Aadhar Housing Finance Ltd
GHAR BANEGA, TOH DESH BANEGA.
Corporate Office: 8th Floor, Unit No. 802,
Natraj by Rustomjee, Junction of Western Express
Highway and M. V. Road Mumbai MH 400069 IN
Tel: 022 - 4168 9900 / 6121 3400

Date: July 31, 2025

To,	To,
BSE Limited Listing Dept. / Dept. of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. **Security Code: 544176** **Security ID : AADHARHFC**	**National Stock Exchange of India Limited** Listing Dept., Exchange Plaza, 5th Floor, Plot No. C/1, G. Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 **Symbol: AADHARHFC**

Kind Attn.: Listing Corporate Relationship Department

Sub:- Transcript of the Earnings Conference Call for the quarter ended June 30, 2025.

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our prior intimation dated July 10, 2025 please find enclosed the transcript of the Earnings Conference Call on the Financial performance of the Company for the quarter ended June 30, 2025 held on Friday, July 25, 2025:

The above information is also available on the website of the Company and can be accessed at:

https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/schedule-of-analysts-or-institutional-investors-meet-and-presentations-made-by-the-listed-entity-to-analysts-or-institutional-investors

The above is for your information, records and dissemination please.

Thanking you.
For Aadhar Housing Finance Limited

HARSHADA SHASHANK PATHAK
Digitally signed by HARSHADA SHASHANK PATHAK
Date: 2025.07.31 12:15:08 +05'30'

Aadhar Housing Finance Ltd. Mumbai

Harshada Pathak
Company Secretary and Compliance Officer
Encl.: As above

CC:- Debenture Trustees-
1. Catalyst Trusteeship Limited
2. Beacon Trusteeship Limited

"Aadhar Housing Finance Q1 FY-26 Earnings Conference Call"

July 25, 2025

MANAGEMENT: **MR. DEO SHANKAR TRIPATHI – EXECUTIVE VICE CHAIRMAN, AADHAR HOUSING FINANCE**
MR. RISHI ANAND – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, AADHAR HOUSING FINANCE
MR. RAJESH VISWANATHAN – CHIEF FINANCIAL OFFICER, AADHAR HOUSING FINANCE
MR. SANJAY MOOLCHANDANI – HEAD (FINANCIAL PLANNING), AADHAR HOUSING FINANCE

MODERATOR: **MR. RENISH – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Aadhaar Housing Finance Q1 results metrics earnings conference call hosted by ICICI Securities 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. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Renish from ICICI Securities Limited. Thank you and over to you, sir.

Renish: Thank you, Viren. Good evening, everyone and welcome to Aadhaar Housing Finance Q1 FY26 earnings call. On behalf of ICICI Securities, I would like to thank Aadhaar Management Team for giving us the opportunity to hold this call.

Today, we have with us entire top Management Team of Aadhaar represented by Mr. Deo Shankar Tripathi – Executive Vice Chairman, Mr. Rishi Anand – MD and CEO, Mr. Rajesh Viswanathan – CFO, Mr. Sanjay Moolchandani – Head, Financial Planning.

I will now hand over the call to Mr. Rishi sir for his opening remarks and then we will open the floor for Q&A. Over to you, sir.

Rishi Anand: Thank you very much, Renish. Very good evening, ladies and gentlemen. On behalf of Aadhaar Housing Finance, I extend a very warm welcome to all of you.

We are pleased to begin FY26 on a very strong and promising note. This quarter has been a continuation of our disciplined execution and strategic focus and I am proud to share that our AUM has reached an all-time high of Rs. 26,524 crores, reflecting a remarkable year-on-year growth of 22%. This achievement is more than just a number. It is a testament to the trust of our customers, the dedication of our teams, and the strength of our business fundamentals. It also reinforces our leadership position in the affordable low-income housing finance space, a sector that continues to gain relevance in India's evolving financial ecosystem. The affordable and low-income housing finance segment has seen renewed momentum over the past year, supported by proactive regulatory measures, improved credit demand, and growing aspiration of home ownership, especially among first-time and low-income buyers. These macro tailwinds have complemented on our ground efforts, enabling us to scale responsibly and sustainably.

