Aditya Birla Capital Ltd. (ABCL)

Q4 FY25 Earnings Conference Call Transcript

May 13, 2025

Moderator:

Ladies and gentlemen, good day and welcome to the Q4 FY25 Earnings Conference Call of Aditya Birla Capital 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 any assistance during the conference call please signal the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Vishakha Mulye, MD & CEO, Aditya Birla Capital Limited, over to you ma'am.

Vishakha Mulye:

Good evening, everyone and welcome to the earnings call of Aditya Birla Capital for Q4 of FY2025.

Joining me today are senior members of my team Bala, Rakesh, Pankaj, Kamlesh, Mayank, Pinky, Vijay, Ramesh and Deep. I will cover our strategy, financial and business performance and Vijay will cover key financial and business highlights followed by a discussion on performance of our key businesses by our business CEOs.

The economic environment remains volatile due to recent tariff measures and geo political tensions in the region which pose uncertainties for growth. Amidst this turbulence, bond yields have softened and crude oil prices have fallen. CPI inflation has cooled significantly and RBI has reduced repo rate by 50 bps along with a change in stance from neutral to accommodative and has also taken various measures to improve system liquidity and stimulate growth.

At Aditya Birla Capital, we continue to focus on driving quality and profitable growth by leveraging data, digital and technology. We follow a customer centric approach to build deep understanding of the needs of our customers and provide them simple and holistic financial solutions in a seamless way. Prudent risk management practices form the bedrock of our approach which has enabled us to protect capital and deliver risk-calibrated and sustainable returns across businesses. We also continue to strengthen our omnichannel based distribution network.

Before we talk about the financial performance, I am pleased to announce that we have successfully completed the amalgamation of Aditya Birla Finance with Aditya Birla Capital, following all requisite approvals. The appointed date of amalgamation is April 1, 2024 and effective date is April 1, 2025. Aditya Birla Capital now has two business segments, first- the NBFC lending business and second-the investment business through which it will continue to hold investments in all its subsidiaries and associate businesses. This marks a significant step in our transformative growth journey, increasing our strength and agility as a unified larger operating entity. With a simplified corporate structure, we now have better access to capital to drive operational synergies, long-term growth and enhanced value creation for all stakeholders. Coming to the financial and business performance.

1. **Growth and profitability**

   a) During Q4 of FY25, the consolidated profit after tax, excluding one-off items, grew by 24% sequentially and 6% year-on-year to 865 crore Rupees and the total consolidated revenue grew by 29% sequentially and 13% year-on-year to 14,138 crore Rupees. For FY25, the consolidated profit after tax, excluding one-off items, grew by 8% year-on-year to 3,142 crore Rupees and consolidated revenue grew by 20% to 47,369 crore Rupees.

   b) In our NBFC business disbursements increased by 28% sequentially to 19,523 crore Rupees in Q4 FY25. The NBFC portfolio grew by 20% year-on-year and 6% sequentially to about 1.26 trillion Rupees. The secured business loans to SMEs grew by 28% year-on-year and 7% sequentially. The corporate and mid-market portfolio grew by 27% year-on-year and 6% sequentially. The unsecured business loans to SMEs grew by 10% year-on-year and 8% sequentially.

      We have highlighted in our previous quarters' earnings call that given the early warning signals and challenges in the operating and macro environment, we had calibrated our sourcing from certain digital partners and reduced our exposure to smaller ticket size personal, consumer and unsecured MSME loans. This approach has held us in good stead. Our portfolio quality continues to remain robust with credit cost improving by 22 bps year-on-year and 15 bps sequentially to 1.21% in Q4 FY25. Gross stage 2 and 3 loans declined by 71 bps year-on-year and 47 bps sequentially to 3.78% as of March-end. Our gross stage 3 PCR was 45%, at a similar level compared to the previous quarter.

