JLG loans. So all of those additional checks are built in in for the additional loans, and that is how we will we are very confident of the underwriting quality and reduction in credit cost.

Yes. I think one of the key thing is also digital collection among our individual loans which is also helping us to understand the customer has the ability to save in the bank and the entire collection for those loans is entirely digital so all the individual loan, LAP loans is completely digital. We are, we don't have to spend too much for collecting that. So that is also bringing in efficiency for us.

Aditya Mundra: Hello, sir. This is Aditya Mundra from MyTemple Capital. Thank you for this opportunity. Sir, when, when we speak about ROA of about 5% consistently and ROE of more than 20% consistently, so what, if I go for the ROA flow, what is the kind of NIMs, opex, as well as credit cost and leverage we are looking at? And how, so it's a 2030 target or we plan to achieve it from 2027 itself and then continue? And I will come back with a couple of more questions.

Sadaf Sayeed: Yes, I think 2030 onwards, I think that is what the profitability we are guiding towards around 5% ROA. This will translate with three-four things. One, our NIM expansion, both on the yield side, the portfolio yield will improve because we will have lesser NPA affecting the portfolio yield, and at the same time, the weighted average yield across various products will improve.

Currently, it is 18.8%, it is likely to go above 22% to 23%. And then secondly, we are looking at reduction in our cost of fund because these loans are long-term loans. So LAP loans are five to seven years, individual loan three to four years.

So the run on that book is much lesser. We have to raise more, lesser fund to build business, and we are able to negotiate with banks better, so that will help us to reduce cost of fund. So that is where the NIM expansion will happen. We are already at 12% NIM, we are looking at 13.5% to 14% NIM expanding.

And operating cost will go down because we are leveraging from the existing customer base, existing branches. We don't need to invest further, and from the same infrastructure and same people, we are able to generate better. Right now, we are at around 6.4% operating cost, we are likely to be 5% and below by 2030 in terms of our, sorry, operating cost. And of course, the credit cost would also be much lesser. So overall, that will help us achieve 5% ROA.

Aditya Mundra: So but the, because if you are going to move away from the JLG products, won't that put pressure on the yield?

Sadaf Sayeed: So I think if you look at the market today, JLG loans are at 23% to 24%, but micro-LAP is at 27%, 28% plus because of the processing fee that is there. Similar is with the two-wheeler loans that are there, and individual unsecured loans are definitely are much higher kind of rates that they are operating in.

Aditya Mundra: Okay, so we expect the yield to go up from 18.89% to maybe 22%

Sadaf Sayeed: Yes.

Aditya Mundra: Okay. Sir, my second question is that, what is the kind of geographic diversification we are looking at by 2030? So state-wise focus or any other plan that you have that?

Udeesh Ullas: No, as we explained in our presentation, our core market we will be focusing more on our core market. So some of this product we are giving to the existing customer base. So we have almost 55% of our customer belongs to the Kerala, Tamil Nadu, and the rest of the South.

Karnataka we will be more cautious now, we will be focusing more on gold loan and the secured product in Karnataka. But otherwise, our focus will be on the Southern markets. The Northern market and the East market, we are entered very new to Assam also

There we will be focusing more on JLG. Because even in the 2030, the commitment is to have at least 55% is from the JLG. So JLG will come from newer markets, but where we are already matured, those markets we will be doing the product diversification.

Aditya Mundra: And sir, one final question from my side sir. So when we talk about 21% of CAGR growth, how much would that be distributed between JLG to non-JLG, if approximately?

Sadaf Sayeed: So as we said, I think the growth incrementally will come from the newer products that we are doing. We will look at sustaining the AUM and growing steadily JLG loan book, but more of the growth will come from individual loan, gold loan, two-wheeler loan, LAP loan, housing loan that we are trying to do.

Udeesh Ullas: FY growth would largely be a little capped in that sense. Thank you.

