



# Poonawalla Fincorp Limited Q1 FY25-26 Earnings Conference Call

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**MANAGEMENT: MR. ARVIND KAPIL - MANAGING DIRECTOR & CHIEF  
EXECUTIVE OFFICER  
MR. SUNIL SAMDANI - EXECUTIVE DIRECTOR  
MR. SHRIRAM IYER - CHIEF CREDIT AND ANALYTICS  
OFFICER**

**Moderator:** Ladies and gentlemen, good day and welcome to the Poonawalla Fincorp Limited Q1 FY25-26 Earnings Conference Call.

We have with us today on the call Mr. Arvind Kapil – Managing Director & Chief Executive Officer, Mr. Sunil Samdani – Executive Director; Mr. Shriram Iyer – Chief Credit and Analytics Officer and other Senior Management Officials.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Arvind Kapil – Managing Director & Chief Executive Officer of Poonawalla Fincorp Ltd. Thank you and over to you, sir.

**Arvind Kapil:** Thank you. A very good evening to all of you. It's always a pleasure to interact. Maybe the right time looking at the excitement today, I think it would be best to start with our take on the industry and probably the best way to welcome the First Earnings Call of FY25-26. Let me begin by sharing an industry perspective from our lens and how we are building Poonawalla Fincorp in the context of the way industry is behaving.

Firstly, a few bullet points so that all of us are on the same page the way we see it:

- We witnessed a robust demand for retail loans, and we see strong consumer confidence in spending, which supports the economic growth outlook. So, we are very positive on it.
- Secondly, we are sensibly using this opportunity to build our secured book as of now, and at the same time we are also building an unsecured book in a well-calibrated way to follow it. So, you will see a substantially more secured book for this financial year followed by an increasing unsecured book as a broad approach. This is exactly in-line with our risk-first approach for our building blocks.
- We see a huge role and usage of Tech and AI Agentics - the way we see it in the industry. I think that will be a game changer. The vectors on which we are working, whether it's risk calibration as a value add over traditional techniques for more accuracy or for fraud detection plus quality assessment in underwriting.
- We have the risk-first approach which means if we have to choose between risk and growth ever, without a blinking an eye, we will choose risk as an option. We don't see that time. We see a very optimistic road ahead for the country.
- We also see immense value getting added from the credit bureaus and the name of the game will be risk calibration and one of the cornerstones for any company in my limited view will be strong risk analytics.

Let me begin with a few comments on the strategic front. So, the development on the strategic front is as follows:

- This quarter for us and I would use the word - marks a significant milestone as we completed a full year of successful execution of the building blocks or the strategic roadmap you may call it. The results are very clearly right in front of all of us. Over the past one year, our priority has been on laying robust foundations and building scalable systems. Over the next three-four quarters, our focus remains on building the AUM, pulling up all the levers that we have set in place.
- I am happy to share that we are already seeing a very healthy credit calibrated growth in the existing products and a very strong momentum in the newly launched businesses that we have over this quarter.
- Other than AUM, we have also got a clear focus on AI, risk-calibration, and credit costs- which is now lower compared to the previous quarter and probably a noteworthy number. I will cover that in detail as well.
- We have also substantially strengthened our long-term liabilities through raising NCDs. I will cover that in detail as well. So, that's a quick area that I will cover.

Let's start with the performance updates. I would like to give a quick update on Q1FY26 results:

Our AUM grew by 53% YoY and 15.8% QoQ, standing at around Rs. 41,273 crores as on June 30<sup>th</sup>, 2025. Total disbursements in the quarter grew by around 13.6% QoQ to around Rs. 10,651 crores. We expect healthy AUM growth in the financial year, which will likely be notches better, I believe, than our guidance for this financial year of around 35%-40%.

During this quarter, we witnessed a moderation of our Net Interest Margin which was anticipated as part of our ongoing portfolio calibration, particularly with the erstwhile STPL book transitioning to lower yield coupled with lower contribution in the overall book. This recalibration is a deliberate and strategic move to improve risk-adjusted return of our portfolio. As we actively scale up disbursements of the newly well-calibrated, high-quality book of STPL and other new products which we have already kick-started and gradually reduce the share of the erstwhile STPL book, we expect NIMs to be back at around 9% within the next 3-4 quarters.

Next, I want to highlight the Risk-First Approach in the organization, maybe a minute or two here.

Let me give you a glimpse of our trends in credit costs which will be later covered at length by Shriram. Here is a quick snapshot:

Our first EMI bounces have improved by over 25% compared to our last quarter. And there has been a sequential improvement in credit costs during the quarter. The credit cost improved by 53 basis points to 2.61% for all businesses.

Another important point here now that I am going to cover is the credit cost for 12 core products which exclude STPL, which is a new disclosure that we are doing this time, improved to 1.43% driven by around 80% of risk-calibrated AUM. So, let me just explain this to you.

So, on an overall basis, we have come down by 53 basis points to 2.61%. If I exclude STPL, we have approximately 12 products and the credit cost of that is close to 1.43%, which I would tend to believe is in the range of relatively the best in the industry so far and this would be approximately 80% of your Rs. 41,000 crores odd total. So, you can calculate that. This I believe, adds considerable strength and solidity to our risk-first approach and understanding of our credit portfolio and this additional disclosure that we are doing the first time should give adequate visibility to investors on what road are we walking, what quantum of stuff we are working on, how rich our analytics is and how effective we could be on scale.

As we assess our credit cost outlook, we anticipate some quarter-on-quarter variability in these building blocks due to changes in composition mix, for example as our consumer durable goes up and stuff like that. We are internally focused and confident that our disciplined approach of credit calibration plus collection will translate into a year-on-year improvement in credit cost metrics with a noteworthy reduction in 2 to 3 years for sustained profits. Basically, what I am trying to allude to is that forget the variability a little bit here and there, but broadly, if I were to take a big picture of a year-on-year, we see a declining trend on the two figures I shared with you overall, plus excluding STPL for the visibility, and we see noteworthy improvements on these levels in two to three years. And rest I will leave it when Shriram kind of covers it at greater length.

I have shared a quick snapshot so far of the robust AUM. Just a quick summary, so that we are all on the same page, reduction in credit cost including a new disclosure of excluding STPL.

Let us move on from here to the borrowing part. Let me give you the color of the borrowing mix. I think in the last three to four months, predominantly last quarter, on the borrowing side, which is the liability side, we are making noteworthy improvements in NCDs. The share of NCDs in our total borrowing has increased from approximately 7% as of March-2025 to approximately 24% as of June-2025, so, you can well imagine in 3 to 4 months. Additionally, we have already added another ~Rs. 1000 crores in July, which is in public domain. The cost is fairly noteworthy reduced compared to the term loans that we were getting from banks. So, I think it is a significant positive step in terms of 24% to probably 26%-27% odd as I speak to you. But it is a noteworthy area that we have picked up within the first 12-13 months and especially significant over the last three months.