      We now believe that operating environment has stabilized. In the personal loans and unsecured MSME segment, we are focusing on strengthening our internal sourcing channels and acquiring customers through our branches, ABCD App and ABG ecosystem. Our ABCD app continues to scale up well and contributed about 5% of the personal loans disbursements in March. We have seen the disbursements in the personal and consumer segment grow by 4% sequentially to more than 3,000 crore Rupees in Q4 FY25. Further, we are also looking at collaborating with a few marquee digital platforms. In these arrangements, while the sourcing will be done by the partners, the underwriting, fulfillment and collections lies with us. We have also strengthened our retail and SME products, underwriting, sales, and distribution teams. We believe that these actions will help us to grow our personal and unsecured SME loans and gradually increase their mix going forward.

      The profit after tax of the NBFC segment grew by 11% year-on-year and 9% sequentially to 652 crore Rupees in Q4 FY25. The RoA of the NBFC segment increased by 15 bps sequentially to 2.25% in the current quarter. For FY25, RoA of the NBFC business was 2.27%.

      Going forward, we remain confident of growing the overall portfolio by CAGR of 25% over the next three years. Further, we expect the RoA to expand gradually mainly driven by expansion in margins, improvement in productivity and the change in the product mix.

c) Coming to our HFC business, we have created a full-stack franchise focused on both prime and affordable segments. In Q4 FY25, we continued to deliver on the strong growth momentum and gained market share as seen in previous quarters. I am delighted to share that we have crossed the monthly disbursement run rate of 2,200 crore Rupees in March. This has resulted in our HFC AUM growing by 69% year-on-year to more than 31,000 crore Rupees. The credit quality in the HFC portfolio is among the best-in-class with stage 3 loans declining by 33 bps sequentially to 0.66%. We have made significant investments in distribution, data, digital and emerging technologies to sustain the growth momentum in the future. The RoA of HFC business was 1.46% and RoE was 11.03% in FY25.

   Going forward, we expect the current growth momentum to continue and gain market share. As the portfolio scales up further, we expect operating leverage to kick in and RoA to improve significantly. Our aim is to achieve an RoA to 2.0%-2.2% in the next eight to ten quarters.

   Moving on to asset management business:

d) Our mutual fund average AUM grew by 15% year-on-year to about 3.81 trillion Rupees in Q4 of FY25. We have a seen a positive momentum in sales driven by improved investment performance and strong engagements of our sales team. This has resulted in our market share improving by 6 bps sequentially to 5.66% in the current quarter. We added about 27 lakh folios during the year and our total investor folios crossed 1 crore as of March-end. Our monthly SIP flows grew by 5% year-on-year in March to 1,316 Crore Rupees and we added more than 5.4 lakh SIP accounts in the current quarter. The profit after tax grew by 19% year-on-year to 931 Crore Rupees in FY25.

   Moving on to the insurance businesses:

e) The growth in the life insurance business continues to remain strong. We are the fastest growing player with an individual first year premium growth of 34% year-on-year in FY25. Growth was strong across banca and proprietary channels. We continue to be in the top quartile in the industry in terms of 13th and 61st month persistency. Post the applicability of new surrender guidelines from October, we have taken steps to realign our commission structure, made changes in product pricing and increased rider attachments to mitigate the impact of the new surrender guidelines. We are happy to share that these changes along with the high quality of business have helped us to achieve a healthy net VNB margin of 18% in FY25. In absolute terms, VNB grew by 17% year-on-year to 818 crore Rupees in FY25. Going forward, we are confident to grow the individual FYP by a CAGR 20%-25% over the next three years and expand the VNB margin to more than 18%.

f) In the health insurance business, we continue to be the fastest growing standalone health insurer. Our gross written premium grew by 33% year-on-year in driven by our differentiated health first model and data-enabled approach towards customer acquisition. Excluding the impact of multi-year guidelines, the growth in GWP was 42%. Our market share among SAHIs has increased by about 140 bps year-on-year to

12.6% in FY25. Our combined ratio improved from 110% in FY24 to 105% in FY25 and I am delighted to share that we have achieved break even for the first time in FY25. But for the change in regulatory guidelines, we were on track to achieve a combined ratio of 100% in FY26. However, our endevaor still remains to achieve a combined ratio of 100% at the earliest. Going forward, we will continue to grow our business driven by our differentiated health first model and gain market share.

