

November 7, 2025

The Manager, Listing Department, BSE Limited ("BSE"), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. BSE Scrip Code: 532636	The Manager, Listing Department, The National Stock Exchange of India Limited ("NSE"), Exchange Plaza, 5th Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. NSE Symbol: IIFL
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Sub: - Earnings conference call transcript

Dear Sir/Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and further to our earlier intimation regarding the earnings conference call for the quarter ended September 30, 2025, please find annexed herewith transcript of the said earnings conference call which was held on October 31, 2025.

The same is also made available on the website of the Company i.e. <https://www.iifl.com/iifl-finance/financial>

Further, we hereby confirm that no unpublished price sensitive information was shared or discussed during the said earnings conference call.

Kindly take the same on record and oblige.

Thanking You,

For IIFL Finance Limited

Samrat Sanyal
Company Secretary & Compliance Officer
ACS – 13863
Email ID: csteam@iifl.com
Place: Mumbai

Encl: as above

CC:
India International Exchange (IFSC) Limited
The Signature, Building No. 13B, GIFT SEZ,
GIFT City, Gandhinagar, Gujarat - 382355



**“IIFL Finance Limited
Q2 FY '26 Earnings Conference Call”**

October 31, 2025



**MANAGEMENT: MR. NIRMAL JAIN –MANAGING DIRECTOR, IIFL
FINANCE LIMITED
MR. GIRISH KOUSGI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, IIFL HOME FINANCE
LIMITED
MR. VENKATESH N – MANAGING DIRECTOR, IIFL
SAMASTA FINANCE LIMITED
MR. KAPISH JAIN –CHIEF FINANCIAL OFFICER, IIFL
FINANCE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to IIFL Finance Limited Q2 FY '26 Earnings Conference Call.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kapish Jain from IIFL Finance Limited. Thank you and over to you, Mr. Jain.

Kapish Jain: This is Kapish Jain. I am the Group CFO at IIFL Finance. Ladies and gentlemen, thank you very much for joining this call. This is about the Quarter 2 results for fiscal FY '25-26.

On the call, I am joined by Mr. Nirmal Jain – our Founder and Promoter and MD for the group and the company. I am very happy to also introduce Mr. Girish Kousgi, who joins us as the MD and CEO for IIFL Home Finance. We also have Venkatesh on the call. Venkatesh, as you know, is our MD for the IIFL Samasta Finance. So, on this call, we will talk to you about our results for Quarter 2.

And before I talk in detail on the number, I hand over to Nirmal to just give you a quick update on our business progress and the strategy for the fiscal.

Nirmal Jain: Thanks, Kapish. Good afternoon, everyone and thank you for joining us. Maybe I will just share my thoughts about the global macro and our company's strategy.

So, globally, growth events are uneven amid inflation and geopolitical tension, but India continues to stand out with strong domestic demand and discipline policies. The RBI has maintained stability with manageable inflation and improved liquidity, while the government's focus on MSME, housing and digital infrastructure continues to create opportunities for formal lenders like us. Again, this backdrop, Q2 was a quarter of renewed momentum for IIFL Finance. Our gold loan business has fully normalized post-embargo and reached a record AUM in the last quarter. The MSME focus continues to be on our secured portfolio now which is scaling up well with AI-driven underwriting and strong co-lending partnerships.

In Housing Finance, our growth has been cautious given leadership changes and a sharper focus on collection, particularly in micro-LAP portfolio. And we are delighted to welcome Mr. Girish Kousgi as the new CEO of IIFL Home Finance. His vast experience in Housing Finance and retail lending brings renewed leadership energy and strategic direction at an important stage of our growth journey in the Housing Finance company.

About guidance for loan losses and provisions, we expect lower loan losses and provisions in the second half and we are trying to analyze the data more and in our presentation you will find that the discontinued businesses of micro-LAP and unsecured digital loans, which are our 2% of

portfolio each and have been skewing the loan losses provision, particularly in the first half, have been identified. They are now contained. Both these products have been discontinued and we expect in our home loan and gold loan, LLP to continue at 1.3% and 0.4% and about 2%-2.5% in our continuing secured LAP and unsecured business loan, which is in line with the trend in the last few quarters, whereas in the discontinued businesses and also in MFI, in the second half it would be about 8%. On a weighted average basis, we may have second half loan losses provision around 2.2%-2.4% and that coupled with 3.5% in the first half will give us full year loan losses provisions that what we expect to be between 2.8%-3%. In the second half, we expect disbursement movement to gather pace, particularly in home loans and LAP. And I think gold loans will continue to grow strongly.