Most importantly, the Board of Directors have approved the raising of the funds by issuance of share equity on a preferential basis to the promoter at the meeting concluded today. Very significant step in my view. Subject to all requisite approval, the promoter shall infuse ~Rs. 1,500 crores equity capital on a preferential basis at a price which we have disclosed in public domain of Rs. 452.5 per share. This, I believe, will strengthen our capital base, infuse further confidence in our long-term sustainable strategy.

From a product update side, we launched a couple of businesses- six to seven businesses. Let me give you a quick sense between existing and new businesses, what is the kind of momentum:

We have tried to give some numbers here to give you a color on the quantum of numbers so that every quarter you could get a sense there. Our LAP book grew by 128% year-on-year and 22% quarter-on-quarter. Similarly, business loans grew by 57% year-on-year and 10% quarter-on-quarter.

On new businesses, the first one, let me cover Prime PL that was launched in August '24. It is exhibiting a very healthy pace of growth. Incremental disbursements of more than Rs. 300 crores in the month of June-2025 which highlights healthy traction in the market. This number reflects the credibility that we have with our channel partners and institutionalized turnaround times that we have built at the back end for quick response to the market. Just to reiterate, through-the-door quality of Prime PL customer profile is substantially better as incremental sourcing is skewed towards better income profiles & best-in-class company categories. And our risk analytics is playing a key role. The strength and quality of our customer base is looking very encouraging. This is a clear indication that we are attracting financially better profiles. These are individuals of capacity and also the intent to repay. These metrics are clearly a reflection of our unwavering commitment to risk-first.

On our industry-first PL Prime Digital 24 x7, we have started to clock healthy run rates both on the website where customers are directly coming to us as well as from our Fintech partners who are creating embedded journeys of us. We have created embedded journeys which will strengthen us with the first-right-to-refusal. Imagine a Fintech who comes to me because we have the digital journey of a prime customer, white collar employee and he chooses to give me my kind of pricing just because I give a 24 x 7 convenience. We believe that this will be cutting edge in the next four to six quarters. We have maintained that on a daily run rate. We have started moving upwards every week and it's a very healthy rate of growth.

A quick snapshot of the Gold Loan:

As our digital products are scaling rapidly, we are also doubling down on our physical presence, especially through gold loan branches. Gold loan adds strength to our secured bouquet of products. It's a very healthy ROA business in a seasoned state.

Our customer journey is settled, and our product is also well received in the market. Initial feelers are very positive. We already have disbursed around Rs. 31 crores in the month of June and through the set of branches that we launched in Phase-I. We are going to scale up the business momentum across the set of new branches as well. We are receiving a very fantastic initial response on the productivity per branch. We are happy to share with you that out of the 400 branches that we committed, as we speak 80 branches are already operational and they are across Gujarat, Haryana, Rajasthan and Maharashtra. We are on track to meet our objectives of launching 400 branches by March-2026. 95% of the branches have come up in Tier-2 and Tier-3 cities.

Moving on to Consumer Durable:

We officially launched it, I think on 22<sup>nd</sup> April this year and the early momentum is quite promising. To give you a sense, towards the end of the last quarter we have already signed up with ~3,000 dealers across 160 locations. We plan to be present at 210 locations across 12,000 dealers by the end of the financial year. So, from ~3,000 dealers we will probably go for 12,000 dealers by the end of this financial year. The business traction is building well. We have already acquired 15,000 customers, disbursed Rs. 34 crores in the month of June in a short span and I think every quarter we are looking at a very decent momentum here. We introduced the PFIN EMI card which is designed to give customers access to pre-approved consumer durable offers that they can utilize at their convenience at any of our dealer touch points. This product is also getting well received in the market and the penetration of PFIN EMI card on our consumer durable customer base is much higher than our expectations.

Our next newly launched business Commercial Vehicle Loan:

We launched the business on the 17<sup>th</sup> of March and are already disbursing Rs. 92 crores. Our disbursement trajectory is on an upward trend with disbursement of Rs. 47 crores in the month of June. We commenced CV business in Maharashtra, West Bengal and expanded into geographies as NCR, Haryana, Gujarat, Tamil Nadu, Andhra Pradesh, Rajasthan and Madhya Pradesh. As of now, we are present across 27 locations in 10 states. We are activating Chhattisgarh, Telangana, Karnataka in the upcoming months to continue increasing the geographical footprint.

By the end of Quarter 1, we completed onboarding of ~200+ distribution partners in India and we intend to double this over the next one quarter. The hiring plan for expansion also remains on track. We have on boarded 50+ relationship managers, Zonal/Regional/Area all levels. As mentioned in the last call about our plan to roll out mobility solutions, we have successfully launched a comprehensive digital solution in the current quarter. A digital customer onboarding platform with 25+ API integrations with frictionless customer onboarding experience. This has gone live in June this year. Till now, the emphasis was entirely on the Used CV segment. We are happy to share that to further strengthen our presence in the space; we will be launching even the New commercial vehicles at appropriate pricing.

Now on Education Loans, a quick sense:

We launched education loans in the mid of March and in just 90 days, we have logged in 4,000 plus education loan files till date. We have already on boarded approximately 100 partners, now remember, in education loans, you've got counselors as your partners and some of them are very large-scale companies. These are key education consultants with expertise of over 100 member dedicated sales teams. By the end of FY25-26, we will scale up our network to 500 plus education consultants and will sanction approximately closer to 4,000 students within the financial year.

We are offering an industry-first initiative of providing digital instant sanction in the education loan industry. The team has crossed their first disbursement milestone of Rs. 56 crores in the

third month itself, that's June-2025. That gives a sense of momentum or ground level feel of these businesses.

Let me give you a quick sense now and change our course to digital marketing and AI. Let me move on to the most important vectors that give us the cutting edge as we scale. These are digital transformation, digital marketing and AI. I will cover each one of them with a bit more granularity because we are investing time and effort in it. We see a huge correlation with our strategy including digital journeys as well.

In digital transformation with the perspective of building a future-ready, customer-first lending institution, we are working on three key strategic initiatives aimed at driving business impact and future readiness within the organization. Each of these initiatives are anchored in the core priorities of a modern lending institution like us- improving our efficiencies and enhancing customer engagement.