Moving on to Aadhaar's performance for this Quarter:

As mentioned earlier, in Quarter 1 FY26, our AUM grew by 22% YOY at Rs 26,524 crores, with disbursement standing strong during the quarter at Rs 1,979 crores, reflecting a 32% YOY growth. Over the past year, even as we scale our lending operation, our focus on preserving asset quality remains unwavering. To ensure this does not get compromised, we have continued to fully concentrate on retail-secured lending with no exposures to corporates or developers. Our asset quality remains healthy, with gross NPA stable at 1.3% and collection efficiency consistently above 98%.

The portfolio continues to be well-secured, with an average loan-to-value ratio of only 59%. Notably, the salaried segment now represents 56% of our overall portfolio, reflecting our focus on stable income profiles. The average ticket size on AUM remains steady at INR 10 lakhs only. Home loan continues to form the core of our business, accounting for 73% of our AUM, while the balance 27% happens to be micro-loan against property.

As a part of our commitment to inclusive and efficient growth, we have focused on expanding into high-potential underserved regions, especially in smaller districts and talukas, through our deeper impact strategy. This targeted approach has enabled us to deepen our outreach while maintaining a lean and agile operational model. It has also helped us strike the right balance between scale and sustainability, aligning well with our long-term goals of impactful expansion and optimal resource allocation. This has helped us expand our reach pan-India through 591 branches, serving more than 3 lakh live customers across 22 states and 547 districts. Our network continues to grow in alignment with the strategy, and during this said quarter, we have added 11 new branches.

Our portfolio continues to be geographically well-diversified, with no single state contributing more than 14% of our AUM, a testament to our calibrated and disciplined risk management framework. This diversification also marks a significant milestone in our broader mission to expand access to housing finance in under-penetrated regions. It aligns closely with the government's 'Housing for All' vision and National Housing Bank's mandate to drive financial inclusion across the country. This mission has led us to the birth of our strategy of urban and emerging. We have, based on our internal classification, selected approximately 130 branches, that is, top 15 cities as urban, and the balance as emerging. We spoke about this strategy in the last call as well. The quarter in discussion was effectively our first quarter under this new strategy and we seem to be going in the right direction with broadly aligning separate focus for urban and emerging with regard to ticket size, potential, yield and manpower.

Moving on: we have mentioned in multiple intervals that for us as an organization, technology is central to how we operate and scale efficiently. Our TCS-enabled core system has helped digitize key processes across loan life cycles, improving turnaround times and customer experience. Over the past 4 years, we have built strong data capabilities, moving from basic reporting to advanced analytics. We are now leveraging AI and machine learning to enhance decision-making, strengthen governance and support future-ready operations. As FY26 takes shape, we are seeing steady improvement in the economic environment. The first quarter reflected a gradual pickup in the market sentiment, supported by RBI's rate cut, stable macro indicators and support global context.

The Affordable Housing Finance sector in India continues to be the cornerstone of inclusive economic growth, deeply aligned with countries' vision of becoming a developed nation by 2047. With urbanization projected to rise at 40% by 2030, affordable housing is emerging as a critical bridge to address the growing needs of migrant population across Tier 2 and Tier 3 cities. The sector continues to gain momentum, driven by sustained urbanization, rising demand from first-time low-income homebuyers and a consistent policy support. Additionally, government initiatives like PMAY 2.0, revival of interest subsidy scheme, a credit guarantee program and continued support for the SWAMIHFund, amongst others, will give additional boost to the segment.

A key macro development this quarter was RBI's third consecutive repo rate cut, lowering it by 50 bps to 5.5 in June 2025, which has further improved housing affordability ahead of the festive season. We remain optimistic that these combined actions will accelerate formal credit penetration and sustain growth in the affordable housing segment.

I am pleased to share that the CARE rating has revised our rating outlook upward to AA+, from the old AA. This recognition reflects our consistent loan book growth, robust capital adequacy, strong asset quality. Our collection performance remains stable and we continue to benefit from the well-diversified funding mix. These strengths, along with our strong internal controls and governance framework, have reinforced CARE's confidence in our ability to sustain both our business momentum and financial resilience over the medium term. We would also like to highlight a few important recognitions and accolades received recently. Aadhaar enters the 22nd state in the said quarter with a branch in Guwahati, Assam. We received the NBFC of the year award under PMAY affordable housing. We received the prestigious NHB excellence award for product innovation. We received the gold award from CSR times for our clinic on wheels initiative. I am also immensely proud to let the audience know that Aadhaar under its vision of empowering women colleagues has launched its first ever all-women branch in Indore and we continue to look for more opportunities across the country.