Varun: Yes, so I just wanted to understand like, if we are moving away from JLG, I mean, right now we are at INR14,000 crores and probably in 2030, we'll be at INR14,000- INR15,000 crores in JLG. How will individual loan, that particular product be different from JLG because we also want to ramp up our yields, right?

So at some point you have you will have to focus on ramping up your individual loan portfolio for that matter. And secondly, so in this particular cycle and probably in this cycle, a lot of the customers who have already been part of the JLG model or who have already been part of the

MFI model, must have gone out of system because of their defaults? Because there have been defaults across the industry.

So when we look for targeting new customers, do we also want to cater to those customers, give them a second chance? Like, how do we go about that? Like, what's the thought process, what's the approach around it?

Sadaf Sayeed: Well, that's a very good question, Varun. First of all, I would like to very categorically say that we are not moving away from JLG. We are making sure that we have a progress path for our JLG customer.

So the acquisition model would be JLG. When we are acquiring customer for the first time, it will be JLG format. But once the customer proves its credibility in terms of repayment habit, then we are looking at the household need of the customer and progressing that customer forward.

Whether it's individual loan, loan against property, gold loan, or any other loan, that will be based on the customer needs and customer ability to repay. We will look at that. So that is point number one.

The second point in terms of the difference between the individual loan and JLG loan, it's very, very different because when you're looking at individual loan, if the customer is into a business which is generating cash and we are able to see that business is able to generate enough cash to support that business and average ticket size for a JLG loan is around INR60,000.

The individual loan is INR1,80,000. So there's a lot more credit underwriting on the customer which is happening through the various parameters like in terms of aggregator information, credit scorecard, we are using generative AI technology, all of that.

And I think the point that you make in terms of customers which are going out, I think it's both sides. One is customer moving out because of default, but there are customers who are progressing out of microfinance to other businesses. That is what we have seen. Among our customer itself, there is a INR40,000 crores portfolio with other loans that they have taken. It has gone to INR45,000 crores now. So definitely customers are availing more products.

I think a very important point that you make, that what about the customer who fell out of the credit cycle because of default. I think that is where a product like Gold Loan becomes very handy. A customer who has a track record, maybe because of macroeconomic event, she was not able to pay and she fell into the default trap.

But if she has an asset, she can restart her credit journey. And if she proves a track record through that credit journey, then definitely she can come back to the system. I think that is what we would be able to do.

Varun: And on gold lending, you mentioned that….

Thomas John: I just wanted to add to what Sadaf was saying. And your question is very valid. Being in the financial inclusion business, we are acquiring a lot of customers and new to credit customers. And at some stage for various reasons, it can be because of natural calamities or a situation like COVID.

We tend to lose that customer because of their creditworthiness has been affected. But the ability for Muthoot Microfin is to bring back such customers and like what Sadaf just said, to give them a gold loan, which will bring them back into the fold and also bring back the lost customer to gain credibility.

Only Muthoot Microfin and Muthoot FinCorp partnership will enable that product for them because Gold Loan has to be given and kept safe in a branch of FinCorp. So this partnership works very well for Microfin.

Varun: That's it from my end. Thank you.

Kaushal Attal: Hi, good evening. My name is Kaushal Attal. I am from Investec Capital Services. Thank you for this opportunity. So I have three quick questions for you. Number one, how long do we expect our branch rationalization to continue?

As we can see from the numbers for the past two quarters, the branches have kept on declining. Is this going to continue in the way forward, or are we going to see like an increase in numbers sometime soon?

Sadaf Sayeed: Yes, I think to answer first question is like branch rationalization, I think this is a calibrated approach. As we had articulated in our previous calls also that we have adopted a branch profitability module, and we are looking at each branch contributing to the bottom line of the company.

And wherever we see that there is no further growth prospect and there is saturation and plus there is a drag on the P&L, we look at either merging or closing that branch as a strategy. So in the process, we had identified around 91 branches and we have merged them or rationalized them.

The customer who are paying and who are serving continue to get service from an alternative branch which is nearby, but it is more of an effort to rationalize our cost and ensure that we don't unnecessarily have too many branches where we don't need.