- Our first initiative is sales efficiency and customer acquisition cost optimization- One of the most critical focus areas of any lending business are these two. We are currently undertaking a comprehensive three-pronged initiative that aims to streamline sales workflows, leveraging digital tools for performance visibility, enhancing conversion effectiveness. This project is designed to create a leaner, smarter and more accountable sales ecosystem. These initiatives are like:
  - Rapid response sales deployment using location intelligence
  - We are building an agentic assistive intelligence at point of sale-What will set us apart is our contextual haptic feedback system which actually gives discreet prompts to executives during live customer interaction. This enables AI driven comprehension and real-time recommendations
  - Performance/KPI-linked nudging engines that is a Nudge IQ that we like to call
- The second initiative is Unified customer experience. This initiative is centered on unifying and elevating the overall customer experience. In today's competitive financial landscape customer experience encompasses every interaction a customer has with our brand. Our approach involves integrating touchpoints, reducing friction and delivering consistent, personalized experience, which is why we call this 'experience' and not just 'service'. And our approach will be an intelligent omni-channel humanoid response layers.
- The third initiative in our digital journey is the Next-Gen Digital Journeys, that focuses on the creation of complex, multi-layered digital journeys tailored to the diverse evolving needs of our customers. These journeys are designed to offer seamless navigation, contextual interactions and intelligent decisions across multiple products. The goal is not just digitization, but the differentiation that we create- positioning us ahead of the curve.
  - role-based app interfaces that work seamlessly and orchestrated by an overarching system

- for that matter multi-layered verification with inbuilt APIs that we are creating
- automatic disbursal pathways

Let me pivot now towards the next most important vector for us, and where a lot of work is happening internally- it is expanding our digital reach. While everyone is building the top of their physical footprint, let me tell you that we are not just building the footprint but also accelerating our digital reach. It's being achieved by building best-in-class digital marketing capabilities and interventions, which are focused on creating robust, scalable and data-driven ecosystems.

Let me highlight our progress in a few key areas:

- First is the significant progress that we have made in scaling our digital marketing initiatives, leveraging AI for both effectiveness and efficiency.

On AI-driven experimentation- Over the past six months, we have conducted more than 500 experiments across various vectors including location, audience segmentation, creative personas, and end-to-end funnel optimization. These experiments have enabled us to scale our digital marketing efforts by 5x, which is why I am making the effort to share this with you because it is making a lot of difference to the customers who are moving to us on the website. So, that's the key takeaway. Imagine a company that had nothing on the customers coming on the website or app and today on a daily or weekly basis, we have a significant increase.

- Now, to diversify and strengthen our acquisition strategy, we are moving towards an omnichannel engine to expand our digital presence and reach target customers via various channels.

We have achieved channel diversification towards App. Today 44% of digital marketing disbursements are coming from App - result of a strategic transition from a web-only sourcing model to a more diversified web+app sourcing strategy. We are in the process of scaling our presence beyond Google and Meta ecosystem across multiple digital affiliates/publisher networks enabling us to access ad inventories across thousands of platforms with AI-led real time-bidding at lower cost of acquisition.

This is a pretty significant step because this will start creating a cutting edge for us in attracting customers and these acquisition costs start getting lower with time to come.

- Thirdly, we are investing in optimizing the entire customer journey to improve conversions and manage acquisition costs. We conducted an in-depth analysis to understand customer's behavior and key motivating factors driving them to take action in utilizing the insights to get them back on their journey. We have established early warning mechanisms to identify and address potential breakages in the funnel in real-time. This proactive approach has helped us improve end-to-end funnel conversions.
- Fourth, we are focusing on building capabilities that help enhance our visibility on AI-powered answers on search engines and AI platforms, as today a large part of Google's search results is driven by AI.

- Fifth, we are investing in AI-led MarTech for growth. Onboarding industry's best tools to manage our own channels such as WhatsApp, SMS, RCS (rich communication service) which offers unparalleled opportunities for high conversion campaigns.
- Sixth, we are revamping our app to drive engagement. Our monthly app installation has grown by 10x in the last three months, depicting the growing importance of mobile platforms. So, this is a fair amount of effort and time investing that is happening in this area.

I will now cover the next important vector, the key emerging strength for us - AI.

- We have launched a long-term initiative to predict customer health through unified risk and revenue lens. We are creating a dedicated innovation space that brings analytics and AI together. We believe this fusion could create the magic and excitement that creates a set of new products, fostering rapid and iterative learning. That's important for a company to generate something on a constant basis and that's the kind of machine we are trying to build.
- By embedding this fusion of technologies into our customer onboarding process, we gain a 360 view of each customer's profile- assessing credit risk, revenue potential, and overall health in the real time. It's a long-duration project and we are working with IIT on all this. It's a very rich project with a fair amount of work required on it.

Let me give you a quick update now as we have already announced AI projects that are running in the organization and additionally, we have identified 10 incremental projects now. This is just to give you the sense that now we are scaling a total of 35 projects of relevance, of which eight are already completed and executed.

Let me give you an update on the incremental projects. A quick snapshot as I will run through it just to give you a sense.

In HR, for candidate search, we are building a sourcing engine that uses job portals for identifying ideal candidates, leveraging AI to streamline and enhance the recruitment process. By applying AI driven algorithms, the system can analyze job role requirements and automatically source best candidates' profile. This enables the creation of an active and dynamic candidate pool and gives us strength to pick and choose at the right time with speed.

Another one in HR is the integration of employee relations, ER, into the complaint resolution management, CRM, which aims to automate the current manual workflow. The idea is whether it's a support function like AI, finance or various others, we are reaching a level where every department is working around creating projects which could solve the problem using AI and iteratively get better over the next two to four quarters.

In finance, for example, we have identified three AI projects to give you a sense: Finance bot, Payment operations and Invoice auto verification.

The first one, we will create and implement the finance bot for analyzing competition financial reports and internal financial data. It is designed to profile real-time insights, trends and comparative analysis through intelligence. By leveraging natural language processing and autonomous agentic AI-driven solutions, the bot can interpret user queries, extract relevance financial metrics and generate meaningful visualizations and summaries for the users.

For payment operations, the automation of the approval, invoice management, and tagging process is aimed at streamlining financial workflows and reducing manual intervention. By implementing intelligent automation, the system can efficiently route invoices for approval, manage records with minimum error. This enhances operational speed, ensures compliance with internal policies, overall leads to faster processing, better audit readiness and of course productivity.

Another AI project that's worked on in finance is invoice auto verification where invoices will be read and verified based on the policy. This process of reading and verifying is based on predefined policies and use cases designed to enhance accuracy and efficiency by automating invoice validation.