Lastly, I would want to conclude by saying that Aadhaar Housing Finance is well positioned to sustain its growth trajectory, backed by strong operational foundation, expanding reach and robust technology infrastructure. With continued policy support, a stable macro environment, and rising demand for affordable housing, we are confident in our ability to maintain leadership in the sector. As we move forward, our focus remains on creating long-term value for stakeholders while deepening our impact on underserved communities.

Now I would like to hand over to our CFO; Rajesh Viswanathan to take you all through the financial performance of the quarter.

Rajesh Viswanathan: Thank you, Rishi. Good evening, everyone and thanks for joining in late on a Friday for this call. I would like to take you through some of the financial numbers. Bear with me while I repeat some of the highlights that Rishi has pointed out.

In Quarter 1 FY26, our AUM has grown 22% on a YOY basis. Our overall borrowings as at 30th June, 2025 stood at Rs. 16,876 crores compared to Rs. 14,019 crores as at 30th June 2024. The current borrowing mix stands at 48% from banks, NHB share is 24%, NCD share is 23%, and ECB and others make up 4%.

As highlighted by Rishi, one big achievement for the company was an upgrade of our rating to AA+ by CARE during the quarter and an upgrade to a positive outlook from a stable outlook from ICRA. Our incremental borrowings for Quarter 1 FY26 stood at Rs. 1,165 crores which came in at around 8.1%.

Currently we have about 43 borrowing relationships. We have drawn Rs. 300 crores from NHB in Quarter 1 FY26. The cost of funds as we exited Quarter 1 FY26 stood at 8%. In terms of fixed and floating nature of the asset and liability side, 75% of both our assets and borrowings are floating in nature. Undrawn sanctions as at 30th June 2025 is around Rs. 1,500 crores. Liquidity as we ended Quarter 1 FY26 was Rs. 2,181 crores. The exit portfolio yield is 13.8%. In terms of spread, the exit spread was 5.8%. Overall NIMS for Quarter 1 FY26 was 8.8%.

Our cost to income ratio where we had seen more than 100bps improvement in last financial year, happy to state that we have managed to even drop it further in the current quarter and compared on a Y-on-Y basis, the Quarter 1 FY26 cost to income has come in at 36.1% compared to 36.7% in Quarter 1 FY25.

GNPA 1.34% compared to 1.31% in Quarter 1 FY25. Capital adequacy as at end of 30th June 2025 stood at 44.1% Tier 1 and 0.5% Tier 2. Last but not least, for the first quarter FY26, the PAT came in at Rs. 237 crores compared to Rs. 200 crores in Quarter 1 FY25 rendering a 19% growth on a Y-on-Y basis.

With that, we can open up for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Varun from Kotak Securities. Please go ahead.

Varun: Hi, sir. Thanks for the opportunity and congrats on a good set of numbers. With regard to the seasonality that you just mentioned, that the stages between 4Q and 1Q this quarter appear to be a bit higher than what it was last year in the same period. Are you seeing any heightened stress that is localized like any way in some particular region, state or in particular cohort of customers that you see the stress peeking out or is it a broad-based thing? And the second question is with regard to the repayment rate. Calculated repayment rate appears to be low at about 15%. Is this just some seasonal effect here as well or are you seeing lower BT-outs, which is a bit surprising because players have called out higher competition? So, can you just call out the BT-out rate as well? Thanks. Those are my questions.

Rishi Anand: Great. Varun, thank you so much for your questions. So, Varun, part one of your question was with regard to the stress. If I look at our numbers on Quarter 1 YOY basis, we were GNPA of 1.31% moving to 1.34%. So, I would not say that there is any movement. It is more flattish and it is actually seasonality effect. Are we seeing any impact on any region, state, etc.? I would say no because our portfolio remains to be constant. The second part I will hand over to Rajesh.

Rajesh Viswanathan: In terms of asset rundown, you are right. The BT-out has come in at 5.3% for this quarter. Typically, in our business, we have seen that BT-out actually spikes in Quarter 4 when there is very high competition. So, 5.3% was for this quarter and just to put it in context, Quarter 1 FY25 last year was around 5.9%. So, 5.3% versus 5.9% same time last year.

Varun: Thank you.