But at the same time, we are also opening branches in the newer geographies where we are going, like in Assam we have opened branches, we are now in Telangana, Andhra, we have opened branches, and we'll continue to open new branches where we think that there is a potential business.

Kaushal Attal: Thank you. My second question is, is there any benefit from the new credit guarantee system from the government, which basically offers banks lending to MFIs? Is there a benefit that we can quantify that may flow to your cost of funds? And is there any guidance on how your cost of funds might project into the future?

Praveen T: You are talking about the new guarantee scheme, CGS?

Kaushal Attal: Yes, the new CGS.

Praveen T: So actually, if you look at that scheme, it's actually for a larger entity like us, the maximum amount that we can borrow through that scheme is only up to INR300 crores. So when we talk about the guarantee CGS MFI, etcetera,. It's more to restart lending to the sector, especially from the public sector banks. So when we look at it and in when we look at the overall structure also, if you look at, then we need to reduce 100 basis points when we borrow the money and lend to the customer also.

So effectively, it is not yielding much benefit to the larger MFIs. But what it helps is to restart lending from large public sector banks, because if you look at the last the all the 12 public sector banks been mostly silo in last financial year. We got a couple of transaction we have done last transaction with SBI also.

But if you look at to the sector, they are mostly like not lending at all. So I think the purpose of that the regulation is more to do to open a lending window to the overall sector and smaller MFIs, etcetera. For the larger entities like us, it is not adding too much value. I think with the current structure itself, we are in bringing down the cost of fund.

Already we have brought down 75 basis points cost of fund in in last 12 months, and we are expecting further improvement on cost of fund as well. So I think for us, it's always beneficial to go directly, and we are already borrowing the weighted average at around 9.9%, . So I think from our perspective, we are fine without that. Whatever INR300 crores limit is there, we might draw it, but otherwise we are comfortable on the liquidity.

Kaushal Attal: Okay, thank you. One last question. Have we availed any of the CGTMSE or CGFMU schemes for your portfolios? If yes, what portion is insured, and again, if it is insured, why do we have an additional NatCat insurance?

Sadaf Sayeed: Yes, so we have we are in the process of getting that insurance. We have already submitted our application. CGFMU is waiting for a new budget allocation for taking up the new applications. So as soon as that clarity is there, we will have that in place.

The strategy that we have adopted is to look at the pockets which are having relatively higher risk. So that portfolio we have selected for the credit guarantee scheme. Rest of the places we are anyway going for a natural calamity policy for our customer to ensure that the climate risk is mitigated.

Kaushal Attal: Okay, thank you.

Pawan: Thank you. This is Pawan, I'm from Edelweiss. My question or rather more of a request. I see the presentation was very, very comprehensive, really thank you for that. And I also see like lot of management here. So I was hoping maybe they can show couple of files where, the individual loans, can see the underwriting now because you have a presentation setup available.

Sadaf Sayeed: Yes, sure. I think that's a unique and very peculiar request, but we'll be happy to do that. I think the management is around. Whenever like you get the time, if everybody is interested definitely we can put that in our presentation next, but I think for the interest of time and benefit of time, I think we will encourage you to spend time with team and they'll be happy to kind of showcase how they are underwriting. Udeesh would be the best way, he'll be able to guide you.

Pawan: Okay. And the question is basically in the individual enterprise loans, is this more cater towards the outside of the urban centers where the 50% which is going into trading, services, and also like the I mean the non-agriculture or animal husbandry part, or is it more rural and who are the main competitors that you are seeing in this particular segment? I mean this opens up to non-MFI also, right, all the NBFCs.

Sadaf Sayeed: Yes, so if we look at our distribution network, 98% of our branches are rural branches. So the customer that we are catering is a rural customer. So these are not urban centers that we are focusing on. This is typical rural branches and rural areas.

So there is relatively less competition, not to say that there is no competition, there are people who are coming there and also lending, but relatively less competition. The good part, and why I say that we have the winning kind of a strategy with us because one, we have a well-established branch network and a very strong Muthoot brand name, which helps us to penetrate the market faster and better.

