August 04, 2026

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai – 400 001
Scrip Code - 544754

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (East), Mumbai – 400 051
Symbol - KISSHT

Sub.: Transcript of the Earnings Conference Call held on Thursday, July 30, 2026 with respect to Unaudited Financial Results (Standalone and Consolidated) for the quarter ended June 30, 2026.

Dear Sir / Madam,

Pursuant to Regulation 30 read with clause 15 of Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, please find enclosed herewith the transcript of the Earnings Conference Call held on Thursday, July 30, 2026, with respect to Unaudited Financial Results (Standalone and Consolidated) for the quarter ended June 30, 2026.

The transcript has also been uploaded on the website of the Company and can be accessed at:

Kissht Q1FY27 Transcript

Kindly take the same on record.

Thanking You,

For OnEMI Technology Solutions Limited
(formerly known as OnEMI Technology Solutions Private Limited)

SHRADDHA RAJKUMAR PATANGIA
Digitally signed by SHRADDHA RAJKUMAR PATANGIA
Date: 2026.08.04 17:28:27 +05'30'

Shraddha Rajkumar Patangia
Company Secretary and Compliance Officer
Membership No.: A55210

Encl: As above

OnEMI Technology Solutions Limited (Kissht)

Q1 FY27 Earnings Conference Call

July 30, 2026

MANAGEMENT:	**MR. RANVIR SINGH – CHAIRMAN, DIRECTOR & CHIEF EXECUTIVE OFFICER** **MR. KRISHNAN VISHWANATHAN – DIRECTOR & CHIEF FINANCIAL OFFICER** **AND SENIOR MANAGEMENT TEAM**
MODERATOR:	**MR. AJIT KUMAR – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY27 Earnings Conference Call of Kissht - OnEMI Technology Solutions Limited. 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Ajit Kumar from JM Financial Institutional Securities Limited. Thank you and over to Mr. Kumar.

Ajit Kumar: Thank you, Neerav. Good afternoon, everyone. This is Ajit Kumar from JM Financial. Welcome to Q1 FY27 earnings call of OnEMI Technology Solutions Limited, Kissht. On behalf of JM Financial, I would like to thank Kissht management for giving us the opportunity to host them to discuss the earnings. I am pleased to welcome Mr. Ranvir Singh, Founder and CEO; Mr. Krishnan Vishwanathan, Founder and CFO; Ms. Neha Shivran, Chief Data Analytics Officer; and Mr. Chirag Jain, Head of Strategy and Investor Relations. I now invite Mr. Ranvir Singh for his opening remarks, post which we will open the floor for Q&A. Over to you, Ranvir.

Ranvir Singh: Thank you, Ajit and Neerav, and good afternoon, everybody. Welcome to the call. As you know, we are Kissht, focused on digital lending. We have built a platform which allows anyone in India to come to our platform via phone and avail a loan. The entire journey, from the first tap to money reaching the account, takes about 5 to 10 minutes. Our aim here is straightforward, which is making borrowing easy and dignified for the customer while remaining extremely diligent on risk.

Speed, for us, doesn't mean haste. Our commitment to risk is uncompromising, and it shapes everything we do. The AI and machine learning models read the risk in every loan, and the collections framework built to be both firm and fair. Basically, the risk being meticulously watched, measured, and controlled. And it is this discipline which underpins our performance for this quarter.

The registered users grew 33% year-on-year to 74.6 million. We have now served 12.25 million customers, an increase of 26% year-on-year. AUM stood at INR 8,001 crores, up 61% year-on-year and 13% quarter-on-quarter. Profit after tax grew to INR 95 crores, higher by 59% year-on-year and 16% quarter-on-quarter. Return on average AUM held steady at 5.05%, a reflection not only of growth, but of its quality.

On the macro picture, the Indian economy remains steady, and, as you know, this steadiness is what a lender like us values the most. The Reserve Bank has held a neutral stance and left rates unchanged. For lenders, I believe predictability in the cost of funds matters more than the availability of cheap money, rather.

Two developments are worth watching, though neither touches our book directly. The first is West Asia, where the risk is not geography but transmission through higher oil prices, the cost of shipping, and, over time, the confidence of the customer. The second is the Reserve Bank's push on FCNR(B) deposits, which has drawn in foreign currency and eased system liquidity. And as you know, easier liquidity tends to lower the cost of funds for lenders like us. But neither changes our strategy, but both deserve attention because lending books are often affected first by second-order impact, rather than the first-order headlines.

Beyond the ebb and flow of any single quarter, the long-term opportunity in India remains unmistakably gargantuan. A large and growing number of Indians, be it salaried and self-employed alike, with steady incomes, digitally active with a profile that can be read without any manual intervention, now want credit on their own terms, which is fast, simple, and digital.

Our underwriting is shaped as much by what we see across the industry as by what we see on our own book. The bureau data for the industry now shows a clear divergence beneath a calm surface. Talking about industry, headline asset quality looks benign, yet beneath the surface, stress is building, concentrated in a few places, particularly in the small ticket loans or instances of borrowers carrying debt across several lenders at once, and households taking new lines only to service old ones. Stress of this kind doesn't show itself in the averages, rather it hides in pockets. We watch for those pockets early, and act in both directions.

Just to give you an instance, last quarter, out of caution, we paused lending across roughly 450 pin codes based on what our early warning system had flagged. We have re-examined those pin codes since. The signals have turned modestly positive, and we have reopened approximately 40% of these pin codes already. Let me tell you, this is cautious optimism, not a change of stance.

As we said last quarter, we would rather carry prudence slightly early than discover optimism slightly late. We are also watching the early signs that AI is reshaping certain salaried profiles. We have already, adequately altered our underwriting, to give more weight to the durability and sustainability of income, and not merely the quantum. The bureau data tells a two-sided story, while our craft lies in telling the two sides apart.