Moderator: The next question is from the line of Manan Tijoriwala from ICICI Prudential. Please go ahead.

Manan Tijoriwala: Just in light of some of your larger peers giving some commentary on MSME being stressed, just wanted to understand if there is any colour that you can provide on the same and how do you see the credit cost for this year, for the full year and how should it trend across the quarters? That is the first question.

Rishi Anand: Hi Manan, MSME, we will have to look at what our portfolio is. Our portfolio is actually not the MSME portfolio. We do micro loan against property which is about 25% of my portfolio. Are we seeing any stress? No, we are not seeing any stress. Our bounce rates on a YOY basis are steady state, exactly same I would say. Our GNPAs and delinquencies are same if I do a data cut on specifically on the loan against property that I do. So, good news is that we are not seeing any stress on that portfolio.

Rajesh Viswanathan: And Manan, on the credit cost, typically if you look at it last time also, we had ended up with a credit cost of approximately Rs. 57 or 58 crores for the whole year and approximately Rs. 19-20 crores had come in Quarter 1 and approximately if you take Quarter 1 and Quarter 2, H1 put together, it was about Rs. 35-36 crores. So, in that sense, I think if you look at the slight growth that we have in the AUM, I think it will be better to extrapolate the Rs. 57 crores. So, we believe that overall credit cost for the whole year will be tending in the range of about 25-27 bps. In terms of current quarter, obviously, because of seasonality, it looks high at 40 bps odd, but we believe that we should be able to hold it between a range of about 25-27 bps as we exit the year.

Manan Tijoriwala: So, basically, the operating environment is not materially different from what it was in the last year. That's what you think?

Rishi Anand: No, I agree with your point. It is not different at all in fact. In fact, it's better. If you look at the numbers that we spoke about incrementally, the growth numbers, etc., it's kind of better. But from a pure asset quality perspective, it remains steady state.

Manan Tijoriwala: Right, fair enough. So, could you give us some colour on the average ticket size that you have between home loans and LAP segment?

Rishi Anand: So, our home loan ticket size on disbursement , is 15.7 lakhs and non-home loans, (micro–LAP) is about 9 lakhs. Total average at the company level incrementally is 12.7 lakhs. And on AUM, I indicated it is 10 lakhs on AUM.

Manan Tijoriwala: Okay, fair enough. And could you explain how we should think about the spreads going on, on a quarter-on-quarter basis for the year?

Rajesh Viswanathan: Yes, I think we have seen some benefits that has come in the current quarter on account of a drop in the cost of funds for us. We will be assessing as banks start passing on MCLR, we believe that should happen somewhere in Quarter 2 and Quarter 3. And since a percentage of our book is floating, we will also be obliged to pass it on to our borrowers. So, the way of looking at spreads over here is currently we are at 5.8%. We were about 5.7% as we exited the last year. So, the exit spread was 5.7% March 25, 5.8% Quarter 1 FY26. So, it should be there about in the same range of 5.7% as we look ahead here.

Manan Tijoriwala: Sure. And could you talk about how the disbursements are picking up under the PMAY scheme?

Rishi Anand: So, see Manan, I explained last time also, I would not say disbursements are picking up because of PMAY. Disbursement comes and then it goes to the regulator to tag it as PMAY. So, it's the other way around. But having said that, we were fortunate enough to be the first ones to draw down subsidies for our consumers under the PMAY 2.0. And our customers, the first set of customers were called by the regulator, and they were given out letters. As we stand today, close to about Rs. 10 crores of subsidy is already disbursed to our consumers and the journey continues.

Manan Tijoriwala: Right. Fair enough. And any guidance on growth for this year?

Rishi Anand: Yes, I will give you. But coincidentally on PMAY, we get the data of the industry. We happen to be the number one leading player on PMAY subsidy. On growth guidance, we continue to maintain our growth guidance of generally at around 20%-22% of AUM, 18%-20% on disbursement.

Manan Tijoriwala: Right, fair enough. That's all from my side, sir. Thank you.

Rishi Anand: Thank you so much, Manan.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Alfaccurate Advisors Private Limited. Please go ahead.

Abhishek Jain: Thanks for the opportunity and congrats for a strong set of numbers. My first question on the AUM growth, you have guided around 21% AUM growth in FY26. So, which are the key states which will drive this growth and how much will it be sustainable?