Our balance sheet remain strong. On a consolidated basis, our computed capital adequacy is 28.2%. Liquidity for the group was above Rs. 8,000 crores. Our net gearing is 3.6x and provision coverage ratio was 90%, which is producing as well for sustainable and high quality growth.

With this now, I hand it over to Kapish – our CFO for the detailed financial commentary on our quarterly performance. Thank you.

Kapish Jain:

Thank you. Thanks a lot, Nirmal. So, some of the numbers that was highlighted by Nirmal, but I was just to go into further details. For Quarter 2, our IIFL Finance profit after tax before non-controlling interest was Rs. 418 crores, which moved up by 52% on a quarter-on-quarter basis, led by the growth that we have seen in the gold finance business. We recorded pre-provision operating profit of Rs. 1,033 crores, which is up 38% by Y-o-Y, and up 23% on a quarter-on-quarter basis.

For the quarter, ladies and gentlemen, our consolidated AUM grew by 35%, and it is at 90,122 Cr. It records a 7% quarter-on-quarter growth. This is driven by gold loans, which crossed, as Nirmal mentioned, a historical high of 34,577 Cr. And together, has been our stated intent, our home loan and gold now together constitute around 74% of the total AUM. If I further dissect this AUM, the other businesses on the core product side, comprising home, gold, MSME and micro, is up 37% Y-o-Y, and they aggregate 88,477 Cr, which form 98% of our total AUM, being largely retail.

Our gross NPA has shown marginal improvement. It is around 2.1%, and our net NPA is 1.0. Both are down by 21 basis points, 11 basis points on a quarter-on-quarter basis. The company maintains a very cautious status on the MSME and MFI business, and their focus has largely been on recovery and collection. This is also resulting into the fact on our guidance for the credit cost, which is expected to go down in second quarter and Quarter 3 and 4 of this particular fiscal. The assigned loan book, since we have been assigning our portfolio and we have got very healthy traction with banks, our assigned loan books now comprises around 34% of the overall AUM, off book primarily. Assigned book is standing at 18,607 Cr, which recorded a growth of 33% on a Y-o-Y basis and 24% on quarter-on-quarter basis.

The co-lending book also has improved sharply at 11,848 Cr, up 40% Y-o-Y. The quarterly average cost of borrowing, it has gone down by 7% on a Q-on-Q basis. It is up 23% on a Y-o-Y basis. Heavy liquidity has been maintained at around Rs. 8,174 crores, and the ALM has always been maxed across pockets and buckets, with net gaining at around 3.6x. Our analyzed ROE for the quarter stands at 11.9%, and ROE is around 2.2%. So, our basic earnings per share for the quarter is around 8.9. Our capital adequacy is far higher than the regulatory requirements. We stand at around 18.6 for the NBFC. For HFC, it is 46.2%, and for Samasta it is 33.4%, much higher than the regulatory requirement of 15, led by the off-book strategy that we have with our bank partners. Key highlight for this quarter is, as I have already mentioned, that Mr. Girish Kousgi has joined us as MD and CEO in the Housing Finance company and we also have a good news that we got a rating outlook change from Fitch for our international rating from stable to positive.

With this, I come to the end of my submission and would open the floor for question and answer.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Subhranshu Mishra with PhillipCapital. Please go ahead.

Subhranshu Mishra: Hi, thank you for the opportunity. So, three questions. The first part is on gold loans. Congratulations on that strong growth. How do we look at the gold loan momentum going forward? If one can give Y-o-Y or a Q-o-Q guidance for the next 3-4 quarters, first? Second is, in terms of home loans, especially affordable home loans, what kind of growth are we baking in for the next 2 odd years? And which all geographies will drive this particular growth? The third is on IIFL Samasta. Bihar is ballpark about 22% of the portfolio. What would be the IIFL Samasta plus 4 lenders as a proportion there? And what kind of par zero numbers are we seeing in the Bihar portfolio? Thanks.