In treasury, for example, we are implementing a query bot for live monitoring and analysis of market movements that's designed to deliver real-time insights into the financial trends, news and media events that impact market positions. Powered by AI natural language processing the bot continuously scans enterprise market data news articles and social media to identifying emerging patterns. It enables users to perform deep dives into specific sectors and companies.

In operations, for example, we have identified three additional projects that are being rolled out- Auto knock off/ Waiver in matured contracts, Re-KYC and Stamp verification to give you a few ideas.

Auto knock off/ Waiver in matured contracts: The AI-enabled console for stamp paper reconciliation is designed to automate and optimize the entire lifecycle of stamp paper management. It leverages artificial intelligence to predict procurement needs based on historical consumption data. The system fetches state-wise and value-wise stamping charges to allocate appropriate digital stamps.

The idea is that whether it's finance, treasury, operations or whether it's as simple as a Re-KYC, we are using AI or at least building the blocks. So, it's the mindset of the organization that's moving towards a certain quality of efficiency.

For example, take Re-KYC, it's a simple item but the implementation of AI-based automation communication system that aims to transform customer engagement and compliance management by leveraging intelligence automation. This system enables timely, personalized outreach.

Stamp verification, for example, a console for overall stamp paper reconciliation. By integrating AI, the console can streamline the reconciliation process and provide valuable insights to optimize procurement strategies.

Imagine in Admin and Infrastructure, we are taking up travel booking automation of cabs, flights, hotels. The chatbot interacts with the users to collect their trip details and then processes the booking through an integrated sales platform.

It's not about how big or small it is rather it's about the message that I want to leave i.e. AI that we started off almost three quarters ago, we are building it and trying to transform. I think we have managed to get the mindsets changed. The whole organization is talking a certain language of innovation, re-engineering processes and getting smart because we want to create a smart organization.

Before I end, the AI piece, let me give you an update on the snapshot of the work we have done on AI-first approach in credit underwriting. That's one of the big ones for us.

Our AI-led transformation is not just a technology upgrade for us, it's a strategic evolution of how we underwrite credit, manage operations and analyze portfolios. Several high-impact initiatives are currently under development, each designed to unlock scale, precision and agility.

Our upcoming enhancements in commercial and consumer loan underwriting will bring sharper customer insights, faster decisioning, setting new benchmarks in turnaround and accuracy. It's not just about using AI, technology and analytics for turnaround times, we are looking at very high levels of accuracy. Whether it's technology, analytics or technology on an overall basis there's fair amount of options to upgrade even the traditional methods to be more accurate and that's what our experiences are teaching us.

Another key capability slated for release in the second quarter is AI-powered credit bureau analyzer. This solution will enable sharper visibility to borrowing behavior, delinquency patterns, and credit exposure. We are building intelligent agents that will streamline document workflows, data entry, reduce operational lag, and improve pre-underwriting readiness.

These systems are expected to significantly lower processing costs while enhancing compliance, speed and customer experiences. Deployment is expected by late Q3, but we are very excited about it.

As you hear me covering these details, which is important because this could be pretty significant from an industry point of view as well on accuracy first, turnaround time and the speed of automation in terms of how fast we can move forward across products.

Our work in portfolio intelligence is equally exciting. We are developing advanced ML and LLM based analyzers that will identify risk signals early, monitor behavioral trends, and generate actionable insights. These tools are designed to simplify month-end reviews, prioritize

high-impact segments, and eliminate bias through data-driven clarity all using natural language interaction with AI. Rollout is planned between Quarter 3 and Quarter 4.

Our direction is clear: we are embedding AI first approach into our problem-solving ability.

We believe that institutions that integrate AI first strategy and user centricity into their core will lead the next wave of financial innovation.

Quick snapshot on the debt strategy that I covered earlier:

We continue to optimize the cost of borrowing. We are broadening our lenders and investor base as part of our long-term debt strategy. We aim to achieve share of NCD of around 35% of the total borrowing over the next couple of years. We follow the highest standard of governance. We have already achieved 24% as of June. In line with the guidance provided last call, we have successfully raised about Rs. 5,200 crores through the secured NCDs and Rs. 250 crores from subordinate tier 2 capital debentures for Rs. 5,450 crores during Quarter 1. As a result, the share of NCDs moved from 7% to 24%+, as we added around Rs. 1,004 crores in July itself.

Finally, to summarize and put all perspectives, whatever has been said over the last 12 months has been clinically executed with proper planning in every vector of business and with every word of our commitment. Be it new business launches, the timelines, AUM growth, risk, AI, analytics, liabilities, NCDs, or credit cost – so credit cost that's another one. This gives us the conviction that our strategy is professionally on the right track and delivering the intended objectives. Our strategy focuses on driving innovation through AI, digital journeys, and risk analytics and is gaining very healthy momentum. We have managed to get ET Now - Most innovative organization of the year 2025. Additionally, our commitment to enhance customer experience was acknowledged in the Express BFSI Technology Award. We have also won the Technology Senate award for AI by the Indian Express group. We continue to maintain our confidence on the high for our growth trajectory, maintaining a balance and sensible risk level. We are very conscious of the commitments that we make.

With this I would like to hand over to Shriram to give you a color on the Risk Management.

**Shriram Iyer:**

Thank you. Thank you, Arvind. Good evening, ladies and gentlemen.

The Government's vision of 'Viksit Bharat' underscores the pivotal role of NBFCs in driving economic momentum. The recent regulatory measures reaffirm the strategic emphasis on NBFC led credit expansion as a key lever for stimulating growth. Union budget further highlights continued focus on strengthening the NBFC regulatory framework, aiming to improve governance, risk management and financial stability.

A significant change to the new income tax regime by increasing the tax rebate threshold and adjusting the slab structure, resulting in zero tax liability for incomes up to 12 lakhs, is a strong stimulus to the consumption lending.

Further the retail lending trends from Bureau's reflect healthy growth of 27% from NBFCs year-on-year.

Poonawalla Fincorp's strategic investment in the last few quarters of being ready with multiple product lines across the retail lending space aligns with the market potential coupled with the current industry momentum. We are well positioned to capitalize the opportunity with a well calibrated credit mix. The secured product launches have ensured a balanced AUM mix along with diversification.

Our secured mix to the AUM was 49% for Q1FY25 to now 57% for Q1FY26.

Focusing on the asset quality, let me give you a glimpse of our key trends:

Our GNPA remained stable at 1.84%. Our first EMI bounces have improved over 25% compared to last quarter.