Rishi Anand: So, Abhishek, it is not fair on my part to say particular state will drive more growth and you will have to go back to my statement saying that we are now driving urban and emerging, right. So, in this particular year, emerging will give me slightly higher growth than my urban locations. Urban locations are steady state, we are not adding more branches, etc. It is the focus is more towards emerging. A combination of both will give us the desired 18%-20% % average growth that we are talking about.

Abhishek Jain: And how is the BT-out trends across the urban versus emerging branches? Where is the state more visible, urban or emerging?

Rishi Anand: So generally, while I don't have the data cut right away, but generally urban will have a slightly higher BT-out rate.

Abhishek Jain: Okay.

Rishi Anand: And I will ask Sanjay to come back to you on that urban emerging data.

Abhishek Jain: Okay. And my last question on that, many peer companies are indicating that they have a lot of the competitions on the prime segment. So just wanted to understand that how is the growth potential and the risk reward dynamics of the prime housing segment versus the affordable segment at this point of time.

Rishi Anand: Abhishek, I don't think it will be fair on my part to comment on prime because we are not a prime player at all. We are in the bottom of the pyramid which is affordable. So affordable, whatever you talk about competition, you talk about people operating in the affordable space, they continue to be the same set of people. And all of us are expanding reach and growth. So prime, I will not be able to comment too much.

Abhishek Jain: Okay, sir. Thank you.

Rishi Anand: Thank you so much, Abhishek.

Moderator: Thank you. The next question is from the line of Nidhesh from Investec. Please go ahead.

Nidhesh: Thanks for the opportunity, sir and congratulations for a good set of numbers. The first question is, can you share 1 plus DPD data at the end of the quarter?

Rishi Anand: S 1 plus for us, end of quarter in question is 7.1%.

Nidhesh: And how is the trend in this number? Is it stable YOY?

Rishi Anand: I would say I would say it is exactly same as we've been talking about, seasonality impact in Quarter 1. YOY, we were close to about 6.2%-6.4% in a YOY basis, we are 7.2%. But currently under control.

Nidhesh: And if you can also share the sourcing mix in terms of connectors and own employee, that would also be useful.

Rishi Anand: Sure, Nidhesh. So Q1, the direct mix has jumped from 57%-58% to 61%. And the balance is DSA.

Nidhesh: Okay. That's quite good. Thank you.

Rishi Anand: Our emerging strategy starts to play around. The proportion of direct mix will slightly start inching up.

Nidhesh: What is the definition of emerging?

Rishi Anand: We have not gone by a scientific definition of emerging. As I indicated in my opening call, that, we have internally said that top 15 cities of the country, which contributes close to about 132 branches and the top 15 cities will be top metros are all urban for me and rest balance India is emerging for me. And if I can give you a few examples, if that helps, let us pick up APTL. In APTL, Andhra Pradesh, Telangana, Hyderabad would be urban, Wanaparthy and Kurnool will be emerging for me. If I pick up Rajasthan as an example, then Kota would be urban, Jaipur would be urban, but Bundi, Deoli, Bhilwara will be emerging for me. And in emerging, I have three categories A,B,C. So, they are accordingly divided based on potential and what kind of spreads that I can derive from that location.

Nidhesh: Top 130 cities are urban and rest of them are emerging.

Rishi Anand: Not 130 cities, 130 branches, 15 cities.

Nidhesh: 15 cities.

Rishi Anand: That's right Nidhesh.

Nidhesh: And the last question is, what are the plans to add branches this year?

Rishi Anand: As we indicated in the beginning of the year, also, we will keep adding about 50 to 60 branches year-on-year basis. And we are on track, we have already in Quarter 1 launched 11 new branches, including one new state which is Assam. Nidhesh, I would want to add here in the branches, when I say 50 branches, 15 branches will be an urban location and about 35 branches will be in emerging locations.

Nidhesh: That's it from my side. Thank you.

Rishi Anand: Thank you, Nidhesh.

Moderator: Thank you. The next question is from the line of Sanket Cheddha from DAM Capital. Please go ahead.

Sanket: Yes, so this is Sanket here. Sir congrats on good chart of numbers and particularly on the 30 plus DPD, which has stayed steady quarter-on-quarter. Just wanted to understand within that, say, Stage-3 has moved up by 31 bps and Stage-2 has come down by similar quantum. So apart from usual Q1 specific pinch up, were there any specific accounts which have moved to Stage-2 to Stage-3? Just wanted to understand better on that. Sorry, if you have already alluded on earlier.