Ishank Gupta: Yes, hi, sir. Good evening. I am Ishank Gupta from Choice Institutional Equities. My first question would be what are your yields currently on JLG and the individual loans?

Praveen T: With respect to the JLG, we have currently around 24.5% effective yield, but that yield is recently, so we have after a reduction in couple of years back, we have increased it recently, but that is gradually getting. So when we change the yield, it is only prospective. When we lend to new customers, it's changing.

So that benefit actually coming to have it have it towards the next financial year. And in terms of individual loan, we have almost 100 basis point lower, so around 23.5% is where we are in terms of individual loan.

And when we go to the LAP, we are between 18% to 22%. So average I could say it's around 20%, and gold loan also we are somewhere in that range, around 17% to 21%.

Ishank Gupta: Yes, my interest regarding it was because your NIMs stood at 12.4% as of Q1 and the cost of funds have decreased by 75 basis points. But non-JLG portfolio has increased to 17%, and our

NIM has also decreased. But you are articulating that by FY'30, the NIMs could increase to 13%-odd percent.

So your average ROI for SME is stated at 18% to 22%, while for small enterprise it is stated to 23% to 26%. So more or less in the same bracket what you are lending at in the recent period. So how would your NIM increase?

Praveen T: Yes, so I think that is where I clarified. This is the recent disbursement that we have done in last couple of quarters. But when we look at the weighted average portfolio in our balance sheet in this period, FY'26, the 70% of the disbursement is coming from the previous year, where we have disbursed the loan at almost 200 basis point lower.

So when I talk about that, the weighted average lending rate that we had couple to the previous year was somewhere around 22.5%. So effectively what is happening is that whenever we do a rate change or a yield change that is always a prospective impact. The change may be doing today, but effective yield or the benefit of that will be coming in the next financial year.

So when we had some rate pressure in various talk about increasing in the interest rate, etcetera, in 2024, we have reduced the lending rate multiple times. And the impact of that actually hit towards second half of the last financial year and the current financial year. But whatever increase that we have done in the current financial year, especially in the second quarter, the benefit of that will be more visible in the next financial year, FY'27.

So if you look at effectively last financial year we were at 12.8% NIM, and it has gone down to almost 12% in the current financial year, but next year we will be going back again into 12.5% in that range. So we are very confident on that. And currently, another important aspect is that when we diversified into other products, the rate pressure on those products is relatively low

Because even though the segment remain the same, it is not going to the JLG group level where the political pressure, etcetera, will not be there. So where the freedom of pricing is much more to the company than the external factors. So I think when we read all these factors and when we look at the actual data, it is quite possible for us to manage a NIM closer to 13% across the cycles.

Ishank Gupta: So besides the mix, are you also baking in any credit rating upgrade for increase in NIM?

Sadaf Sayeed: So already we have seen one cycle of upgrade from a stable outlook to a positive outlook. Definitely as the profitability improves and the performance and asset quality improves, we can anticipate a credit rating upgrade.

Ishank Gupta: Is it baked in in the current guidance of 13% to 13.5% NIM margins?

Praveen T: FY'27 we have not considered that, but in FY'30, of course, we have.

Ishank Gupta: Yes, and my second question is regarding most of the MFI players are now diversifying towards MSME and the LAP loans. So won't this overcrowding put a pressure on the yields because of higher competition? You are saying that we have the freedom to maybe charge a higher yield on those assets, but due to overcrowding among the space, you might have to lend at a lower rate.

Sadaf Sayeed: So I think that is where Muthoot Microfin is in a sweet spot because one, we have in-house understanding of that market and ability to underwrite and attract that customer. Secondly, we have the first-mover advantage. We have already created that portfolio.

And if you look at underwriting model, people would have to invest in getting a credit resource there, getting this technology there, and will have a larger operating expense. Here, we have already put that expense and we have already a well-trained underwriting team and underwriting model, so that's why we can go.