There have been sequential improvements in the annualized and quarterly credit cost. The annualized credit cost improved by 288 basis points from 5.49% in FY25 to 2.61% for Q1FY26. The quarterly credit cost has improved by 53 basis points from 3.14% for Q4FY25 to 2.61% for Q1FY26. Please note the detail shared is for the overall PFL book.

We are doing an additional disclosure of 12 businesses without STPL, wherein the credit cost is 1.43%. This 1.43% is driven by approximately 80% of the risk calibrated AUM reflecting PFL's robust credit underwriting, collections and portfolio management practices positioning it favorably within the industry landscape.

As we assess our credit cost outlook, we anticipate with composition mix changes in the building blocks phase, we maintain guidance of 1.5% to 2%, but internally we are committed and confident that our disciplined approach of credit calibration plus collections will translate into improved credit cost metrics year-on-year with noteworthy reduction in 2-3 years for sustained profits.

A quick snapshot of the erstwhile STPL portfolio which was at 8% of the total on-book AUM as of March-2025, is down to about 4% as of June-2025. Our credit cost for erstwhile STPL book has come down to Rs. 64 crores for Q1FY26 as compared to Rs. 137 crores in Q4FY25 which is a reduction of 53% over the previous quarter.

We are actively monitoring the rollout of our digital lending products across both salaried and self-employed segments. Our strategy focuses on expanding credit swim lanes to capture business opportunities, while maintaining prudent risk controls. Teams are continuously refining the decision engine framework leveraging diverse data sources to enhance credit assessments.

Further, let me give a short deep dive on key drivers the team focuses on supporting the calibrated risk framework as we build our AUM:

On the desired recalibration, the diversification in the business strategy leads to a shift in sourcing mix. Aligning to the change requires a continuous risk calibration process. In-house models go through a continuous evolution focusing on building sharper cohort level models, driven by varied sources of information. With the increasing complexity and variety of data coupled with the new product launches, multi-layered model strategies are being designed. The risk strategies driven by these model support data driven decisions, focusing on operational efficiency of the credit processes and this is through auto rejection, augmenting the risk framework via deviation level risk mitigation, exposure limitation and pricing.

Our pivotal transformation Quarter on Quarter in debt management practices and initiatives, shoulder the strategic business growth and provide confidence to scale. This is powered by advanced analytics, GenAI and best-in-class digital collections infrastructure. Right KPI's at the fingertips of the ground level collection team support to influence a data driven decision and optimize performance at every stage.

In Q1FY26, we implemented the human-less field agent allocation system that reduces the time taken from three to four days to under a few hours to complete allocation enabling faster customer engagement post delinquency across digital, tele calling and field channels. Centralization and standardization of the processes have reduced subjective decision making and human errors, thus ensuring fairness and consistency. This data-driven approach blended with digital process adoption has led to optimized resource utilization and efficiency.

As I conclude, we are energized by the opportunities ahead and deeply confident in our team's capabilities and steadfast commitment to excellence. By harnessing our technological edge and staying anchored to a risk-first approach, we remain focused on consistently delivering remarkable results. Over to you, Sunil.

**Sunil Samdani:**

Thank you, Shriram and good evening, everyone.

Let me quickly take you through the financial highlights for the quarter:

The Assets under management stood at Rs. 41,273 crores, reporting a strong growth of 53% year-on-year and 16% quarter-on-quarter with continued momentum across all our products.

In-line with our debt strategy, and the projected AUM growth, we have further diversified our liability book with a focus on long-term funds. The share of long-term borrowings has gone up 14% quarter-on-quarter from 61% to 75% on the overall borrowings.

As of June of 2025, we increased our NCD mix including the sub debt to ~24% of the overall borrowing from about 6% in March-2025. Further in July 2025, we raised additional Rs. 1,005 crores. With this, the total YTD NCD raise goes to Rs. 6,463 crores. Going forward, we will continue to focus on raising long-term funding through NCDs and maintain a prudent balance of long-term to short-term funds.

The share of variable rate borrowings stood at ~56% with another ~11% of capital market borrowings with an average tenure of approximately 3-months, puts us at an advantageous position with declining interest rate environment envisaged.

Our net interest income, including the fees and other income continue to grow healthy standing at Rs. 768 crores for Q1FY26, up ~7% quarter-on-quarter. This is despite an increase in share of secured assets book, recalibration of erstwhile STPL portfolio and higher debt to equity ratio.

The cost of borrowings lowered to 8.04% for the quarter versus 8.07% in Q4FY25. This again is despite the increase in share of long-term borrowings.

Our OPEX to average AUM was at 4.8% as we continue to invest in new businesses and distribution. In-line with our growth strategy, during the quarter, we increased our employee base to 4,685 and expanded our branch network.

Our pre-provisioning operating profit, PPOP, during the quarter was Rs. 325 crores.

As mentioned, the asset quality remained stable with gross NPA at 1.84% and net NPA at 0.85%. The provisioning coverage ratio stood at 53.93%.

Our profit after tax was at Rs. 63 crores during the quarter as the company is making significant investments in new businesses, branches, AI and technology.

The debt-to-equity ratio stood at 3.72x, which gives us enough headroom for growth.

Capital adequacy ratio continues to remain healthy and comfortably above the regulatory requirement at 20.55% for the quarter as of 30<sup>th</sup> June of which the Tier-1 capital is 19.02%.

The liquidity coverage ratio stood healthy at 130% as of 30<sup>th</sup> June 2025. On the liquidity front, we remain comfortable with positive cumulative mismatch across all buckets and the surplus liquidity of Rs. 4,465 crores as of 30<sup>th</sup> June 2025.

Thank you for your patient hearing and now I would like to open the floor for question-and-answer session.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Chintan Shah from ICICI Securities. Please go ahead.

**Chintan Shah:** Thank you for the opportunity and congrats on the quarter. Firstly, on our MSME book, it is around one-third of the total book. Could you help me with the split into secured and unsecured for our MSME book which is 36% of the overall book? So, that was the first question.

**Shriram Iyer:** So, if you ask for MSME book, around 65%-70% of my business is mortgages which is LAP of which 75%-80% are all self-owned property. So, to that extent, the LAP book is behaving

extremely well for us. So, it is secured if you ask me- overall, it is around 63%-70% is the range which I could give you.

**Arvind Kapil:** But overall, MSME for us is going to be a very robust growth engine and I see a great opportunity both on the business side as well as I don't see any concerns on the risk on the portfolio. Even our new calibrations and the way 30-60-90 is going, my assessment is that it's a fantastic opportunity in terms of well-calibrated risk. As a matter of fact, if you look at our GNPA on that, it is fairly low right now and it is not a small size, and we are very focused on it being very well calibrated. We are not in any hurry. So, we are following our philosophy that it should be good quality and that is what we are doing. So, in our case, MSME, whether it is this or we double on this, the quality will be well calibrated. You can be rest assured. The GNPA on that is really low right now.

