

Q1 2025

1. Profit margin trends

- **Narrative:** Management has provided insights into their expectations for the net interest margin (NIM) trends, indicating a strategic aim to stabilize NIM around a specific range after a recent higher figure.

- **Management's Guidance:**

- The company anticipates maintaining a net interest margin of approximately 13.5% to 14%, despite achieving a higher NIM of 15% in the past. Additionally, benefits have been passed on to customers with a 1% reduction for those in their sixth cycle and above, starting from April 1st.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Loan portfolio growth

- **Narrative:** Management emphasized efforts to enhance portfolio quality as a strategic measure to stabilize and support loan portfolio growth.

- **Management's Guidance:**

- Management anticipates that the challenges affecting the loan portfolio are temporary and expects operations to normalize within the next 3 to 4 months. Additionally, steps have been taken to improve portfolio quality, which should positively influence performance in the current quarter.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

3. Interest income developments

- **Narrative:** Management has articulated their position on Net Interest Margins (NIMs), indicating a strategy to maintain them within a specified range to ensure steady financial performance.

- **Management's Guidance:**

- Management expects to maintain NIMs in the range of 13.5% to 14%, aiming for around 14% as a steady-state standard.

- **Actual Results:**

['Q2', '2025']:

- NIM for the quarter was 12.8%, which is below the management's guidance range of 13.5% to 14% and the target of 14%.

['Q1', '2025']:

- NIM for the quarter was 15.2%, which is up 91 bps Y-o-Y and 58 bps quarter-on-quarter.

- **Evaluation:**

- **Expectations Not Met: Management expected to maintain NIMs within the range of 13.5% to 14%, aiming for around 14%, but the actual result in Q2 2025 was 12.8%, falling below the expected range.**

4. Asset under management (AUM) targets

- **Narrative:** Management highlighted a strategic adjustment in AUM growth targets due to temporary disruptions observed in Q1. The company aims to end the financial year with AUM reaching around INR14,000 crores. This adjustment is coupled with a revised credit cost projection, reflecting a response to short-term operational challenges.

- **Management's Guidance:**

- Management expects to close the financial year with an AUM of around INR14,000 crores. Additionally, the credit cost is anticipated to be in the range of about 3.75% for the full year.

- **Actual Results:**

['Q1', '2025']:

- AUM at the end of quarter 1 was INR11,723 crores, which was a growth of 72% Y-o-Y.

['Q2', '2025']:

- AUM at the end of Quarter 2 was Rs. 10,537 crores, registering a growth of 8% Y-o-Y. However, sequentially, the AUM declined by about 10%.

- **Evaluation:**

- **Expectations Not Met: The management's guidance was to achieve an AUM of INR14,000 crores by the end of the financial year, but the actual results by Q2 show a decline in AUM to INR10,537 crores, indicating the target is unlikely to be met.**

5. Process automation

- **Narrative:** Management outlined a cautious and gradual approach towards transitioning from a weekly to a monthly process model, emphasizing the importance of a step-by-step implementation rather than a rapid overhaul.

- **Management's Guidance:**

- Management anticipates this transition could take between 1 to 1.5 years, proceeding carefully at a granular level, focusing on loan, center, and branch levels.

- **Actual Results:**

['Q1', '2025']:

- Credit level resources have been put in about 20% of the branches.

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

6. Operational progress

- **Narrative:** Management has focused on normalizing operations and addressing challenges in order to return to optimal operational efficiency. They have implemented strategic measures, including increasing bench strength at critical branches and planning for additional support in branches to mitigate any disruptions and enhance operational performance.

- Management's Guidance:

- Management expects operations to normalize in the second half of the current year, indicating that challenges faced are temporary. By the end of September, 50% of branches will have additional support to enhance operational capabilities. An additional bench strength of 20% is being established at critical branches, covering approximately 70% to 75% of branches, to ensure operational efficiency.

- Actual Results:

['Q2', '2025']:

- Introduced Branch Quality Managers (BQM) in 960+ branches already

['Q1', '2025']:

- Shalabh Saxena: 20% additional manpower has been put in.

- Evaluation:

- **Expectations Met:** Management's goal to establish a 20% additional bench strength and provide additional support to 50% of branches was achieved as indicated by the introduction of Branch Quality Managers in over 960 branches and the reported increase in manpower.

7. Rural penetration initiatives

- **Narrative:** Management emphasized a gradual and systematic approach to increasing rural penetration by adopting a phased strategy. The aim is to transition existing loan portfolios to a weekly repayment model, with a focus on executing this transformation step-by-step across various operational levels, including centers, branches, and districts.

- Management's Guidance:

- Management plans to implement the weekly repayment model progressively, ensuring that any new loans align with this strategic direction. This initiative is being undertaken cautiously to ensure effective adoption across the rural segments.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Forward-looking statements

- **Narrative:** Management has indicated a recovery phase, projecting a stabilization of business activities. This reflects a strategic approach to return to normal operations following a period of adjustment.

- Management's Guidance:

- Management expects business as usual (BAU) conditions to resume after a recovery period of one quarter.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

9. New branch openings

- **Narrative:** Management is focusing on enhancing branch capabilities by increasing resource allocation. This strategy is part of their broader plan to improve operational efficiency and readiness for expansion.

- Management's Guidance:

- Management plans to increase credit level resources from 20% to 50% of branches by September 2024.

- Actual Results:

['Q1', '2025']:

- In Q1 2025, the management reported that new center additions were restricted in approximately 39% of branches. The member acquisition was paused in about 223 out of 510 branches.

['Q2', '2025']:

- 450 branches were opened in the last one year.

- Evaluation:

- **Expectations Not Met:** Despite the management's plan to increase resource allocation to 50% of branches by September 2024, by Q1 2025, new center additions were restricted in approximately 39% of branches, indicating that the strategic goal was not achieved as planned.

10. Rural and semi-urban penetration

- **Narrative:** Management discussed the halting of member acquisition in 223 branches, impacting the company's expansion in rural and semi-urban areas.

- Management's Guidance:

- Management has paused member acquisition in approximately 223 branches, indicating a strategic shift or reassessment in these regions.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.