Rajesh Viswanathan: We think the flow from Stage-2 to Stage-3 is a normal phenomenon which has happened during the quarter. And so, whatever was in opening Stage-2 during the quarter may have slipped into a Stage-3. And hopefully during the year, we will be working on this and getting it out of NPA. That is the normal process which we run with. So, this is a pure seasonality where Stage-2 flows to Stage-3. And then typically what happens is once it flows into Stage-3, it also allows us to start SARFAESI action on the customer.

Rishi Anand: So generally, that is what you see when we say seasonality, it's a very broad-based word. What we do is some accounts are allowed to be flowed in Quarter 1 so that you can go ahead and start doing your legal process, which is typically called SARFAESI. And that can happen only when the account flows to (+90). These will be typical sticky accounts, as we call them, who continuously are delinquent, then they try to be only in 60 or 90 buckets. Such accounts generally would flow. And that's the seasonality we talked about. And then we do SARFAESI, which is a six months process. And then you start seeing downward trend on NPAs.

Sanket: Sure, sir perfect. And since you indicated that maybe the SME or MSME specific thing would not be, say that in our case, we operate in a different segment, do we expect this 5% 30 plus DPD as a pool to sustain and not go beyond that maybe throughout the year or you expect it to come down?

Rishi Anand: No, we definitely expect it to come down, Sanket, because if you look at on a FY basis also, we have always been in the range of about 3.5% to 4%. So, we are today about 4.65% with the effort that goes around the next nine months, it is bound to come down.

Sanket: Okay, sure, that answers my question. Thanks a lot.

Rishi Anand: Thank you, Sanket.

Moderator: Thank you. The next question is from the line of Yash from Citigroup. Please go ahead.

Yash: Hi, sir. Thanks for taking my question. Sir, one question on this differentiated strategy on urban and emerging locations since this is the first quarter. So how different is the underwriting infrastructure in both? And since we believe that we could extract benefit on the growth side from emerging, would this differentiated strategy also lead to help us extract benefits from asset quality as well, by focusing solely on emerging?

Rishi Anand: Yash, when it comes to the back-end functions, which is underwriting operations, collections, technical visit to the property, everything remains common for urban and emerging. As earlier indicated, we have a hybrid underwriting mechanism, all the salaried profiles are underwritten centrally at something called regional processing centers, whether it is for urban or emerging that happens for both urban and emerging, it is the same process. The self-employed consumers are underwritten from the branch network, and it continues for urban as well as emerging. So, the underwriting standards, underwriting process, even operation process, technical process, everything remains common. As far as leveraging the emerging, yes, when you focus more on certain locations, your asset quality, one is growth is bound to come in and asset quality is bound to improve. So that's what I think the agenda of the company is to realign our focus today, as I indicated to the first person we spoke to, 55% of my incremental business was coming from urban and the intent is to change this to 55% from emerging.

Yash: And the second is on this MFI exposure related customers, which you had shared last time as well, which I believe had dropped to around 7000 customers. So, any meaningful impact—obviously, it is in 1Q but any meaningful impact we saw from Tamil Nadu, Karnataka as well?

Rishi Anand: Not specific to Tamil Nadu, Karnataka, the number of customers remain more or less same 7077 customers. Delinquent broadly has dropped to about 2000 customers from 2600 customers it dropped to about 2100 customers and NPAs out of each and delinquency across the bucket, NPAs will be around close to about 550 customers. So, I would say there is a slight improvement rather than deterioration.

Yash: Okay, slight improvement in the sort of this MFI-led customers.

Rishi Anand: Performance of the MFI exposed customers. Yes. And nothing very specific in Karnataka and Tamil Nadu.

Yash: Got it. And lastly, sir, if you could just share the incremental yield in 1Q.

Rishi Anand: The incremental yield stands at 13.45%.

Yash: So, it's slightly dropped from 13.55, is it?

Rishi Anand: No, it was 13.5, which is a full year. So, 13.43, more or less there.

Yash: Okay, got it. Thank you, sir. That's it from me.

Rishi Anand: Thank you, Yash.

Moderator: Thank you. The next question is from the line of Lalitabh from Antique Stock Broking. Please go ahead.