Nirmal Jain: Sorry. Can you repeat the last part of the 22%?

Subhranshu Mishra: So, Bihar is 22% book. So, what is the IIFL plus 4 lenders in Bihar? And what is the par zero numbers in Bihar in IIFL Samasta's book?

Nirmal Jain: Thank you, Subhranshu. So, in gold loan momentum is very strong. It is very difficult to give any guidance in terms of percentage growth because what we have seen in the first half that growth has been significantly higher than probably what we expected. And it is also a function of gold prices. So, at this point in time, I think I probably will refrain from giving any guidance. Only thing is that the momentum is strong as you have seen in the first half. It might taper off a little bit or might continue, but it is going to be strong. As far as our home loan is concerned, I think our trajectory for growth has been around 15%-18% on Y-o-Y basis. As I said that the first 2 quarters have been a little cautious for multiple reasons and now Girish has taken charge as a new leader. And he has tremendous experience and I think we should be able to deliver anywhere from 15%-18% loan AUM growth in the home loan portfolio in the second half. Microfinance, Venkatesh, are you there on line?

Venkatesh N: Yes, I am.

Nirmal Jain: Can you take this question, please?

Venkatesh N: Yes. In Bihar, we have the first one to implement the guardrails. So, if you look at the plus 4, it is less than around 5% now. And this penetrates to all the older books which we have prior to the guardrails, actually. So, you had a second part to this question?

Subranshu Mishra: What is the par zero number in Bihar?

Venkatesh N: We are at a collection percentage of close to around 99% in Bihar.

Subranshu Mishra: Current bucket, right? What are the arrears there?

Venkatesh N: Our arrears would be close to around 6% actually in Bihar.

Subranshu Mishra: Understood. Sure. Thank you so much. I will come back in the queue. Best of luck.

Moderator: Thank you. Next question comes from the line of Abhijit Tibrewal with Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Yes. Good afternoon, sir. Thank you for taking my question. Firstly, what I wanted to understand is other than goal loans, when I look at our MSME business, if I look at the other LAP that we call out, which is excluding the micro-LAP or whether I look at the unsecured businesses that we call out, excluding the digital and MFI sourced unsecured business loans which we have discontinued, even there we are seeing that asset quality kind of continues to deteriorate. So, I am just trying to understand was it a bad origination or are you seeing that overall at the industrial level unsecured business loans are still going through a little bit of a weather? And sir, I just wanted to add what is exactly happening in the LAP segment today. We have seen very strong growth across the industry in LAP, but at the same time, in this quarter as well, we have reported a deterioration in asset quality in the other LAP segment. So, if you could just help us understand that?

Nirmal Jain: We are reorienting these businesses and there is a legacy of this business where the micro-LAP business basically was a cross-sell product to the microfinance customer and that is where. When you are seeing the deterioration, one caveat there is that the denominator is shrinking because we discontinued further disbursement. So, now on a small base, the percentages might look a little worse, because obviously, the base is shrinking and we are trying to sort out and when the business is discontinued, obviously these kind of things will happen. But even in the continuing businesses, as we say that we should be prepared for 2.5%-3%, particularly in unsecured business, maybe around 3%-4%. And this book is maturing and probably at a mature level, we are seeing the full impact of what is it going to be likely to be. Also, we are trying to strengthen our collection, there have been a few challenges in the last quarter and so we hired, we made some changes in the leadership and also we implemented certain more agencies and a better

clear structure and that should improve our collection efficiency in these segments going ahead. Now, when you talk about LAP, it is a very heterogeneous product from Rs. 50,000 to Rs. 50 crores can be LAP and the yield also varies and also the demographics and the customer segment can vary. Historically, we were doing this business, as I said, as a cross-sell product and in case of microfinance, what used to happen is that if the customer has done two cycles well as a group, then they usually, probably we will try to give them unsecured or LAP products. Unfortunately, this guardrails hit actually the larger customers more. The new guardrails which came last year, is it July '23, right. Now, but I think that impact is taken and going forward, things will get better.