For the industry, the quality of new customers has softened even as headline delinquencies in personal loans have improved - both are true at once. Our recent vintages are performing materially better than a year ago. Let me reiterate, our recent vintages are performing materially better than a year ago and in lending, as you may know, a loan's early behavior is a dependable guide to its eventual loss. We'll keep reading the first signs of stress and acting before they surface in the numbers.

Talking about key financial and operational numbers, AUM stood at, as I mentioned, INR 8,001 crores, up 61% year-on-year and 13% quarter-on-quarter. Disbursement for the quarter were INR 3,812 crores, up 37% year-on-year. As our repeat customers, who are decisively high quality, move to longer tenures, disbursement growth will be slower than the AUM growth. But for us, the AUM, the true measure of the value we are building, continues to grow at a strong pace.

Total income was INR 677 crores, up 45% year-on-year. As a share of average AUM, total income fell 249 basis points over the quarter. This drop is very deliberate and is part of a conscious and concerted strategy from our part. We have mentioned this last quarter, we are mentioning this now, we are steadily acquiring higher proportion of high-quality customers, who are priced lower precisely because they carry less risk.

Also, a rising share of off-book lending, which has gone up from 49.7% to 53.6%, adds to the reduction in revenue margin. Pre-provisioning operating profit was INR 256 crores, which is up 42% year-on-year. Profit after tax was INR 95 crores, which is up 59% year-on-year and 16% quarter-on-quarter. Return on average AUM was 5.05% and return on average equity at 21.20%.

Talking about asset quality, portfolio quality stayed disciplined through the quarter, with our asset quality metrics moving within the range we had expected. Credit cost was 6.80% of average AUM, down from 7.02% in Q4 FY26 and 8.85% in Q1 FY26. This is, we believe, this is a significant improvement. This is further testament of our strategy of targeting high-quality customers as we grow larger.

The risk metrics have been range-bound. Stage 2 stood at 3.15%. Stage 2 has improved from 3.9% to 3.15% year-on-year. The increase compared with last quarter is very seasonal in nature, something that we have seen almost every Q1 of the year. Gross NPA at 2.25%, very range bound. Net NPA at 0.36% and collection efficiency at 96.82%, which shows our resilience to risk management. We firmly hold to our guidance which we gave last quarter, which is 15% reduction in credit cost, and we are tracking well on that. Provisioning stays deliberately conservative, with Stage-3 ECL coverage at 84.1% and Stage-2 coverage at 80.4%. This is among the highest in the industry.

Talking about balance sheet, it strengthened considerably this quarter on the back of the IPO. Capital adequacy in our NBFC subsidiary rose to 40.2% from 25.3% last quarter. Net worth grew to INR 2,245 crores, nearly four times its level in March 2023, built on retained earnings, organic profitability, and the IPO completed in May 2026. Funding remains balanced. On-book AUM of INR 3,716 crores and off-book AUM of INR 4,284 crores, a 46:54 split, supported by more than 45 lending partners.

We are widening our product range to meet more of what our customers need and to deepen the relationship with those we already serve. LAP business which we started two years back, the AUM stands at INR 617 crores across 101 branches in eight states, about 7.7% of the total AUM. I should say we are not building a standard, garden-variety LAP, but something that is hugely technology-enabled. For instance, it comprises of model-based underwriting, branch-led fulfilment, smart document processing, and AI-validated property valuation.

The prudence with which we are building LAP, we feel very confident that risk will hold up well over time and not just today. Separately, we have begun to build capabilities in mutual fund distribution. The rationale for this, is a large proportion of our customers have invested in SIPs and mutual funds over time. An offering like this will help serve them well and enhance our fee income. Our subsidiary has secured an AMFI registration already.

Talking about technology and AI initiatives, I should say at Kissht, technology is not a department in the company, rather it is the company. We are a technology company that lends, not a lender that has bolted technology on the side and that distinction has only sharpened as we have grown. Our underwriting and collections are built and run entirely in-house. The underwriting stack reads more than 7,200 signals on each borrower. This includes bureau data, banking flows, device intelligence, transactions, and alternative data, for example. And the models behind it have travelled a long way, I would say, from simple decision trees when we started to gradient boosting to today's transformer-based systems. When I say transformer, the transformer is T of, you know, the GPT that you see in AI. Now at an AUC (Area Under the Curve) of 74%, up from 66% in 2023, and separating good customers from bad customers about 2.5 times better than a bureau score alone. The objective here has been simple and steadfast, which is to identify behavioural deterioration before it becomes delinquency.

Behind the statistical models stands the human-half of the same effort. We have more than 7,000 field agents and over 1,000 tele-callers with more than 95% of collections handled in-house. This is an architecture that held firm through Q1 FY27. Collections and fraud are where our AI is most visibly at work. In early bucket tele-collection, our voice agents now recover at more than 80% of human efficiency, up from the 70% we reported earlier.

Our feature store watches over 7,200 signals for drift and our multi-agent fraud system runs more than 50 separate checks, including deep fakes, forged documents, anomaly detection, network fraud, and many more. We would like to believe, we have been pioneers in this space. Many of these numbers have held steady since FY26 and that steadiness is deliberate. It tells us the infrastructure is comfortably keeping pace with the growth built on top of it.

The same holds in our support and engineering team. AI-assisted support covers 100% of calls for quality and has cut response time to under 90 seconds, and more than 80% of our own code is now written with AI. I should say, spent well, technology investments have not made lending less about judgment, but rather it has made good judgment more scalable.