Lalitabh: Yes, hello, sir. Thanks for giving the opportunity and congratulations on your results. Two brief questions. Your gross Stage-3, if I see as a percentage, has actually improved on a sequential basis. Generally, it is seen that there is some seasonality impact in the first quarter, which is not visible this time. So, one thing that could be that, the book is behaving really well or is there some kind of a spillover or late spillover of that aspect that can be seen in Q2? Just your thoughts on that. And secondly, overall, our self-employed LAP category loans, particularly, are you seeing any change in the environment or have you done any changes in your credit tightening or things like that? How are you reading the situation, sir? Thank you.

Rishi Anand: Thank you, Lalitabh. I will answer your second question first. As I indicated, we are not MSME LAP consumers because our ticket size remains very-very small. We are incrementally only 9 lakh ticket size on the book is about 7.8 lakhs. So, we do micro loan against property. No stress observed on even on a YOY basis and even on a sequential basis, our bounce rates, our NPAs, our delinquency remains steady state. Hence, we don't want to change our approach, whether on underwriting or on property. One thing I would want to add is close to about 95% of our consumers in LAP are self-occupied residential property. The only change that we have done in approach recently is we wanted to take only residential properties which will mean that new incremental business will be 100% residential property. But that is only temporarily we have taken that decision, but we will continue to focus only on micro-LAP.

Rajesh Viswanathan: And on the first part of your question, the seasonality that we keep talking about is a comparison of as we end year end, which is March '25 versus June '25. So, March '25, when we ended, our NPA on AUM was around 1.05% which has moved to 1.34%. And this is the movement of anywhere between 25 to 30 bps which is always visible between Quarter 4 and Quarter 1 of the next year. And that is a seasonality impact, which basically stems down during the year and as we end the year, again, we probably go back to the 1.10% type level.

Lalitabh: Yes, sir. Thanks a lot.

Moderator: Thank you. The next question is from the line of Faraz Motani from Paragon Partners.

Faraz Motani: Hi, thank you so much for the opportunity. I have a couple of questions on geographical expansion. So, I see that we have entered a new state in the northeastern region Assam. The first question is that, is this more of a pilot expansion wherein we are opening a couple of branches or is this a full-blown expansion by opening say x done a state and potentially other adjoining states? Second question, on the similar lines, is that what kind of competition are you seeing in our Affordable Housing Finance products, maybe from other ASFCs that are already present in those states?

Rishi Anand: Okay, great. Thank you, Faraz, for asking those questions. So, when it comes to geo-expansion, when it comes to new states, the strategy is very clear. First is we identified the relevant cities where we can go and open branches. So, we identified a step one, Guwahati in Assam. Given the geopolitical dynamics that operate around the northeast states, we have not wanted to go full blown, but we have identified four or five branches or cities which make business sense to be in and we will take calibrated steps as we move ahead. Right now, it is going to be Guwahati. We are going to be settling down in Guwahati, understanding the dynamics of northeastern states and then expand there on in relevant cities. Your second question was with regards to competition. As I said in one of the discussions a little while ago, we are not seeing any fierce competition because the number of players broadly remain the same. There is little more than opportunity available in the market. We are all operating in the same market. We have created our own niche, but we happen to be—as in the opening statement I said, we happen to be—the largest in terms of AUM, largest in terms of incremental disbursement, largest in terms of our distribution network in the segment that we operate.

Faraz Motani: Got it. Thank you.

Rishi Anand: Thank you, Faraz.

Moderator: Thank you. The next question is from the line of Darshan Deora from Indvest Group. Please go ahead.

Darshan Deora: Thank you for the opportunity. Just a question on the ROA and ROE. Can you give some guidance on what we plan to achieve in terms of ROA-ROE for FY26 and also what would be our aspirational ROE for this business?

Rajesh Viswanathan: I will come to aspirational. I think we will be targeting an ROA in the range of about 4.2% to 4.3% as we exit current financial year. 4% is obviously because of the credit cost which gets baked in in Quarter 1. See, aspirationally, if you look at the way the business is, this is more of not a long-term guidance, but more of the way the math stacks up is that if you look at the way the ROA and ROE will happen is that 2 years back, we delivered ROA in between 4.2% to 4.3%, which also translated to around 18% ROE. So, to be very honest, on a long-term sustainable basis, that is the sort of ROE that we would like to hit. Whether it's going to happen in 2 or 3 years, I don't want to comment on that. But typically, anywhere between a 4.2% ROA and anywhere between a 17% and 18% ROE is a good sort of a math for the business that we run. Current year, we would like to end between 4.2% to 4.3% ROA.