Plus, leveraging on our group companies' strength, especially in gold loan with Muthoot FinCorp, we will be able to leverage faster. Our competition has also tried gold loan, but because it requires a lot of understanding and investment, they have not been able to scale up to that extent.

We have a huge potential. In the past, there is a product called MSG, Muthoot Small and Growing Business, which was with gold collateral. We had build an INR800 crores portfolio of that. So we can definitely do that in future as well.

Ishank Gupta: So are you just banking on your group's ability to source customers, or you have any differentiator among here and how sustainability is to build a customer franchise?

Sadaf Sayeed: So not so much source customer, but to service the customer. Sourcing would be done by Muthoot Microfin, but to service that customer to offer multiple products to that customer, be it two-wheeler, be it commercial vehicle, gold loan, housing finance, we will be able to leverage on our group strength.

Ashlesh: Hi, sir. Ashlesh here from Kotak Securities. Thanks for the presentation. Sir, I have a question or two on the credit quality. You did highlight quite a few change initiatives that you are driving, but let's say if we were to expect a better credit quality outcome in the next cycle as compared to the previous one, what are one or two key decisive changes that you are driving?

Anything which has shown or demonstrated evidence of a better credit quality? That's the first one. Secondly, since you are diversifying to non-JLG products where the borrower base seems to be similar with a similar pricing as well, have you seen in the last two years when the MFI industry was going through a cycle?

How different was the behaviour of the non-JLG portfolio in terms of, let's say, credit cost or slippages? Anything which you can highlight from a qualitative standpoint or a behavioural standpoint of the borrower?

Sadaf Sayeed: Yes, I think to answer to your first question in terms of the initiative that we have taken to diversify and look at this customer differently, the one unique aspect that we have built in is an internal scorecard system where we are able to score each and every customer based on our ability and our track record to repay.

And based on that score, we are deciding whether to lend that to that customer or not to lend to that customer. Secondly, the product that we have created, the individual loan product, and we are looking at credit bureau score of 700 plus that really identifies the quality of the customer. So that really helps us to underwrite better.

And with the ability to understand cash flow with generative AI technology and also ensuring that we have a e-NACH mandate with the customer, so we have a recourse also to collect if there is a bounce. So that really helps us to get a better discipline among the customer. And we are looking at a household level of the eligibility of the customer.

We are not looking at only the income of the customer, we are looking at household level if the customer is there. And we are very conscious that though microfinance is only up to INR3 lakh , we know that the customer has higher income and we are looking to cater to that in non-JLG or non-qualifying asset criteria. So that's the approach.

Ashlesh: So just to follow up to the first one, have you seen evidence of these models actually delivering better outcomes in the last cycle?

Praveen T: Yes, so if you look at customer who has gold loan in their kitty has performed better in terms of portfolio quality than customers. So that may be enhancing their liquidity at their household. So I think that is something which we have seen.

Sadaf Sayeed: Yes, I think as you see in a credit cycle, like for example, the last time we have seen that over leveraging and inflation also the food inflation going up and impacting. What happens is that the customer when she has limited income and higher obligations.

And these customers don't consume luxuries, they consume necessities. So when the income is limited and the necessities are now costing more, so they spend towards that and they compromise on the repayment, but they compromise on the repayment of those lenders where they don't feel that they need to have a relationship in future.

So if you are a preferred lender or you have a secured relationship with that customer, then definitely a repayment would be prioritized. That is what the learning is.

Thomas John: One point I just want to add. See, some of you have been asking on the JLG model and shifting to individual lending. See, every business, every model in a growing economy has to evolve. And we have taken this JLG model from the Grameen Bangladesh model. It has come to India, and in a growing economy, this will graduate into the next level.

So we are not saying we'll discontinue JLG, but there is a evolution that is happening with the needs of these customers. And the underwriting for a individual loan is much more robust than a JLG model. So here, lot of other factors are considered before giving a individual loan.