On the guidance for future, we remain firmly on track for the FY27 guidance we set out on different parameters, be it AUM, Gross NPA, credit cost, and profitability including ROE and ROA. I reiterate, we remain firmly on track.

As closing remarks, I should say, you know, the market keeps time in quarters, we keep it in decades. In our first year as a public company, our attention is on things that last and that is robust governance, straighter disclosure, and the patient work of building an institution meant to endure.

We ask to be understood over the long run, because that is the only span on which this kind of institution can be fairly judged. We are building for something larger, and with due patience for India, and for the long climb of its formal credit market, with its millions of creditworthy customers who want credit that is fast, simple, and digital. With that, my thanks to our shareholders, our partners, and everyone who has backed us. We are happy to take questions from the floor. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Tushar. Kindly proceed with your question.

Tushar: Hello, am I audible, sir?

Moderator: Yes, Tushar. Kindly help us with your company name and then proceed with your question.

Tushar: Yes, myself Tushar and I am an individual investor, sir. I have a couple of questions. My first question is on AUM growth. So we have experienced a very good AUM growth this quarter. Could you please discuss the factors supporting this growth and as per your view, how sustainable is this growth?

Ranvir Singh: Yes, so thank you, Tushar. Yes, the growth has been robust. First and foremost, we believe it is only going to be sustainable for a good foreseeable future and that is what is reflected in the future guidance we had given in the last quarter. The key reasons for this growth are mainly twofold. First and foremost, our relentless focus on ensuring the risk is very well contained because as our models become more sharpened, they predict the risk, it gives a different level of confidence, it basically allows us to approve, you know, high share of good quality customer and that has played the most, you know, significant portion in this growth.

Second, I would say, though you may call this growth as a great growth, which is 13% year-on-year -- quarter-on-quarter, but I should also say that we have exercised a very high degree of prudence. In retrospect, as I mentioned, there are some locations where we are now opening up which we had closed last quarter.

So there is also an element of growth which we believe will come in future, which is by being very, very balanced about growth while maintaining the risk quality in a very diligent manner. So these two things, which is, you know, continue to exercise good prudence on good customers and also the plan to target high-quality customers, which is making us sustain this growth.

Tushar: So can we expect, sir, to surpass our full-year AUM growth guidance based on what, you know, answers you have provided on my earlier question?

Ranvir Singh: Yes, so last quarter we had said our overall growth for the next 12 months will be upwards of 40%. Now simple mathematics will tell you that if we have already grown 13% in one quarter, you know, we are only going to overachieve that. So the point I was making on guidance is we remain firmly confident of over-delivering on the number that we had given last quarter of 40%.

Tushar: And sir, my last question is on the part of product portfolio evolvement. So how do you see the product portfolio going forward to evolve? Are there any opportunities to expand into adjacent lending products?

Ranvir Singh: Yes, Tushar. So we have mentioned this before, we are saying this again, which is for us, given the large base of customer we have, which is 12.25 million customers, they end up taking multiple other loans. And given that we have access to them and access to them in a very engaging manner because these customers come to our app, they make their repayment, they basically check for different other things, we do want to leverage that opportunity.

As of now, we are focused on, as I said, personal loan and loan against property. Loan against property is 7.7% of the total book and we are hugely committed to building and scaling up the LAP book while at the same time continue to focus on all the area that I mentioned on the personal loan book. As far as new lending products that will come in future, difficult for me to say. We are always in the evaluation mode to look for something which can add to the portfolio in the meaningful manner.

But for now, these two products are the core focus of ours. I should also say we are also a believer that in and of itself these products required huge capabilities. So when we say LAP, these are not, as I mentioned, some plain vanilla garden-variety LAP we just offer, but it's hugely tech-enabled. We have invested a great deal, when I say invested not only in branches and people and so on and so forth, but in a very significant manner on the technology.

For example, we have a AI-validated property evaluation, perhaps the first of its kind in India. We have the entire process right from meeting the first customer using a model-based underwriting to ensuring that the process and the experience for the customer is very seamless. The point I'm making is we see as much as there are two different products, but the capabilities which are required for each of them are quite prominent and we continue to build and focus on these.

Tushar: Okay, sir. Thank you so much for taking my questions and all the best.

Ranvir Singh: Thank you.

Moderator: Thank you. Next question is from the line of Abhishek Murarka. Kindly announce your company name and proceed with your question.

Abhishek Murarka: Yes, I'm Abhishek Murarka from HSBC. Thanks for taking my question. Yes, Ranvir, hi. So one question on asset quality. Can you tell me between last quarter and this quarter how many pin codes are now touched where you have paused? Like last quarter was 450 and this quarter you said is 40% lower, so around 160, 170 lower.

So is that the outstanding number or is it just that out of 450 you have cut down on 40 -- resumed lending in 40%, but there are more pin codes outside of these which are also, you know, there's no lending going on there? On an overall basis how has that moved Q-o-Q?

Ranvir Singh: Absolutely, Abhishek. Let me explain. At any point in time, we are serving 17,000 pin codes in India.

Abhishek Murarka: Correct.

Ranvir Singh: Out of that 17,000 pin codes, close to around 11,000 pin codes contribute to 98% of our business.

Abhishek Murarka: Okay.

Ranvir Singh: Now on that 11,000 pin codes, last quarter, out of that 11,000 pin codes, we had stopped business, paused business in 450 of the pin codes.

Abhishek Murarka: Right.

Ranvir Singh: From that 450, we have now released, started business because now our outlook on the credit is positive going forward, we have released 180 pin codes, which is basically saying we have restarted business on those 180 pin codes. The remaining 270 pin codes we continue to keep it paused and we'll continue to evaluate and monitor and if we see the evidence of data confirming enough for us to start the business there, we will restart in future.