Abhijit Tibrewal: Got it, sir. Sir, just a related question. Have we done any ARC transactions in this quarter? If not, any plans of doing ARC transactions, particularly in these two segments where NPAs are elevated in the second half?

Nirmal Jain: In digital segment, we have not done, but in home loan, we have done a small ARC transaction and in digital segment, we will see how much we can do. In this small loan, our collection has to be done by us only. So, we have to really evaluate whether ARC transaction makes sense but next quarter probably we will look at some ARC transactions which we will let you know after the quarter.

Abhijit Tibrewal: Got it, sir. And sir, was there any one-off in your operating expenses in the standalone entity this time around? Or is it more in the nature of strong gold loan growth leading to higher incentives?

Nirmal Jain: Yes, so in gold loan, actually the competition has become intense and I think quite a few players have gotten and they have obviously kind of poached people from established players like us. So, there has been bonus and incentive and actually many of our gold loan employees who have been loyal long-term employees, last year they suffered because last year, with the RBI embargo, the business did not do well and the incentives and bonuses were lesser. So, we have given salary and increment and bonuses in the last quarter primarily to gold loan employees.

Abhijit Tibrewal: Got it, sir. And sir, then the last question that I had is, this quarter, again, I am not comparing a Y-o-Y, but Q-o-Q, we have seen some slowdown in co-lending. Was it to do with these co-lending guidelines that come out and things have been reworked? Is that the case?

Nirmal Jain: So, actually, there are new co-lending guidelines, CLM-1 and industry is also seeking some more clarification from the banks about the weighted average rate, how will it work? And people also, there are many banks actually, they are just putting their systems and technology in place and in the interim, they have put the co-lending thing on hold, but there is tremendous excitement and also, I think banks as well as the NBFCs, both are keen to continue this with the new guidelines which come in effect from 1st Jan. So, I think we will see momentum in this from the next quarter.

Abhijit Tibrewal: Got it, sir. And then, sir, sorry for squeezing one last question.

- Nirmal Jain:** So, Abhijit, the new co-lending guidelines will be effective from 1st January and many banks are waiting to put their technology system processes in place and have complete clarity on it. If there are more clarifications on this, or if it is expected from RBI, then this will get a momentum from 1st January, next calendar year.
- Abhijit Tibrewal:** Got it, sir. And sir, I just wanted to squeeze in one last question while you briefly touched upon this in the last participant's question, we understand it is early for Mr. Kousgi. He just joined us yesterday. But we know him in his previous role. So, just trying to understand that from here, given that this book has been consolidating for some time, the home loan book has been consolidating for some time. Now, from 3Q and the second half onwards, can we see better momentum?
- Girish Kousgi:** See, if you look at the market in all the 4 segments, we are predominantly present in Affordable and Emerging that is cutting across EWS, LIG and MIG. So, market is quite robust across geography. And if you look at the industry, industry is doing well. H1, of course, the growth has been slightly lower. But, of course, there are reasons for that. Otherwise, even this year, we can see HFC, the book growth is going to be, I think, industrial level, it will be in the range of 13%-14%. So, as Nirmal mentioned earlier, obviously, we had some challenges in the last couple of quarters. Now, we are almost nearing to come out of that. So, you can see good traction in H2 and going forward, we will be at par and maybe surpass the industry guideline. We already guaranteed that home loan is going to be over 15%. And this should improve as we go along. So, because market is quite good, team is good, there are certain challenges we have sorted of, kind of and next couple of quarters, we will see growth and we will further strengthen going forward.
- Abhijit Tibrewal:** Got it. Thank you so much, Girish sir. I wish you the very best in your new role.
- Girish Kousgi:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Anusha Raheja with Dalal & Broacha. Please go ahead.
- Anusha Raheja:** Yes, thanks for taking my question. Sir, I just want to understand, what is your reading on the asset quality in MFI given the fact that we have seen last few quarters pain is there on the MFI side, but as per your assessment, how do you see the current asset quality? And secondly, if you can have in gold loans, tonnage wise increase in the gold so that we can understand, how much is the impact on the AUM because of the gold prices. And thirdly, what will be the key change? What are your initial readings in terms of what could be the key changes with the new management coming in the home finance subsidiary? So, what broad all things that we might expect are the key changes that can be brought?
- Nirmal Jain:** MFI, I think the worst is over, but still the second half will not be as good as the normal times till FY '24. And the loan losses and provisions, the guidance is almost about 8% for the year. So, second half will be a little better than first half, but still not to, like the normal times before these