Ashlesh: Perfect, sir. Thank you.

Management: Yes, we can hear you Ronak.

Ronak: So what I'm trying to get to is, what are the learnings from that event and how are you putting in filters on your credit underwriting? Because when you actually control the leverage of a household, it's a much better approach rather than four people doing it. So can you just talk about what are you putting in place in terms of your filters?

Because the vulnerability of the segment still remains very high. That's the first question. The second question is on your credit cost guidance. My understanding is when your yields actually go up, the ability of the portfolio to perform better on credit cost usually does not happen.

In the sense when you are charging a customer, let's say 26% yields, you are actually factoring a much higher risk from that customer, despite what the industry norms could be. So just I'm being perplexed here where the yields go up and your credit cost goes down. Incrementally in your guidance, how does that work?

Sadaf Sayeed: Yes, I think Ronak, to answer to your first question, when we are looking at a borrower at the household level and their obligation, we are looking at kind of getting that wallet share from another lender to our lender. So without over-leveraging that household, we are looking to create a wallet share.

We are not trying to top up the loan that they have, but what we are trying to say that if the customer is able to pledge her gold elsewhere, why doesn't she come and pledge with us and we give the credit to her. We will be able to attract that customer by either offering better services, better rate, or definitely the brand name that we have will definitely comfort her to come and transact with us.

So that's the first approach. The approach that you are referring to from one of the universal banks was a different approach, which was like just doubling down on the same customer. This approach is not that. This approach is looking at every individual customer and their credit behaviour and exposure in the market and just replacing their existing lender with us.

If she has a loan against property with XYZ, why can't she have a loan against property with us, replacing that? So consolidating that credit and bringing it to the Muthoot fold. That's the first approach. The second question that you ask in terms of increasing yield and reducing credit cost, it has two aspects. The yield is not increasing merely by increasing the rates.

The yield is increasing because our portfolio that we have originated now is of course at a higher yield, but at the same time, the defaulting portfolio which was earlier there, which was a part of the denominator, that goes down and there is a more secured, better asset quality that is there. So overall yield improves on that.

At the same time, I think the advantage of asset quality is because you're underwriting better, your customer selection is better, and you are able to get more wallet share from the same household. There is more stickability of the customer, and she is going to consider you as a preferred lender, so lesser default that happens.

So once we have an asset of a customer, if we have an unsecured exposure and a secured exposure, she is more likely to pay us. That is what we have seen. And we have seen among the unique customers that have, that percentage is improving. Almost 75% of our customers are unique to us, unique or us plus one, and in among them, the delinquency is the lowest.

Ronak: But sir, at a higher yield, what essentially you or your peer is pricing in at, let's say, 25% or a 26% yield product is a much higher credit cost exposure. Is that not the thought process? Because if it's a better-quality customer, why should that customer come in at 26% and not at 22%? Because it's a secured product, it should come at a lower yield than your unsecured product. Just that's the follow-up?

Sadaf Sayeed: No, I think your assumption is correct in a sense in a perfect market situation where everybody has equal kind of a service level, same level of branch network, same level of ability to turn show the turnaround time, then customer would be attracted purely by the rate.

But when you have a similarity between the service level and the quality of underwriting practice, turnaround time, then customer looks at that a little bit more with priority. Muthoot is a very well-established name. If I were to pay a 100 bps more and I have to give my gold to any ABC company versus Muthoot,

I would prefer that I'll pay 1% more but I know that my gold is safe. So that is where I think we are coming from. We have build in and we are giving premium services. So, a customer app that we have developed, no other microfinance company has that kind of an app, and 2 million customers have already downloaded and they are working with us on that.

Ronak: Thank you.

Questioner: Hi, good evening management. Thank you for the insights and very in-depth presentation so far. I have a very broad-based micro macro question like the dominant States. in which we operate both of them recently had elections and governments are being formed.

So, do you see any risk wherein the incoming governments may have any adverse policies or any other risk which we may not be aware of or unforeseen events could occur because there's a lot of how do I say support for the lower end and lower masses?