Abhishek Murarka: So Ranvir, if I marry this response with the numbers you've reported in terms of collection efficiency, which is little lower, bounce rates which are little higher, but number of pin codes where you have paused business that has come down, so number of pin codes you're doing business is up. So how does this tally?

Because from a risk perspective, the first two metrics tell me that there is a little more risk, but in terms of the action taken, you are more confident of growing in more pin codes now than earlier. So how do I reconcile this?

Ranvir Singh: No, absolutely, Abhishek. It's a very good question. Let me just lay out very clearly. For us, the biggest, biggest measure of the risk first comes from the credit cost that we see in the book. And credit cost as a percentage of average AUM has come down to 6.80 from 8.85 in last year, which is Q1 FY26.

Not only that, between Q4 FY26 to now, we have seen a drop of 22 basis points, which is 7.02 coming down to 6.80. Now when it comes to the bounce number, bounce number is a function of many other things. It's a function of, for example, if you have more portion of customers who have already paid a large number of their EMIs, it is very natural that they end up having a lesser bounce.

There are other factors which are particularly linked to Q1 which makes a change in this thing. There are always an element of some operational things which come in which we called as technical bounce, they also contribute. So the good part of our bounce is it has remained very,

very range-bound. So it doesn't give any concern for us to say the risk is anywhere deteriorating.

In fact, given we understand the breakup of bounce across many other different cohorts, as I mentioned in my call, all the new sourcing that we have done, particularly after December of last year, which is almost 7-8 months, we are seeing a very much improved bounce rate and also the eventual loss expectation that we have. And that is giving us the confidence to release those 40% of the locations which we otherwise had curved.

Abhishek Murarka: Got it. And if I check in July since you're pratically at the end of it. How has the bounce or collection efficiency trended versus your June ending numbers?

Ranvir Singh: So two things has happened. One, it has improved. The reason it has improved, becasue there's always a Q1 phenomena that happen. In Q1 you see, you know, because the Q4 numbers are significantly better. You see slight deterioration, that deterioration goes away by the time -- after the Q1 which is July, August, September. So one, that has improved. The second it has also improved because of all other reasons which I'm mentioned that, you know, there is confidence on what you will deliver in future.. So much so that we are opening up, and I just gave geography as an example.

There are other instances where there are different segments where we had put a curve on the back of the risk which was building, primarily macro and coming, getting reflected in some specific sub-segments. Those are getting easened out. So one is only seeing a number which is superior than what we have seen for, as an average of last quarter.

Abhishek Murarka: Got it. That's reassuring. And the other question is on margin. I just wanted to check a few things here. So, in terms of your incremental yield on the product, right, not just at a portfolio level, is it coming down? Is it stable? And what is the yield on the personal loan versus LAP now? Can you share that?

And on the cost side, what is your incremental cost of funds? Last quarter's cost of funds you reported I think 14.45. But what is the incremental cost? Is it lower, equal? If you can give some sense there. And then sort of round it up with what is your margin outlook from here?

Ranvir Singh: Okay, sure. I will let Krishnan talk about cost of funds, but let me first talk about the margins part because it's a very, very important and critical part of our strategy. So Abhishek, we have said then, we have said in the past, we have said in our run up to IPO, that one of the strategy that we are following, which is a very critical, very cardinal to our company, is to with every passing day, we are going after high-quality customers.

These high-quality customers are basically coming at lower risk. In fact, the best way to illustrate this is as I was saying, the credit cost which has come down from 8.85 to 6.80 is a testament of that. Now when we go after high-quality customers, the high-quality customers are in and of itself high-quality customers or they are customers who are repeat customers where we have a very good track record of the customer and we have a very high degree of comfort with them. We end up giving them at a lower proportion, at a lower cost.

So it's a very deliberate strategy from our side to go after customers who we can attract, retain with us while keeping the pricing lower for them. What it leads to is of course our reduction in the margin, at the revenue margin, but whenever we have done the calculation of this revenue margin and the benefit that you get because of the better risk and also the cost coming down, because you are getting more number of customers who are high quality, the benefit has always been unilaterally positive in our case.

So we see a situation where the revenue margin has come down and yet we are seeing a profitability which is not only sustaining but improving. That's one. Second, specifically in this quarter, there is a another factor which has played. Because our off-book share increased from almost 49% to 54%, the 5% increase, in fact 49% becoming 54% is almost, you know, 10% increase as a proportion standpoint, the off-book comes at a lower margin.

And that off-book basically reduces the overall revenue margin, but as you know in off-book, I get basically what is called as the service fee over and above cost of fund that I have agreed with the off-book partner. So that's the second thing which has contributed to that drop in the revenue margin, but you will see the PPOP has only improved. Beyond that, I would say on the overall profitability, which was your question, as I said, we remain firmly, firmly committed to delivering an ROE guidance that we had given.

The confidence comes from given the interplay of these factors, the revenue margin and the risk reduction plus the operating leverage kicking in. You must have seen the operating leverage some evidence of that, 19.9% cost which was opex as a proportion of AUM has already come down to 18.0% percent. So that is contributing to, you know, we or that is giving the conviction that we'll continue to deliver a healthy ROE, healthy defined as 20% plus in next few quarters.

I mean, the last thing I would say is, you know, this is today when we are calculating the ROE, we also have to take the large pool of capital that we raised, which is almost INR 850 odd crores. Despite that, we have delivered an ROE which is upwards of 20%. So that is only because of being able to realize the benefit not only in the risk but also in the operating margin and which will continue to sustain for the next many years. Krishnan, you want to talk about the cost of fund and the credit rating and so on and so forth?

Abhishek Murarka: Sorry, Ranvir, just before that, what will be the yield today on the product?