guardrails were introduced until FY '24. These three lender guidelines, maybe Venkatesh can add in case, there is something more they have implemented. Over medium to long term, they will reduce the leverage of these customers who are at bottom of the pyramid and improve the credit quality and the behavior. But in the interim, we will see that these pain continues. Maybe a little lesser than first 2 quarters, but still it will not be fully normal this year. Gold tonnage, in the last quarter-on-quarter, around 16% growth. Y-o-Y, but it is not really relevant because we started on low base, is 115% growth because just actually about a year ago, maybe 13 months ago, we had the ban was lifted, RBI embargo was lifted, so we started at the bottom. But maybe quarter-over-quarter, we have grown by 16% in terms of the tonnage.

Anusha Raheja: And in terms of, what can be the key changes that you might bring in the home finance business?

Nirmal Jain: Sorry, come again? Key changes in home finance? Yes, maybe Girish can answer.

Girish Kousgi: I know it is too early, just one day, but I think given the experience in this space and having worked for many institutions in this space, see, not too many changes, I think a little bit of rigor on business, a little bit of rigor in collection, improving collection efficiency, and a bit of a tweak in policy, because if you look at the overall challenge, what we had, it was largely to the team and the efficiency, both on business and collection side. I think that we will correct it in the next couple of months. Not too many changes in terms of product policy or program, because, by and large, it is a very simple product, simple program. So, one product, what we had, that we have already discontinued. But for that, in none of the other products, there is going to be any major change. Maybe change in terms of process, maybe slight change in terms of credit, policy, process in terms of aligning the team, otherwise, no major changes.

Anusha Raheja: And just one last thing, if I heard it correctly, in the second half, you are anticipating credit cost to be 2.2%-2.4%?

Nirmal Jain: Yes, that is right. In the full year, we will end at 2.8%-3%.

Anusha Raheja: Thank you.

Moderator: Thank you. Next question comes from the line of Deepak Poddar with Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much, sir, for this opportunity. So, just wanted to understand, in one of your income items, the derecognition of financial instruments. So, in last 2 quarters, we are seeing a good income in that. So, we just wanted to understand the nature of this income and how should one look at going forward?

Nirmal Jain: You are talking about interest-strip income, right?

Deepak Poddar: Yes, so I am talking about the derecognition of financial instrument, the net gain from that. So, this was around Rs. 350 crores this quarter and last quarter it was about Rs. 230 crores.