**Chintan Shah:** So, on this 20% STPL book, entirely is the STPL book in erstwhile or is it new? And so, in what time is it expected to run down the erstwhile STPL book? By what time will it entirely run down?

**Shriram Iyer:** So, our STPL book as I had said, it is around only 4%.

**Arvind Kapil:** No, he is talking about if 4% is old STPL. He wanted a breakup. So, the old STPL is around 4%, the rest of it which you see is new, well calibrated and there it is almost really-really very good and solid business that we are growing in a conscious manner, and we see a huge upside there. That is what I said, in the whole construct, I deliberately had a very high proportion of secured businesses first, followed by unsecured businesses. That is the model. So, your old STPL is around 4% left, that is about it. Out of which also, I think you have a decent proportion at zero dpd and all that.

**Shriram Iyer:** Yes, absolutely.

**Chintan Shah:** So, and just on the capital raise. So, now this Rs. 1,500 crores promoter of capital raise, so that would be it or would we also be looking to do any second round of current raise or any other capital raise?

**Arvind Kapil:** So, this Rs. 1,500 crores which the promoter has put in, we welcome it as his confidence in growth capital. We have always maintained that on external raise, we would want to look at anything in the range of debt-to-equity of around 4.75 to 5 ballpark, that is what we have because I want to, with our ROA projections, I want to look at healthy ROE as we proceed ahead, three years down the line. I mean, that is the line of thinking.

**Chintan Shah:** And so, on a steady state basis, once the OPEX normalizes and credit costs, as you already mentioned, it would stabilize around 1.5% to 2% is what our guidance is. So, any ballpark steady state ROA which we could be looking at, probably from two years down the line?

**Arvind Kapil:** See, we always have very stretched internal targets but let me stick to our guidance. Our guidance is June-2028, we have set 3%-3.5%. Internally, we always love to scramble to beat expectations

as by now you have seen us over the last four quarters. So, I will leave it at that. I think it's always better to be conservative and overachieve. We like to do that if we can.

**Chintan Shah:** Sure. I will join back in the queue for follow-up questions. Thank you.

**Moderator:** Thank you. The next question comes from the line of Abhijit Tibrewal from Motilal Oswal Financial Services Ltd. Please go ahead.

**Abhijit Tibrewal:** Thank you for taking my question. So, Arvind, just two things for me is, NIMs for us continue to contract. So, if you could just explain what is resulting in this NIM contraction and somewhere during your opening remarks, I also heard that we spoke about getting to steady state margins of 9%. So, by when can we reach those 9% margins? And this margin compression that we have seen for the last two quarters, for how long is that going to sustain before we stabilize and the margin starts inching up towards 9%? That's my first question.

**Arvind Kapil:** See, the environment when you are building blocks, understand the philosophy, I have given very clear guidance that within four quarters, in our internal assessments we have 9%. And to give you a sense, the compression is because the old STPL book had to be reduced. We had to clean that up and the new STPL book has started to rise. Our digital journeys on very healthy ROAs, they have started to rise. But as they start rising every quarter, they will start adding positive value to the NIMs. But the reason I've given you a four-quarter kind of outline is, so that allows us to very sensibly build the model. I am not so worried about NIMs. Please understand that as the company starts growing from here, we have launched multiple products, we will have a substantially increased customer franchise. So, as your cross-sell starts increasing next year, from April onwards as well, you will get not only the unsecured piece sensibly well-calibrated rising, but you will also have your cross-sell piece rising. But if you see in the first year of operation, cross-sell is very, very low. And as the company starts expanding on its customer franchise, we come with very strong experiences there. We also have digital journeys, which are one of its kind in the industry. So, both on new acquisition as well as cross-sell, we could make significant progress, and both are extremely positive for the NIMs in terms of a structural construct. But when you build a business, it's more important to build solid business first rather than NIMs first. That's important to understand as a philosophy because we have taken a position of risk first, which is what we are walking right now. But I've given you a clear visibility to NIMs. So, I am not too worried about NIMs, by the way.

**Abhijit Tibrewal:** So, just to sum that up, sir, basically it will take four quarters thereabouts, is it? So, for the next few quarters, we might see a NIM compression before it stabilizes and then gradually starts --

**Arvind Kapil:** See, hear me very clearly. I said four quarters, which is 12 months, you will hit an approximate figure of nine. So, that's exactly what I am saying. I am not saying it's going to compress till then. That's your assumption, not mine.

**Abhijit Tibrewal:** Got it. This is clear now. Thank you so much.

**Arvind Kapil:** When you're building a business it's very important to bias towards solidity first. NIM is a much easier part from our perspective to achieve. Remember, we have launched two major digital journeys, STPL we have recalibrated it, things are positive and, on the rise, here. So, we have managed to get our costs down. We get our secured up. And we wanted the risk calibration of unsecured to get a little more time, which is what it's done, so that it's more seasoned before we start scaling it up at a much decent rate. And that's what we are entering now. So, things should only look up. But we have given you broad guidance in terms of so that you have that clarity. Over to you. Next question?

**Abhijit Tibrewal:** Got it. This is useful. The second thing was on credit costs. While you guided for steady state credit costs of 1.5% to 2%, what we have seen now remains significantly elevated. So, what will the trajectory be like? Again, as you explained, margins will get to 9% in the next four quarters, 12 months. Likewise, if you could just give out the trajectory on credit costs and how they could trend over the next four quarters?

**Arvind Kapil:** We have said what we had to say. My limited point is, there are two figures that we have done this time. One is an additional disclosure. So, let me reiterate that for everybody's consumption. 3.14% has gone down to 2.61% on an overall level. That's level one, 53 basis point reduction. That's not elevated if I see all the NBFCs, by the way, just for my academic knowledge. The second one is, if I remove STPL from there, we have done an additional disclosure that 12 of my businesses, which is approximately 80% of approximately Rs. 41,000 crores which might be what, 35,000-odd 32,000-33,000 crores, whatever it is. That is a decently sized book, which is a credit cost of 1.43%, even if it goes up by 10-20 basis point, hypothetically on a quarter-on-quarter basis, or you even vary that slightly and year-on-year, we have given a projection on both these figures will come down and are noteworthy in the next two, three years. So, this is important to absorb and understand what I am saying. If you look at 12 businesses and you compare it with, these are almost projections of 12 businesses out of my 13 businesses, which is very close to banking kind of NCL. I've not seen this in the NBFC world, by the way. So, these are not significantly elevated anymore. These figures, please get these figures absolutely clear what I am saying. These are precise disclosures, which should have no doubts what I am talking about. Thanks.