Ranvir Singh: Yes, the yield question also you asked. On personal loan, the yield is, the rate that we end up charging is around 29% to 30%. However, if we include all the other income that we make, which is a combination of processing fee plus, bounce charges, penal charges, some of the insurance that we sell, all the other fee income that we make, it almost comes to 36%-37%.

On the LAP business, loan against property, the range is anywhere between 16% on the lower end to as high as 23%-24%. The average comes to almost 21.8 odd percent. So there is a small reduction which also happens because of the increase in share of the LAP, but as you know in the last quarter, it has only increased from 7.3% to 7.7%, very puny impact coming from the LAP business which is impacting the yield.

Abhishek Murarka: Got it. Thank you so much. And Krishnan, just on the cost of funds?

Krishnan Vishwanathan: Sure, Abhishek. Before talking about that, in the Q1, given that we raised fair amount of equity, there was hardly any incremental debt that we raised because we were capital surplus of course. So what you see as, that's why you don't see a big difference in the cost of borrowing between Q4 and Q1 because essentially Q1 is a representation of the AUM we were carrying prior to that.

From an incremental debt standpoint, there was only one raise we did in Q1 of FY27 which came at a loaded cost of 12.9 odd percent. And just comparing it to the AUM level cost of borrowing which you see at 4.45% just to, it is not apples to apples, the 4.45% also includes the GST impact on processing fee, but keeping that aside, the incremental borrowing that we did was good 150 basis points lower than what the average borrowing cost of FY26.

By the way, it is also a reflection even in Q4, even in Q3 rather, some of the borrowing because if you recall we had been rated A minus by Fitch back in November itself. So some of the incremental borrowing that started late in Q3 and some part of Q4 was also coming at a rate which was at least 100 basis points.

So our guidance for FY, particularly H2 of FY27, that you will see the cost of borrowing dropping by 100 basis points and it will only increase as we, as the old debt basically runs off the book, right? They are typically they we borrow for 18 month to 24 month tenure.

From a rating perspective, there's an active engagement happening both with India Ratings as well as with CRISIL. We are cautiously optimistic that given the risk performance improvement that Ranvir talked about, the higher level of capitalization that and the profitability that we are demonstrating, that either one of them or both of them will look favorably from a rating perspective, but that's an active discussion happening.

Any upgrade will not potentially impact cost of borrowing for FY27 but will meaningfully impact it in FY28.

Abhishek Murarka: Yes. That's what I was thinking that, actually your reported cost of borrowing was higher this quarter versus the last, but my understanding was that it should actually come down. So I get it now that it will happen over the next two, three quarters for sure.

Krishnan Vishwanathan: Abhishek, just one thing I wanted to clarify. It has actually not higher. We have shared in our KPI handbook that, we moved from a monthly average debt AUM to a daily average. The reason you saw the increase was just an anomaly of, when you raise debt closer to the quarter end and what period of the quarter, the way the monthly average and daily average work, the interest that you pay out is actually on a daily balance basis, right.

So we have published in the KPI handbook on a daily average basis, you do see an improvement by not significant by 10 basis points. And we moved to daily average just to be consistent in the way the cost of borrowing moves and you will see the trend that I talked about a significant reduction happening particularly in H2 going forward.

Abhishek Murarka: Thank you.

Moderator: I will request you to come back for a follow-up question.

Ranvir Singh: Hey, just one adding, Krishnan has already mentioned so I don't want to reiterate it, but just the point which Krishnan said, over the next three quarter, we will see a cost of fund of minimum 100 basis point improvement if not higher. And that is at an overall debt. Of course, at an incremental level, some of the lines that we are taking at a fully loaded cost, they come to 12%, 12.4%. So there are already evidence of those things playing out.

Abhishek Murarka: Sure. Got it. Thank you. Thank you so much and all the best.

Ranvir Singh: Thank you.

Moderator: Thank you very much. I request to all the participants, kindly restrict to two questions and rejoin for a follow-up. Next question is from the line of Manish Ostwal. Kindly announce your company name and proceed with your question.

Manish Ostwal: Yes, sir. My name is Manish Ostwal. I am calling from Nirmal Bang Securities. Sir, my question, most of the question already answered, I have only one question which is more of long-term. So you talk about thinking in decade, building the institution. So in terms of product trajectory, number of products addition in our business so that we can serve more products to our customers. How we should think of it and how the strategy should move?

Ranvir Singh: Yes, so Manish, thank you for asking this question and I am glad you asked something which is pertaining to a decade because usually the questions are most on the quarter thing. So first and foremost, we also have aspiration of building very large business, large, credible, profitable business in Indian context over a period of much longer horizon.

It is only natural that we will add more lending products. Whenever we have evaluated these lending products, we have followed the following pecking order. Gold loan, business loan, education loan, I am talking about 10-year horizon thing, it is not a next three quarter or a one-year horizon.

Again, just to come back to the pecking order, it has been gold loan, business loan, education loan, and then auto loan and then so on and so forth. There are few other things we have evaluated like loan against mutual fund because large portion of our customers basically do mutual fund, so we being able to serve them in a very electronic digital format is always something which is very, very close to us because the process is far more digital.

But it is very difficult for me to speculate right now on what is the new product we will add as the immediate one after this. 10-year when I say, we are almost sure that we will add more products, but which one is something very difficult for us to say. But having said that, we see huge opportunity both on personal loan and LAP.

Particularly personal loan in and of itself we believe it is massive, that's why we feel very confident on the long-term growth that we are going to deliver. We mentioned the numbers also last quarter, that number was some indication of what we will continue to deliver. In fact, I know we have built on a small base, but if you look at our history of the last, five, six years, not a single year we have grown less than less than 60% odd.