Darshan Deora: Got it. And the second question I had was regarding the loan book. What percentage of our loan book would be self-construction where the customer, the applicant is self-constructing his home vis-à-vis purchasing a ready flat or either resale or build a flat?

Rishi Anand: Darshan, I will give you the complete breakup. So, self-construction happens to be 25%, purchase of ready-built property is about 43%. P plus C, purchasing a plot and constructing thereon is about 7% and the balance is micro-loan against property.

Darshan Deora: Okay. All right. Appreciate that. Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Dixit Shah from AS Capital. Please go ahead.

Dixit Shah: Yes. So, my question was firstly with respect to a statistical one. What is that of the total AUM, individual housing loan book as a percentage of the number?

Rishi Anand: You want pure home loan, right?

Dixit Shah: Individual housing loan.

Rishi Anand: Individual housing is 73% and the balance happens to be loan against property.

Dixit Shah: Understood. Now, coming to a question with respect to the strategy. So, with respect to urban and emerging strategy that we have, what will be the approximate rate differential with respect to the yields that we could see that an emerging location will have over your urban location?

Rishi Anand: So, if I can indicatively tell you, urban typically gives about 12%-12.5% incremental yield. Your emerging will range between 14.5% up to 16%.

Dixit Shah: 14.5% to 16%, understood.

Rishi Anand: That's right.

Dixit Shah: And with respect to a question on our underwriting. So, typically with respect to we heard in con-call of one of our peers, not exactly in the segment that we have, but the peer that is more focused in the southern region, they had categorically called out that they are seeing a little bit of a slowdown specifically in the sub 20 lakhs segment of the ticket size. They are not seeing enough demand or the PMAY 2.0 has not seen as euphoric as the demand and that was seen in PMAY 1.0. What is your sense in that space with respect to in the southern markets? Because from the data that I have seen with respect to your, in the southern region, you are a good player and a leading in some of the states. So, what is the sense of the competition in that segment? And how would you look at the demand environment in that region for that segment?

Rishi Anand: Dixit, yes, you are right. We happen to be a relevant player in the southern market as well. In fact, one of the largest markets in the top three markets is Andhra Pradesh, Telangana. And while he was making the statement, I was thinking, I don't know why this statement has come in the industry that there is a slowdown. There seems to be no slowdown. In fact, our Quarter 1 numbers have moved positively across the southern states. So, I don't see any slowdown happening there. I missed the second part of your question, but we don't see any slowdown.

Dixit Shah: So, with respect to the, how was the credit culture because of the MFI ordinance in the state of Karnataka, the Telangana also having a few bills being passed. So, is there any materially different credit behavior because some of the players were saying that they are seeing a bit of a spillover impact in their books?

Rishi Anand: No. So, if I can give you a top five states in best credit culture, out of the top five states, two states are from south, which is Andhra Pradesh, Telangana and Tamil Nadu. Again, I fail to understand why people are making such statements. These are good states. I think this is eliminating from the fact that the MFI issue and which happened in the ordinance that was passed in Karnataka and Tamil Nadu. Fortunately for us, we had a secured loan product. So, we are seeing no impact. In fact, these are pristine locations.

Dixit Shah: Understood. And just a final one, what would we look at with respect to branch addition with respect to a long term, 50 to 60 branches that you had said, will that be steady state like for 2-3 years or this is like year by year you might revisit and then...

Rishi Anand: No, so when we say 50 to 60 branches year-on-year, this is for 3 years from now and we will keep adding 50 branches year-on-year.

Dixit Shah: So, probably by FY28, it would be around (+700) branches.

Rishi Anand: 750 branches.

Dixit Shah: Thank you very much.

Rishi Anand: Thank you so much Dixit.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Rajesh Viswanathan: On behalf of the Aadhaar management, thanks a lot to all the participants on this call for taking time out on a Friday evening and joining the call. I am sure that this has been a very eventful quarter for the company and hope we have similar results to share with you in the forthcoming quarters of the current financial year. Thank you and good evening.

Moderator: On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.