2. **Omnichannel architecture for distribution**

   a. Our omnichannel architecture allows customers to choose the channel of their choice and interact with us seamlessly across digital platforms, branches and VRMs, fostering engagement and loyalty.

   b. Our D2C platform, ABCD, went live about a year ago. It offers a comprehensive portfolio of more than 25 products and services such as payments, loans, insurance, and investments and helps customers to fulfill their financial needs. ABCD has witnessed a robust response with about 5.5 million customer acquisitions till date.

   c. Our comprehensive B2B platform for MSME ecosystem, Udyog Plus, continues to scale up quite well with 2.3 million registrations. It has reached an AUM of more than 3,500 crore Rupees in less than two years of its launch. Udyog Plus now contributes about 21% of the disbursements the unsecured business loans. ABG ecosystem now contributes about 50% of the disbursements on Udyog Plus.

   d. We had 1,623 branches across all businesses as of March-end. We are focused on capturing white spaces and driving penetration into tier 3 and tier 4 towns and new customer segments. About 60% of our branches are co-located across more than One ABC 250 locations.

   Going forward, we will continue with our approach of driving quality and profitable growth.

   Now I request Vijay to briefly cover the financial performance of our key subsidiaries for the quarter.

Vijay Deshwal:

Thank you Vishakha and good evening to all of you. Vishakha covered the consolidated highlights, I will cover the standalone financials and key business highlights

During Q4 of FY25, the standalone profit after tax of the merged entity, excluding one-off items, grew by 6% year-on-year to 654 crore Rupees. For the FY25, the standalone profit after tax, excluding one-off items grew by 15% year-on-year to 2,714 crore Rupees. On a standalone basis, the tier 1 capad ratio for the merged entity is 15.93% and total CRAR ratio is 18.22%. Standalone return on equity adjusted for investments in subsidiaries and associates and excluding one-off items is 14.2% in Q4 FY25.

In our NBFC business, the portfolio grew by 20% year-on-year and 6% sequentially to about 1.26 trillion Rupees. NIM including fee income expanded by 7 bps sequentially to 6.07% for the quarter. The credit quality of NBFC business segment continues to be healthy with a credit cost of 1.21% in Q4.

Our Housing Finance Business continues to see strong momentum. The loan portfolio grew by 69% year-on-year to 31,053 Crore Rupees. During Q4 FY25 we further infused equity capital amounting to 300 crore Rupees in our HFC subsidiary taking the cumulative infusion during the year to 1,200 Crore Rupees. This infusion was done to support the growth momentum and maximize our share of opportunities which Vishakha mentioned earlier.

Coming to our AMC business, the average AUM increased by 15% year-on-year 3.8 trillion Rupees in the current quarter, of which equity AUM was approximately 44%. Alternate AUM grew by 70 % year-on-year to more than 23,900 crore Rupees in Q4 FY25.

In the life insurance business, our first-year premium increased by 34% year-on-year and group new business premium grew by 23% year-on-year in FY25. The embedded value increased by 20% to 13,812 Crore Rupees and the return on embedded value was 19.2% in FY25.

In our health insurance business, our unique and differentiated "Health First" model helped us to deliver a growth of 33% year-on-year in gross written premium during FY25. Excluding the impact of multi-year guidelines, the growth in GWP was 42%.

I now hand over to Rakesh, to cover the NBFC business performance.

Rakesh Singh:

Thanks Vijay, and good evening, everyone.