So, them being subject, it's the business where they still have to pay a high interest, but we've seen this happen a decade back in some other States. So, is there any probability or is that factor keeping you awake?

Thomas John Muthoot: With the RBI regulating the NBFCs. Now it is a very known factor, the fact that we are in a very regulated environment and there is always whatever rules and regulations the local government makes in a state, the regulated entities are always exempted and in the regulations that come, it is clearly said that the regulated entities are exempted from these local regulations.

Now customers have also been educated that we are the MFIs, the NBFCs who give money to these customers are a different set of organizations and not the unregulated ones. And the last but most important is the Bureau damage these customers make by following some rumour that this need not be paid. Ultimately who is suffering now?

Most of the customers are today very much aware that in case they default for any reason, they are not paying up even if when they are having money that is going to damage them in the long run. So, customers if they have the money, they will pay and if they are facing some difficulty, it's a different situation. But if a customer has got the money, he will pay because he doesn't want to damage his credit worthiness

Questioner: Great, thank you. My second question is again a little more focused on Tamil Nadu. We have seen a lot of major capex's happen in that state and a lot of industry expansion is happening. So blue-collar workforce and employment is slated to increase there. So, do we see that like anticipating this growth?

Do we see that this increasing blue-collar level force will be a big customer base going forward for us, or them being employed by, you know, bigger formal companies, they may be customers set for a completely different and more bigger financial setups?

Thomas John Muthoot: See, in my opening speech, I had just mentioned on the formalization of the economy. What you rightly said, most of the Southern states are getting lot of investments and one state that is standing out is Tamil Nadu in the Southern region.

There is a lot of blue-collar workers that is coming in, which is a big opportunity today for Fincorp and for Microfin. When we when we plot where to open branches, it's where investments go that we also follow.

And most of these investments are FDIs also where today, for example, in Tamil Nadu, the Foxconn employs women, and this is the first time that 80%-90% of women is being employed in a factory, and each of these women have their own needs, whether it is two-wheeler, home, or some requirement for microfinance.

So, these are these are things that is evolving, and this is a great opportunity. That is why when there is a growing economy, when there is a investment that is coming into the states, there is a huge opportunity, and that is where we will tap that opportunity. Great question.

Questioner: Thank you.

Sagar: Hello, sir. First of all, congratulations for a good set of earnings and a nice presentation. I had just a couple of questions. My first question, Sagar from Spark Capital My first question was related to, again, related to the underwriting.

Last year you took the, in 2025, you took the license of EKYC. And going forward with the MFIN guardrails2, first of all, I wanted to understand what more measures have you taken actually, and for this underwriting of MFI, because still it will constitute around 53% of your portfolio?

Even in 2030, so more than half of that. And what is your exactly corrective rate? Means, I mean, what is your actually rejection rate as of now for the customers actually? And secondly, for 5% ROA, what is your leverage rate that you are targeting?

Udeesh Ullas: Just to answer your first question, as you rightly mentioned, post the guardrails, the rejection rate has been increased. So right now, we are on the JLG. We are having a rejection rate of RSI of 60% collectively, but in certain markets, for example, if you go to Karnataka market, the rejection rate is as high as of 65%.

So, we are selective in terms of customer sourcing. So that is one point that we also showcased in the productivity slide. In the Q1, the productivity has gone down as low as 7 lakhs per employee, largely because of the high rejection rate. And it is very much required because after a cycle, there will be a lot of delinquent customers will be coming in.

It's good for the portfolio that we screened out those customers in the initial phase itself. And which again, giving you an opportunity that there are customers segment which has been paid repayment even in the crisis time. And while they come for a next cycle of loans, there is if in the JLG, it will work only in group model. So that is where the opportunity lies.

If you have a product which we can offer in a individual format, you can cater to your good customer as well. Otherwise, while you reject your 60% customer because of lack of the adequate group size, your good customer is also going out of the system. So that is why the product diversification actually benefited us.