So personal loan we continue to remain extremely positive about, similarly on loan against property. Loan against property unfortunately cannot grow as fast as, the personal loan grows, but as a proportion of business it is growing quite well. Currently it stands at 7.7%, so that's the other focus area in the more immediate term is going to be in terms of adding to the product portfolio.

Krishnan Vishwanathan: I will just add one more thing on the trajectory and as you would have seen in the last two to three years as we launched LAP. Our commitment to delivering profitability on ROA and ROE basis remains steadfast.

So even as we think about the next set of products, one, two, three, whatever we will add, we will continue to do it in a way that we are able to absorb the burn and still deliver profitability which is a 5% ROA and a 20% ROE consistently quarter on quarter and that's one of the business philosophies that we stick very closely to.

Manish Ostwal: Okay. The second question on the mix of right now we are we just got the license for the distribution of product, I mean insurance product, right?

Ranvir Singh: For mutual fund.

Manish Ostwal: Yes, mutual fund, sorry. So how should we think of fee income potential in our business model?

Ranvir Singh: So the fee income potential which is outside of lending comes from primarily two products, I would say. One is of course the insurance protection products and second is savings and investment products. So today we are currently doing insurance, we have few partners, very credible partners, with whom we are doing insurance and that is part of our fee income right now.

Similarly, the mutual fund will also add to the fee income. Measures like these, they are not, you know, altering the business altogether, they are just adding one more revenue line and they give more formidability to the profit that we have to deliver. So insurance we are already doing, we were not doing mutual fund, that's why we added mutual fund.

As I mentioned, large portion of our customers buy SIPs and mutual funds schemes, so we just want to serve them and basically earn fee income on that.

Manish Ostwal: All right, sir. Thank you very much and all the very best.

Ranvir Singh: Thank you.

Moderator: Thank you very much. Next question is from the line of Nidhesh Jain. Kindly announce your company name and proceed with your question.

Nidhesh Jain: Hi, my name is Nidesh, I'm from Investec. So, I have a couple of questions. First is on what is the share of organic channel in customer sourcing for Q1 and how it is trending versus previous quarters?

Ranvir Singh: Yes, so organic channel contributed to 31% for quarter one. They were 27 odd percent last quarter. The total average of organic channel for the entire year FY26 on an average was close to around 23-24 odd percent. So, Nidesh, one of the things that we have seen consistently over the last three years is the share of organic channel is increasing.

It used to be around 8 odd percent if we go back in 2022-23 period. That 8% has moved to as high as 31%. Our own assessment is, if we are able to create a high-quality credible brand, the number will stabilize at somewhere between 40% to 45% or 40% to 50%.

Nidhesh Jain: Sure. Secondly, you mentioned that you are now moving towards better quality customers. So, from a medium-term perspective, what is the aspiration of yield from let's say 30% on personal loan and 36% landed cost for the customer, from let's say three-year perspective, how do you see that number trending and how that number will be compensated in the DuPont to deliver a 5% ROA?

Ranvir Singh: No, that's a very very good question, Nidesh. So, the way we think is we think slightly in a reverse manner. The reverse manner we see is as follows. We basically see that if I take a next three years view, we feel there are three very, very unambiguous benefit that we are going to see in our P&L, in our DuPont. The first benefit is on account of operating leverage. Today our cost is 18% which we believe is still very high. 50% of this cost is fixed cost, which is largely our investments in technology, our investment in leadership, our investment in all other admin expenses etc.

In fact, more than 50%-55% today. And we believe as we scale up over next three years, this is not going to grow. This will almost remain stable or will grow at a inflationary rate plus some benefit that we are getting on account of AI and the head count reduction etc. Now this benefit is of big consequence because if I take a next three to four year -- next three years view, the benefit coming only on account of operating leverage is around 4% to 5%.

Second benefit is the cost of fund reduction. As Krishnan said, minimum 100 basis point, if I take a three-year view, our own view would be it can be upwards of 200 to 300 basis point reduction that we will see there, so 2% to 3% reduction that we'll see there. And last is the risk reduction. The risk reduction because we are seeing with every passing year the risk is coming down and there will be a benefit on the risk side as well.

Now if you take the cumulative effect and the risk benefit is again going to be somewhere around almost 40% lower if I take a very broad number. Now if I take a cumulative of all these numbers, we are talking about a benefit of around 8% to 9% over three years. Now what it means is that I can still deliver my ROA of upwards of 5% while reducing my revenue margin by 8% to 9%. That is where we will lead to. But we follow a slightly feedback loopist logic.

What I mean by that is we first realize the benefit and after one quarter we pass on the benefit to the customer. So, some of these benefit that I'm talking about, operating leverage, cost of funds, and risk reduction, we have to see that in our book and that causes a sense of stability to the ROA that we are trying to achieve. But broadly over the next three years, we'll continue to reduce margin while ensuring that our ROAs don't get diluted at all.

Nidhesh Jain: Sure. And last question is that, in your opening comments you mentioned that you are seeing some early signs of AI reshaping salaried profile. You also alluded to stress is building up in some segments. So, can you elaborate on that and how have you changed your underwriting model for that because you just mentioned on pin codes, but any profile changes that you have reduced or anything else that you can qualitatively call out?

Ranvir Singh: Sure. So just to tell you on the pin codes, we actually went reverse, we ended up opening up more pin codes. The commentary I was making was on the industry overall. If you look at the recent reports published by bureau, it comes out rather clearly that some of the sourcing done by for the industry, not for us, some of the sourcing done by in the last two quarters particularly is showing some signs of higher delinquency.