**Abhijit Tibrewal:** Got it, sir. And then last question, as you have acknowledged, MSME has been in the storms since yesterday. So, if you could just help us understand.

**Arvind Kapil:** I never acknowledge. That's your statement.

**Abhijit Tibrewal:** No, sir. That's what I am saying. But what I am trying to understand is if you could help us understand our MSME business a little better, right? Because I got a little confused when we said that 60%-70% of our MSME is secured against property. I was under the impression our LAP book that we report separately, right? That is the loans that we give out against our property. So, MSME, I mean, is it secured, unsecured? I am just trying to understand that a little better. And also, within MSME unsecured that we do, I am assuming we also do business loans. So,

what kind of ticket size do we do in business loans? What's the usual turnover of the micro enterprises that we cater to in our MSME business?

**Arvind Kapil:**

So, MSME for us, I think what Shriram was alluding to, and he can chip in if he likes, is 63% of whatever MSME we do happens to be secure. So, that's point, approximately ballpark what I heard him say. But more importantly, whether it's secured or it's unsecured, whether it's loans against property, whether it's business loans, or any of the other versions of MSME that we do, what I can assure you is, is extremely well calibrated on the risk side. Now, industry might be going through its various, I don't think there's anything too unusual about when I was handling, before my previous assignment, a very large portfolio as well. I think we have always had these situations of MSMEs - always have to be very well risk-calibrated. I don't see any storm in the industry in my assessment. These storms have always existed if you don't calibrate it well. So, to blame the industry is not something I see that way. I see that if you've got to be well risk-calibrated, and the industry is what it was, I don't think there's a deterioration in the industry level, and I am not a large enough size to comment on it. So, I don't see it that way. And so that's what I like to share with you. As far as the book is concerned, it's behaving really well right now. So, that's all I can share with you. Our new calibration will be extremely well calibrated because that's what we are here for. But I don't even think industry is at any concern level, to be honest with you. If you don't calibrate yourself well, it's very easy to blame the industry.

**Abhijit Tibrewal:**

So, that's fair. And thank you for a detailed explanation. That's all from my side. Congratulations and best wishes to you.

**Arvind Kapil:**

Thanks.

**Moderator:**

Thank you. We take the next question from the line of Mohit Jain from Tara Capital Partners. Please go ahead.

**Mohit Jain:**

Hello. Sir, this is regarding the STPL portfolio. I guess it was 8% in the last quarter, and right now I think it's down to 4%. And you have earlier said that 80% of this portfolio is well calibrated with zero DPD, and you don't expect any slippage from that. So, for the remaining 20% of the portfolio, right now I think you have said that the figure for the STPL provision is Rs. 67 crores. That seems to be a pretty high NPA we are having in that portfolio. Can you just clarify on this one, sir?

**Shriram Iyer:**

If you look at even the balance book, as I said, yeah, we have a substantial amount as I last time disclosed. It's a zero DPD book. Second is we are carrying sufficient provisioning. So, to that extent, I don't see any kind of an issue out there. Second is from a collection efficiency standpoint, we have significantly improved our collection efficiency. So, with a 4% with a zero DPD book, which is substantial enough, and we have sufficient provisioning around it, I don't see any issue. And if you ask me, the problem actually doesn't exist now anymore. It's just over next seven to eight months, it may kind of run off. And we have sufficient provisioning around that.

- Mohit Jain:** Just to clarify, sir, just to re-frame the question. So, right now the old STPL is around Rs. 1,700 crores, like 4% roughly. If you are saying 80% is well-calibrated, the remaining 20% is around Rs. 500 crores-Rs. 600 crores, on which we already had a quarterly provision of Rs. 60 crores-Rs. 70 crores. So, that number seems to be very high. So, is it fair to say that 80% of the book is completely clean and 20% is almost going to be written off sort of a book which is gradually, we don't expect much recovery there?
- Arvind Kapil:** To be honest, better to be conservative on that and we like to believe the same, but it's better to be watchful till it's gone, alright?
- Mohit Jain:** Yes. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Kaitav Shah from Anand Rathi. Please go ahead.
- Kaitav Shah:** Good evening, sir. Just one question on the MSME book. In terms of credit underwriting, we have always harped on stronger credit underwriting. If you can tell us a bit more about the book in terms of leverage, financial leverage of your customers, what proportion of the book would be to more than three or four lenders, something like that, at least at the start of it?
- Shriram Iyer:** Kaitav, this is Shriram here. In fact, that's a great question and you actually answered my point. The biggest challenge today in the MSME book was the leverage part of it and that's where we look at the number of enquiries in those set of customers and the enquiries are more than two to three even enquiries. Forget about even having being a third or fourth lender, we don't even look at those kinds of transactions. That's one of our gatekeeping criteria and that's one of the reasons that our MSME book is fully under control.
- Arvind Kapil:** That's a good question and actually it answers what probably we should have answered in the first time. So, it's a good question and that's why you see that our quality of the book always remains a little more risk-calibrated because some of these things we don't get very tempted to kind of walk something which we are not very comfortable with.
- Kaitav Shah:** Sure, thank you. I think that was my only question.
- Moderator:** Thank you. The next question comes from the line of Sanjay Chawla from Renaissance Investment Managers. Please go ahead.
- Sanjay Chawla:** Good evening. Thank you for the opportunity. My question is, you mentioned that STPL, on your core book excluding the STPL credit cost is 1.43%. Can you give a sense of what has been your credit cost experienced on the new STPL book so far, especially in this quarter?
- Shriram Iyer:** On the new STPL book, I can say that my cheque bounces have come down significantly by around 70% and my collection efficiency has significantly improved by 40%. We are still at a building block stage, the seasoning of those loans are yet to be seen, but it is by the cheque

bounces being down by 70% itself gives us, it's a very encouraging result for us and we don't see any challenge in terms of portfolio quality on that book.

**Arvind Kapil:** As a matter of fact, after adequately seasoning and waiting for it patiently, last quarter we have started scaling it up and that's why I wanted the secured books to be of a certain size before we start scaling it up and I think it's, we are very excited about it, as a matter of fact, if I can use that word, because it's very decently well calibrated.

**Sanjay Chawla:** My question was, to quantify it, the credit cost on your new STPL book, would it be higher than the blended 2.61% this quarter?

