

Q2 2025

1. Loan Portfolio Quality

- **Narrative:** Management emphasized the importance of improving the repayment rate in the zero Days Past Due (DPD) bucket as a critical factor for enhancing the loan portfolio quality. They have identified achieving a repayment rate of at least 98.5% to 99% as a target, aligning with historical performance levels.

- **Management's Guidance:**

- Management indicated that improvements in loan portfolio quality are contingent upon achieving a repayment rate in the zero DPD bucket of at least 98.5% to 99%. This marks a return to typical historical standards and is necessary for future enhancements in the company's financial performance.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Compliance with Microfinance Institution Network (MFIN) norms

- **Narrative:** Management discussed plans to establish independent credit teams across all branches, highlighting a strategic move to strengthen regulatory compliance and enhance operational efficiency in accordance with MFIN norms.

- **Management's Guidance:**

- Management anticipates completing the establishment of independent credit teams across all branches by the end of the current fiscal year.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

3. Operational Risk Controls

- **Narrative:** Management emphasized the importance of enhancing collection efficiencies and monitoring processes as key operational risk control measures.

- **Management's Guidance:**

- Management plans to focus on improving collection efficiencies and monitoring efforts in the upcoming periods.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

4. Credit Risk Management Practices

- **Narrative:** Management emphasized the importance of enhancing credit risk management practices by implementing a superior underwriting process. This approach aims to ensure that future lending activities are better protected and secure, reflecting a proactive strategy to mitigate potential credit risks.

- **Management's Guidance:**

- Management plans to establish a significantly improved underwriting process to safeguard future lending operations, aiming for a more robust credit risk management framework.

- **Actual Results:**

['Q2', '2025']:

- Cumulative Provisions stood at ~INR 22.9 Crore as on 30th September 2024 (covering 4.85% of the consolidated AUM, 4.96% on book). Provisions & write off for the quarter increased to ~INR 47.5 Crores as compared to ~INR 38.60 crores in Q1FY25. Write off (net-of recovery) during the quarter at ~INR 36.70 Crore as an aggressive write off and provisioning policy was adopted.

- **Evaluation:**

- **Expectations Not Met:** Despite management's plan to enhance credit risk management through a superior underwriting process, the actual results show an increase in provisions and write-offs, indicating that the expected improvements in credit risk mitigation were not fully realized.