The NBFC business grew by 6% quarter-on-quarter taking the AUM to Rs. 1,26,351 Crore in Q4 FY25. Profit delivery was strong, registering a 9% sequential growth in quarter PAT. Over the last 3 years, we have doubled on both AUM and profit growth, which translates to a 30%+ 3-year CAGR. This consistent and sustainable track record has been achieved by building a granular retail and MSME portfolio with strong customer focus and a disciplined approach towards improving asset quality.

We aspire to be a top lender of choice for MSMEs. The AUM for business loans to MSMEs grew by 25% year-on-year, which is substantially higher than industry growth for the year. This growth has come largely through scale up of direct sourcing through our branches and building scalable digital sourcing platforms. The MSME segment comprises 56% of our overall AUM as of March'25.

We registered our highest ever disbursements of Rs. 19,523 Crore in Quarter 4. 49% of it was contributed by business loans to MSMEs, and 87% of our disbursements to MSMEs was secured in nature. We have continued to scale up sourcing through direct and digital channels which now contribute 39% and 58% of unsecured and secured business loan disbursements respectively. Udyog Plus, our B2B platform, which was launched 2 years back has scaled up and contributes to nearly 30% of the unsecured business loan segment AUM today. With over 23 lakh MSMEs registered and a comprehensive product offering available on the platform, Udyog Plus will be a significant sourcing engine for the MSME segment going forward.

In the Personal and Consumer Loans segment, FY25 was a year where we exercised caution by tightening our sourcing from high-risk segments. Post all calibrations undertaken, this segment has now stabilised at an AUM of Rs. 15,532 Cr and is poised for growth hereon. In fact, if we look at our disbursement in this segment in Q4, we registered a 26% year-on-year growth with the share of direct sourcing improving progressively. As Vishakha mentioned earlier, the ABCD App contributed nearly 5% of the overall sourcing in the personal and consumer segment in March’25. Our focus will be to improve this share progressively. Further, we are exploring new partnerships with marquee digital platforms where we will continue to have end to end control from underwriting to collections, ensuring complete customer ownership. Thus, with multiple growth levers in place, I am confident that the Personal and Consumer Loans segment will start registering calibrated growth going forward.

In FY25, we were agile in responding to changing credit environment and leveraged the opportunity to scale up our secured business across segments. As a result, the overall secured AUM mix at an entity level has improved from 72% last year to 74% this year. The MSME segment contributes significantly towards the secured portfolio mix where 83% of the overall MSME AUM was contributed by secured business loans, where the asset quality continues to be robust and amongst the best in the industry.

We continue to operate at a very efficient cost income ratio of 30.8%. Our Opex to AUM ratio improved from 2.26% last year to 1.92% in quarter 4, and this has largely been driven by operating leverage as we continue to sweat new branches opened in last 12-18 months.

Our continued endeavour to improve our asset quality reflects in the sequential and yearly reduction in GS2 and GS3 book of 47 bps quarter-on-quarter and 71 bps year-on-year respectively. The Gross Stage 3 loans are at 2.24% which have declined 27 bps year-on-year. As a result of our continued calibrations in sourcing and improvement in asset quality, the credit cost has reduced by 15 bps quarter-on-quarter to 1.21%. The credit cost for the year was 1.31% which is 19 basis points lower than that in FY24 and is well within our stated guidance of 1.5%. As I mentioned earlier that 74% of our book is secured, our Stage 3 book is well provided for with a PCR of 45%.

In Quarter 4, we delivered our highest ever Profit After Tax of Rs 652 Crore, registering a growth of 9% quarter-on-quarter. Full year PAT grew by 13% year-on-year and stood at Rs. 2,501 Crore. The ROA for the quarter was 2.25% which improved by 15 bps sequentially.

Moving forward, we expect all business segments to grow in FY26 with share of retail and MSME segments to improve. We will continue to leverage our proprietary digital platforms viz. ABCD App and Udyog Plus platform and invest in branches to further improve share of direct sourcing. We expect operating leverage to play out from our investments in emerging locations. As we scale up, strengthen our capabilities, and invest in technology, our primary commitment remains to deliver sustainable returns in the upcoming quarters.