**Arvind Kapil:** Yes, because it's a high ROA and high, that's a different one. That's why I've given you details of, if I give you the rest of the book at 1.43% and I give you this at 2.61%, that answers your question, my friend. And that's a 25% yield, it is a very different business. That's the reason I said all other businesses being in a certain price range, we singled out one business. I have not singled out consumer durable, we have kept it as part of the regular retail chain, but all regular consumer businesses of 12, we have just put it together as an additional disclosure to give exactly the sense which you're asking.

**Sanjay Chawla:** Got it. So, the other question is, what kind of outlook do you have on the OPEX increase now, having completed one quarter for the rest of the year?

**Arvind Kapil:** We expect that our OPEX as a percentage will go up, it hasn't gone up by the way. So, we have done some bit of hard work. But I think when you increase 80 branches, you increase around 1,000 plus people, we are building that up. While on one side, we are working a lot on AI projects, a lot of them will get commissioned in the third quarter and a lot of efficiencies will start building in the Quarter 4, which will obviously have annualized impacts. So, plus we have aggressive plans on growth as well, because our risk calibration is looking pretty good. Imagine 12 business at 1.43% is almost like banking levels. This is not what I get to see in the NBFC world. So, I think we will keep our options open. So, what's the best optimization? I've given you enough guidance to get a sense, but I think we are in full control of the ship now. This looks like from here on, things look on a very good note, but we will obviously, this is a finance business, so we always have to keep ourselves grounded.

**Sanjay Chawla:** Okay, Got it. Thank you.

**Moderator:** Thank you. We take the next question from the line of Nischint Chawathe from Kotak Institutional Equities. Please go ahead.

**Nischint Chawathe:** Hi, thanks for taking my question. Two questions, actually. If you could give some color in terms of the segmental yield for at least the key lines of businesses, and the other thing is, some sense in terms of sourcing mix that you're looking at, which is basically broken up into in-house versus a third party sort of a distributor, either digital or physical?

**Arvind Kapil:** See, our bias is all our businesses have been designed keeping in mind 3%-3.5% ROAs. Now, I don't think on an earnings call, I can summarize all yields, but these are obviously healthy yields. Our cost of borrowing, my OPEX costs, if I have to make it 3%-3.5%, all six businesses that I've launched with a bias towards healthy ROAs, because that's what we have given a commitment we want to reach or exceed, whatever. So, with that, we also have STPL that we have managed to reduce our bounce rates, get the thing recalibrated. We have a lot of digital journeys that we even run on higher pricing than regular businesses that we run for price, for convenience, whether it's personal loans that we are surprised positively to see that our daily run rates seem moving on a healthy level at very decently high yields. Some of them are even at a 4% ROAs. So, I think that's how I normally like to answer these questions, is sort of giving a competing strength sort of what pricing each business I do. But it's all healthy pricing, we are in this business to make money. So, we are very clear, risk-calibrated and we want to make money on this. So, this has to be on healthy ROAs, which is why you see some of the businesses which are low ROAs have not launched only, because they're much easier to do.

**Nischint Chawathe:** It's essentially 5% pre-tax ROAs, what you're looking at?

**Arvind Kapil:** I mean, we have given a post-tax kind of guidance of 3%-3.5%. I will probably maintain that at the right time. So, we will go with that. See, most of the guidance, we move to 30-35%, we beat it, we kind of exceeded that. We said, second year 35-40%, we have given you a guidance that it will be notches better. Our risk cost has come down. We have given you additional disclosure on credit basis. Investors have been asking. You need it greater, it was a fair point. I've given you 12 with a percentage that none of the NBFCs have right now. And this is a Rs. 33,000-35,000 crores odd book, which is not like some Rs. 8,000 crores book. So, I think it's got enough on the table for you to do the math and figure out what's the post-tax ROA, pre-tax. But allow me to stick to the guidance we have so far given here, because I think quite a bit before I speak any different line. That's the reason I would like to stick to what I said.

**Nischint Chawathe:** Yes, fair. And if you could give some color on sourcing, in terms of how much of it could be in-house versus, where you could use some channel partners?

**Arvind Kapil:** Fair point. It must have been a little complex, but I will give you a sense. I covered something called digital marketing. The reason I covered that was to give you a sense, while it sounded a little complex or it sounded theory, the real reality is we did Meta, Google and a whole lot of other channels that we are activating, this company never had direct digital business or PL Prime or business loans coming in closing end-to-end digitally. To create that market is what we are working on. And as you create the first level, the second level becomes much lower cost every year because the cross-sell goes up. The net impact starts getting positive and positive. So, what happens, the company acquires 100 customers next year, 20%-30% of them come in as cross-sell and your overall cost starts actually becoming extremely advantageous. So, if you see the whole model is fairly thought through. My sourcing is through DSAs. My sourcing is creating two industry-first digital journeys, which will both be for business loans, as well as white collar personal loans. We are going to price for convenience, and we have made it successful in the personal loan side already, by the way. We haven't disclosed the daily run rates, but it's on a

healthy level already. And that's the beauty is that keeps increasing. Even every two weeks, we find that the level is going up because that's how the word of mouth and that spreads. So, we are investing a fair amount of time and effort to develop that ecosystem. I think that will also give us a cutting edge in terms of first right to refusal. Look at it simplistically. Imagine a Fintech who's giving business to your top banks today, why shouldn't it embed my journey and give me the business that we approve at my pricing? It doesn't have to do anything, but there's a huge amount of customers who want the loans at 5 in the morning, 11 or 11.30 sitting in their house. They don't mind if the EMI is what they can afford, and the profiles are right. Convenience, pricing for convenience is a very dumb thing in the world. And we get good customers; we get the first right to refuse. So, you have digital journeys sizing up in a big way. You've got physical journeys also we are investing. For example, on one side, we are coming up with industry first digital journeys. On the other side, I've said 400 gold branches. Why? Because if we had a break even in 13 months, and my team tell me we could be breaking even 11 months hypothetically, or earlier, let's see how it goes quarter and quarter. It could be early to comment. But let's say then you can size up both opportunities and in a seasoned state gold could be a 4% ROA business. Why shouldn't we set that up? So, we are here to make money in terms of professionally on the company. It's very important that we build both on the franchise of physical and digital as long as it makes good ROAs. And like I said, we will raise external capital at 4.75-5 and with our projections, why shouldn't we aspire for a 20% ROE in the third, fourth year.

**Moderator:** Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

**Arvind Kapil:** Thank you so much for such a large audience showing interest. We are truly honored. Thank you so much.

**Moderator:** Thank you. On behalf of Poonawalla Fincorp Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.