- Kapish Jain:** This is, as I mentioned earlier in the call, given our strong partnership that we have with bankers, we have been successfully selling our assets to bankers on a seasonal portfolio basis on the direct assignment side. So, this is, with the increasing share of that portfolio, there have been income that is coming into the portfolio, one on a pay-off-to-annuity basis where we earn and we get into the P&L. And second is, since the accounting requires you to upfront some of the income, then the DA transactions have almost doubled from what it was in quarter 1. And that is causing the upfronted of this income which is coming into the P&L. So, that is one element which is coming around this particular P&L from an overall aggregate perspective.
- Nirmal Jain:** You see, this is a technical terminology for Ind AS. Hello, can you hear me?
- Deepak Poddar:** Yes, I can hear you.
- Nirmal Jain:** Yes. So, this is basically the upfronted income on the portfolio, which is sold after providing for, I think this is a question that has come earlier also. So, when a portfolio, when there is a true sale along with the risk, then the NPV, which is the probable gain, net of expenses to service the loan is taken as upfronted income.
- Deepak Poddar:** I got it. So, now this portfolio is already, the securitization percentage of total your loan book is already at 30%-35%, right? So, how should one look at this income, in terms of trend or trajectory, this Rs. 232 or Rs. 354 crores, is that a sustainable income or you expect it to?
- Nirmal Jain:** Yes. So, normally, see what happens is, typically we will have 40%-45% as our off-book loan assets. So, this should be sustainable and this has been there for the last several quarters actually.
- Deepak Poddar:** And what is your target to reach this securitization book, off-book?
- Nirmal Jain:** You know what happens in this, that on one hand, you upfront the new securitization, but by the same logic, whatever you had done earlier, that income will not accrue because that you have already taken. So, basically, when the actual interest income comes, you have to reduce the upfronted portion and take the balance as income. You get what I am saying?
- Deepak Poddar:** Yes. I got it.
- Nirmal Jain:** So, while you get upfronted on the flow, you lose the normal NIM on the stock in your profit & loss account.
- Deepak Poddar:** Understood. I got this. And what would be our target for off-loan, off-book?
- Nirmal Jain:** I think normally, our target is around 40% or so.
- Deepak Poddar:** Yes, I think 33%-34% right now.
- Nirmal Jain:** Yes. So, gold loan has grown at a good speed in last 2 quarters. Normally, a portfolio has to season for less than 2 years for 3 months and more than 2 years for 6 months before you can sell

it down. And practically, with the audit verification, it might take some more time. So, the portfolio which has been disbursed in last quarter would not have been eligible for DA in the last quarter. So, obviously, over a period of time, this will grow.

Deepak Poddar: I got it. That would be it from my side. All the very best. Thank you.

Nirmal Jain: Thank you.

Moderator: Thank you. Next question comes from the line of Shweta with Elara. Please go ahead.

Shweta: Thank you, sir, for the opportunity. So, a couple of questions. Sir, now that the consolidation has happened and we have discontinued certain portfolios like Micro LAP and personal loans, how does the mix shape up now going forward and what are our growth targets?

Nirmal Jain: So, going forward, our focus will be on gold loan and mortgages and mortgages can have two components, one is home loan, and the other is LAP. Primarily, these are the key growth areas. Other than that, unsecured business loan can be a product for cross-sell to our gold loan and home loan customers but will be a very small component of the whole thing. MFI continues and we really need to see how the industry evolves from here. In terms of growth target, again, as I said that this year, for instance, home loan has been lower than our expectation but gold loan has more than made up. But over a period of time, I think 15%-20% should be our loan growth target and with operating leverage and if we can improve the margin, then our profitability should improve at a slightly better rate. So, on a steady-state basis, if you take a medium-term perspective, I think this should be the target.

Shweta: Sure. And sir, just a follow-up question there. Sir, now that we are targeting this 15%-20% odd range and the growth is back in reckoning, so if I look at the standalone capital adequacy around 18.5 odd levels and the scope and leeway that we have even considering the gearing is around 3.6, then how do you marry this equation wherein are we seeing a capital raising and offering considering 20% growth target? Thank you.

Nirmal Jain: So, the growth, Shweta will also be in the co-lending. So, our internal accruals will meet the book that we grow and at appropriate opportunity, we can raise capital also. But the way the book is growing along with the co-lending and bank partnership, it may not be a requirement for capital just to meet capital adequacy. But to be safe and to keep margin of safety at appropriate time, we can raise capital.

Shweta: Sure, that answers my question. Thank you, sir.

Nirmal Jain: Thank you.

Moderator: Thank you. Next question comes from the line of Naveen with MLP. Please go ahead.

Naveen: Just wanted to get a sense on the ROA guidance for the full year. We stand at around 3%?

Nirmal Jain: ROA, you are saying?

Naveen: Yes.

Nirmal Jain: I think, we, there are so many volatile factors that we don't want to revise the guidance. But maybe, I think the first half was around 1.9%, then probably for the year, we should look at 2.5 now. The losses in the first 2 quarters in particularly unsecured and microfinance have been unexpectedly higher. But again, as I said, that it is better all the components of the business is different to forecast growth in each and every component with precise accuracy. So, ROA will be around 2.5-2.8, I guess.