While in our case, it is exactly the reverse and that's the dichotomy that I was trying to point out, that all the sourcing that we have done since December 2025, they all are at a much better bounce, much better collection efficiency, much better 30+, 90+ early indicator and as you know early indicators are a good marker for what would be the eventual risk that we will see.

So just to tell you in our book, we actually see things only improving and hence we have a degree of comfort to say our credit cost will further come down. And I mentioned that we had said our credit cost will come down by 15%, we hold firmly with that, it will come down by that number.

Now talking about the specific segments where we have done tightening, including the salaried profile where AI impact may be playing out, we have seen for specific segments where there are higher proportion of people salaried people applying for our loan while in the last one or two months, we have not seen any EPFO credit in their account. So, this customer may as well be that they were salaried for a long period but they have just lost their -- maybe lost their employment.

Now we have put additional checks on that. We, needless to say, we try to identify those customers early on and ensure that we don't take undue risk here. Not only through EPFO, but through other means as well, which is account aggregator where we need to see the salary credit not on the basis of some stale data, but something which is as latest as yesterday. So that is one profile where we have shown caution.

The other profile that we have shown caution is particularly self-employed businesses, small segment again, who have actually seen more volatility in the in the credit, banking credit, may not be an indicator of income, but banking credit over a period of last six months particularly. We have been cautious; we have reduced the disbursement there.

The reason being we just find that pool as people who have been cyclically more impacted by what may be happening globally or what may be happening in India because the same pattern you don't see if you go one year back, basically from January to June, in that period they have seen reduction in the banking credit, and we have just shown a caution and we have basically tightened the underwriting there.

Last but not the least, I would say is, I think, I mentioned that in the past when one of the immediate tightening for us is whenever a customer comes, we bucket the customer into 1 to 16 bands and usually the top four bands get selected. In specific segments, we have not all, not overall, in specific segments we had tightened, and this is a initiative we did last quarter as against approving till four band, we were approving till 3.7 band.

So, there was a reduction, but even that portion we are re-evaluating and seeing whether we were being extra cautious and prudent which was not required then, but we have not released it, we may evaluate it this quarter and then take a call on whether to go back to the normal four approval.

Nidhesh Jain: Sure. Thank you, Ranvir.

Ranvir Singh: Thank you.

Moderator: Thank you very much. Next question is from Devansh Dhruv. Kindly announce your company name and proceed with your question.

Devansh Dhruv: My name is Devansh, I am from Equentis. So, I had a couple of questions. One on the LAP side. So just want to understand how are we doing there as it is a new venture for us from digital to physical. So how are we doing there, any metrics, any profitability goals that we have in our mind because a large chunk of our employee base also sits there, so just want to know how are, we doing there? That's my first question. Second question is just wanted some colour on our spread. So as our cost of borrowings will decrease and evaluate to the fact, but I just want to know will we pass on the complete benefit or we will keep some with us? That's my second question.

Ranvir Singh: Let me address the second one first because I already mentioned that but maybe this part I didn't. On the passing on the entire benefit, as I said, we pass on the benefit with a lag. Lag because after we have fully realized the benefit in our accounting book and we are firmed up on our ROAs of upwards of 5% and, you know, ROE which is upwards of 20%, then only we pass on the benefit.

For whatever reason, in a particular quarter, hypothetically speaking, if we don't see that benefit being realized to us, we don't immediately pass on the benefit. We hold on. We pass it on after a period of some time. The reason we do this is to only ensure and secure our P&L and balance sheet which continues to deliver what we have predicted. That's just to, clear, but in case if we get the benefit, we of course we pass on the benefit.

On the part around LAP business, first and foremost, we started this business almost around 2.5 years back. Lots and lots of pilots we did when we started then. Once we had built the confidence after running pilots for many-many months and quarters that now it is playing out in the way we wanted, we started scaling up. Today as I speak, we have 101 branches and we are further adding branches almost every quarter.

It contributes to 7.7% of the total AUM. We would like to believe that or rather very confident on this, the way the risk has played out, this risk will hold up well over time and not just for today. Because when we look at the risk curves, the way they are shaping up, the way the pay outs are happening, how many people are paying in DPD-5 versus how many people are paying in DPD-15 versus DPD-30, very, very high degree of conviction we run to deliver on this business in a significant manner.

Needless to say, because our personal loan book is growing at a very high rate, as I mentioned in many last many years. In fact last year, if I talk about FY26 growth rate, it was around 73%. Till now last year this quarter and around Q3 or so LAP will achieve breakeven. So there is a drag coming because of LAP business, but that drag is very much expected as part of out plan. Because you can’t build a business without having the initial drag. But after having achieved breakeven. Somewhere around Q3 of this year, it will only be delivering the desired ROE for which we started the business.

Devansh Dhruv: Great. So just a follow-up on that. So what is our ROA target for the LAP business, ROA and ROE targets? And I just want to understand the branch that we opened 2.5 years back or two years back, has that or maybe that would have achieved profitability, but how much time does a branch take to achieve breakeven and are the early buckets that we started doing the business in LAP two years back, how are they behaving, are they better than the recent buckets or how are they, just some colour on that too would be helpful.

Ranvir Singh: Okay, sure, Devansh. I think I have a good memory and I may be able to recall all your question, but let me try answering all the ones which I can recall. First and foremost, the bucket, the performance of the loan which we started long back, which is 1.5 to 2 years back and also the early bucket one, they are playing out very, very well as per our expectation.

In fact, if anything, people can say that we have been extra prudent and naturally so because this is a business we were building not only on the back of branches, but also lot of infusion of technology which is very, very unique to us.

So both the risk of book that we started around, you know, which we disbursed two years back versus what we have done now, they are holding up very, very well, right and that's the conviction that I was sharing on the risk. On the branch profitability, our branch profitability whenever we have benchmarked, we have found it better than, you know, some of the players in the market.