Management: I think to add to this, first of all, thank you for your compliment. I think in terms of various tools that we are using apart from EKYC, we are also doing now eSign. So, all the customers that are availing loans are signing the document digitally. So, there is completely no paper that is being used.

Thirdly, we are using eNACH for all our individual loan customer, completely digital kind of collection. Even for JLG customer, we have seen that some of the customer have good banking habit and we are able to see that through the aggregator platform We are using eNACH as a second option for them to repay.

And also, like there is a development in terms of analytics on the customer. So, by using aggregator information, we are creating early warning signals which are the customer which is having lower balances in the bank or which can be an early kind of defaulter So follow up on that is slightly more.

Our tele calling to the customer, we have done through AI. So we are able to reach out to more customer That's why our collections have improved from overdue accounts. So I think those are the initiatives that we have taken.

Sagar: So, I mean the products that apart from MFI that you are going to actually go for MSME LAP and also for the other product, unsecured product, business product. Those set of customers who are rejected in the MFI, still they will be eligible for the other products?

Sadaf Sayeed: So lastly those products who are rejected because of default, they would not be eligible because their trade score would be less than 700. So people who are more than 700 score, only for the gold loan product, if they have the collateral, they would be eligible.

Sagar: So basically 40% of the customers, basically that we can see. The 40% is the acceptance ratio, right? 60% is the rejection. Okay.

Sadaf Sayeed: Correct

Sagar: My second question was related to leverage

Praveen T: What we are looking at, if you look at right now, we are around 3.3 times balance sheet and above 4 times in the AUM basis. I think that is what we are looking at. Around four times leverage is what the company is comfortable at a balance sheet level. So we'll be looking at four times leverage.

Sagar: So even at 4 times, we'll be able to achieve 5% ROI?

Praveen T: Definitely. I think what we are looking at is that, if you look at from the current metrics, what we are looking at is that another 100-basis point improvement that we can build on NIM through either yield as well as cost of benefit.

And we are looking to add another 100 basis, 50 basis point from the opex and credit cost, we have not considered very low. We are still kept at on an average around 2.5%, which is slightly higher right now, but we believe that that could be a right mix with the portfolio and then writing capabilities, everything that we have put in. If you look at those metrics with 1% fee income on various aspects, we should be able to deliver

Sagar: Okay. Thank you, sir. All the best.

Chintan: Hi, this is Chintan from JM Financial So I just had one question. Again, this is on growth. So, if we see previously for this crisis that took place from FY25 and FY 26, probably the growth that everyone is seeing for us and for a lot of other players was in excess of 25% plus?

Now, looking at your guidance that you have given, the CAGR is somewhere around 20% odd. So what I'm really trying to understand here that what's the reason for this? Is it purely on back of the guardrails that are placed in the industry, which is restricting us or is more by design that we would be comfortably growing at this pace considering asset quality in mind because we are looking at adding more products as well? That's the only question.

Sadaf Sayeed: Yes, I think the idea is to have a qualitative growth and a sustainable growth. So we are looking at a 20% growth and also, we have grown in terms of our balance sheet. When I think COVID hit us, we were below INR 10,000 crores kind of asset under management.

So still at 25% growth was manageable, but with the asset size reaching around INR 14,000 crores and going forward to even higher than INR20,000 crores, I think 20% growth itself is a very good number and we want to build a good quality, sustainable long-term portfolio so that our incomes are sustainable and. consistent.

So that's why I think we have calibrated, we kept our growth rate at 20%. Yes, even if the guardrails are removed, I think we will continue to follow the same practice because we have seen the benefits of concentrating on customer who has a lesser exposure and I think we will move at the same pace.

Rajat: Ladies and gentlemen, in the interest of time, we would take that question as the last question. We thank you all for joining us today. Hope we were able to shelve light on about the company perspectives. We thank our management for their wonderful insights. Before you guys leave, we have prepared a small memento and token of thanks. You can collect that from the registration desk. We now invite you guys for dinner and networking. Thank you.