Naveen: Thank you. And, the credit cost guidance, sorry if I have got it wrong earlier, but it remains the same, right? Earlier, it was around 2.8-3 and it still remains the same?

Nirmal Jain: Yes, this is the same for the full year.

Naveen: I think the previous person had asked the question, yes. It remains within 2.8-3. So, there is no change over there.

Nirmal Jain: Yes.

Naveen: Got it. Thank you.

Moderator: Thank you. Next question comes from the line of Ashwin Kumar with Franklin Templeton Mutual Fund. Please go ahead.

Ashwin Kumar: Yes. Hi, thanks for taking my question. I joined the call bit late, so in case any question is a repetition, feel free to refer me to the transcript, I will go through it. But just wanted to ask two questions. One is, with regard to the capital and the standalone entity, so I think that stable Q-o-Q, but if I see the growth, in the standalone book that is about Rs. 7,000 crores or about 20% from, on a Q-o-Q basis, I understand some of it is coming from assignment, but even otherwise there should have been some change in the capital adequacy. So, just wanted to understand the math there a little bit? That is the first question. And the second question is on the asset quality on the micro-LAP side. So, any particular reason why there has been such a sharp increase over the last 2 quarters because now the other players have reported in this segment such a big change, so just want to understand if there is any specific issues which is causing this and also want to understand where this micro-LAP book fits within the 3 entities with IIFL Finance, IIFL Home Finance and IIFL Samasta. And also given that you are discontinuing this segment and the digital loan segment, could that lead to sort of further asset quality issues given that you are moving away from segment so the book will keep coming down so at least from NPA standpoint, it may not come down quite a bit in this segment?

Nirmal Jain: Yes. So, thanks, Ashwin. So, on capital adequacy, your first question on standalone, the growth has been robust, and we are watching capital adequacy numbers very closely. As of now,

obviously, we would like it to be higher around 20%, but in a longer-term perspective, and there are a few quarters where you can have slightly lower than what your target level is, but well above the regulatory requirement. So, as I said, that we are watching it, let us see how the growth and co-lending as well as the off-book components grow. And we will obviously take it up in the board meeting at an appropriate time what is required to be done, but I can assure you that we are watching it very closely on capital adequacy of each and every company separately as well as together. Now, coming to micro-LAP and why the losses are higher. So, one is, this, as I think I explained this earlier, the micro-LAP was a cross-sell primarily to microfinance customers. The microfinance customers were very badly hit by the new guardrail which restricted the loan amount very effectively from 3 lakh to 2 lakh and also the number of vendors from no restriction to 4 and then 3. This obviously caused larger customers in microfinance to be suddenly forced to cut down on their availability of credit and this is working capital for people who run small businesses. So, they are income-generating activities. So, that is where the micro-LAP has been impacted because of the cash flows of these borrowers. This micro-LAP basically sits in mostly in NBFC although it is sold by our MFI company. MFI earlier had a 75% qualifying asset requirement and then the process product was doing well and also the parent company had a larger balance sheet. So, we were booking this in the parent company. Why this is looking higher? Because once you discontinue, then obviously, your denominator stops growing and whatever has not resolved becomes larger and larger piece. So, that is why these numbers are looking unusually high. So, Ashwin, does that answer your question?

Ashwin Kumar: Yes, that answers my question, but does that mean that going forward also we will see this number remaining high for maybe a few quarters because if I look at your Stage-II in the MSME secured segment that is another 11% and 1 to 30 is also another 6%?

Nirmal Jain: So, Ashwin what has happened is that there is only 2% of our total book now and our focus is just on collection here. So, this component may remain little high, but when we are given guidance, we have taken cognizance of that, but it is a very small component, just about 2% of our total book.

Ashwin Kumar: Thank you.

Nirmal Jain: Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Kapish Jain: Thanks a lot everybody for their active participation and for any further questions, you may reach out to our Investor Relations team and we will be more than happy to address your queries. Looking forward to meeting you again for next quarter and thank you very much. And a very happy festive season to all of you.

Nirmal Jain: Thank you so much. Have a good day.

Moderator: Thank you. On behalf of IIFL Finance Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.