But part of the reason is also because 40% of my customers, greater than 40% of my customers in LAP, they are actually coming from my personal loan set of customers. So to that extent, I don't need to do sourcing. They are available 40% and that was also the strategic rationale for starting LAP because the same customers go out and take, you know, LAP loan and we should be able to serve these customers.

In terms of number of months for branch profitability, what we understand if you take an average branch, it can take 16 to 18 months. In our case, it is taking around 7 to 8 months only because of the availability of those 40% customers that I was talking about. Having said that, sorry, what was your other question on LAP business if I have not answered any?

Devansh Dhruv: ROA or ROE targets for that for next after next three years.

Ranvir Singh: Yes. So I will only give ROE target in a sense which is the build -- because in this business you of course get a higher leverage than what you will find for say PL business. The ROE for this business is also 20% plus for us. So it is not ROE dilutive, in fact it is just augmenting and building the scale and needless to say it helps us further spread our indirect or the fixed expenses, which is the other benefit that we get. So 20% plus ROE even in this business.

Devansh Dhruv: Great, great. That was quite helpful. Thanks.

Moderator: Thank you. Next question is from the line of Aditya Mundra. Kindly announce your company name and proceed with your question. Aditya kindly unmute your line and go ahead.

Aditya Mundra: Yes, so sir, I'm from Mytemple Capital. Sir, just a couple of questions. Sir, the FLDG portion of the credit cost, that I think falls part of the opex. Is my understanding correct?

Ranvir Singh: Yes.

Aditya Mundra: So sir, what would be that portion for this quarter?

Ranvir Singh: Hey, Krishnan, would you have that number?

Krishnan Vishwanathan: I don't have it exactly handy. It's not readily available right now with me, but it'll probably add about a percent or something, but I don't have it handy immediately.

Aditya Mundra: Okay. Maybe I can take that offline. But sir, the credit cost reduction that we we are saying it's reduced from 8% odd to 6% odd, that include that FLDG portion also. Am I right?

Ranvir Singh: That doesn't include the non-utilized FLDG portion is not included. The way the arrangement works is when we give the disbursement, when we do a disbursement on the off-book, we give a 5% FLDG upfront. The non-utilized part, right, which of course doesn't appear, but it appears as the capital that I have blocked, that of course doesn't appear in the overall credit cost.

Aditya Mundra: But the utilized part you have taken, which the FLDG which has been utilized, that is forming part of your opex?

Ranvir Singh: No, not the entire part. See, just to be clear, , Aditya, that part which is unutilized should not be taken first of all, right Because one has not incurred any this thing there. It's only the utilized portion that one should take.

Aditya Mundra: As part of the credit cost.

Ranvir Singh: Yes.

Aditya Mundra: Okay. But the entire thing forms part of your opex, utilized plus unutilized?

Ranvir Singh: Hey, Aditya, you are asking a very simple accounting question. Entire thing again I'm reiterating,cannot ever be part of the total opex or credit cost because it is not utilized at all, right. What will be coming is only the utilized portion. However, the point I was making is the total portion that I'm giving, which is the FLDG which I'm blocking, gets blocked. So to that extent, it reduces my capital which is available for me to give loans. So that's the distinction.

Aditya Mundra: Understood, sir. And sir, so our credit cost is lower, however our gross NPA has increased. So do we consider gross NPA total on and off-book, that is combined?

Ranvir Singh: No, so Aditya, you are asking two question, one is an accounting question, the other one is a this thing question. The first question, why the gross NPA has increased while the credit cost has come down. See, gross NPA is a function of where I do the write-off. I do the write-off for my personal book at 150-DPD.

So in gross NPA, what you will find is what is between 90-DPD and 150-DPD, but the credit cost is coming from all the provisions that I have made plus the write-off. 100% of the write-off plus all the provisions that I have made for Stage-1, Stage-2, Stage-3. The combination of both is the credit cost. It's a very normal scenario.

Now coming to the gross NPA, this is whether for the on-book or off-book, needless to say it is always only for the on-book because that's the book where we see this stage movement because for the other book, there's already an FLDG which is given. So you can't add, you know, double add that, it will just give a very skewed picture.

Aditya Mundra: Okay. And sir, just one request, can we disclose the NIM and the yield product-wise like in the quarterly presentations and what will be the NIM for this quarter?

Ranvir Singh: Krishnan, you want to address that?

Krishnan Vishwanathan: So when you say product-wise, you're talking about LAP and PL?

Aditya Mundra: Yes, which you have mentioned on the con-call, but maybe if we can include that part.

Krishnan Vishwanathan: Yes, so we will consider starting to disclose that from next quarter. Currently we are not, but the number on the on-balance sheet side is actually there where -- if you go to the presentation, see on the on-balance sheet side, the yield is at on an average if you see 32% and the spread is at about 18%, the NIM.

On the off-balance sheet side, it is not an accounting thing because see you book it as a servicing income. It doesn't appear as interest income and as a cost, right? You directly book it as a fee income, so it appears on the fee income bucket. So we don't tend to disclose the NIMs because it's the commercial arrangements are very, very distinct. It's not as easily correlatable to the way you think about NIM, so we disclose NIM only for the on-balance sheet business, which is what is mentioned there already.

Aditya Mundra: All right, sir. That's it. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. I'll now hand the conference over to the management for closing comments.

Ranvir Singh: No, nothing more to add. I have already mentioned as part of my initial speech. I would just take the opportunity to thank everybody, all the shareholders, all the partners, and all the people who have shown interest or has backed us and happy to conclude this call then.

Moderator: Thank you very much. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now leave the meeting and disconnect your lines. Thank you.