With that, I will now handover to Mr Pankaj Gadgil, MD and CEO of Housing Finance business.

Pankaj Gadgil:

Thank you, Rakesh, and good evening, everyone. I'm happy to share that we have continued to make consistent progress across all key aspects of book growth, asset quality, and profitability for 11 consecutive quarters now. FY25 is a landmark year for us, underscoring the strength and momentum of our growth journey. We’ve crossed a significant milestone, achieving an AUM of over ₹30,000 crore. Asset quality has consistently improved over the last 10 quarters in a row. We’ve further strengthened our balance sheet by diversifying our liabilities and onboarding IFC. Business origination from within the ABG ecosystem has remained steady, contributing to 12% of retail disbursements.

Key Highlights for FY25 are as follows:

- Disbursements for the full year stood at ₹17,648 crore, an increase of 109% growth YoY
- Q4 disbursements record highest ever quarterly disbursements of ₹5,820 crore, growing 98% YoY and 23% QoQ
- AUM as of March 31, 2025, stood at ₹31,053 crore, reflecting a strong 69% YoY and 16% QoQ growth
- We achieved our highest-ever PBT of ₹419 crore, marking an 11% increase YoY
- Stage 2 & 3 assets reduced to 1.39%, an improvement of 152 bps YoY and 38 bps QoQ
- ROA is at 1.46% and ROE at 11.03% for FY25

This performance is underpinned by a strong foundation of governance, digital capabilities, data intelligence, and technology. The strategic initiatives and investments we've made are beginning to yield tangible results.

I would now like to provide a brief update on a few pillars of our growth:

First on portfolio quality. As noted earlier, Gross NPA has improved both in absolute terms and as a percentage, now at 0.66%—our lowest level since 2018. This reflects a reduction of 116 bps YoY and 33 bps QoQ. The improvement in asset quality has enabled us to comfortably maintain a Stage 3 PCR at 55%. Additionally, over 95% of collections are now conducted via our mobile app, supported by robust collection propensity models.

Secondly moving to distribution, growth has been well-balanced across both prime and affordable segments. We are now present in 18 states with 175 branches. The average retail ticket size stands at ₹29 lakh, highlighting the granularity of our portfolio. Our active customer base reached approximately 91,200 as of March 2025, representing a 40% YoY increase.

Next focusing on Digital reinvention, data and analytics. We have achieved 100% adoption of our digital platforms and analytics models. This has led to a significant reduction in turnaround times across the customer lifecycle. At the same time, we've seen a strong improvement in our Net Promoter Score, which now stands at 79. We have deployed co-pilots leveraging GenAI capabilities to enrich the experiences for both customers and channel partners. These tools help with sales pitches, real-time credit and technical support, and query resolution—all in a more seamless and efficient way.

As seen over the past eleven quarters, we've delivered consistent growth across segments, alongside continued improvements in portfolio quality and customer advocacy.

Our focus remains on strengthening all key areas — from business expansion and digital reinvention to asset quality and customer experience — all while enhancing profitability in FY26.

Thank you for your attention, with that, I now hand over to Bala, MD and CEO of our Asset Management Company.

A. Balasubramanian:

Thank you and good evening to everyone attending. I would like to share some highlights of ABSLAMC Q4 FY25.

At ABSLAMC, our Overall Average Assets under Management, including alternate assets stood at Rs. 4.06 lakh crores, reflecting a 17% year-on-year growth.

- Our Mutual Fund quarterly average AuM reached Rs. 3.82 lakh crores growing 15% year-on-year. The quarterly Equity average AuM stood at Rs. 1.69 lakh crores growing by 11% year-on-year.
- Our SIP book for March-25 stood at Rs. 1,316 crores and we added around 5.43 lakh new SIPs in Q4 FY25.
- Our total investor folios stood at 1.06 Crore with around 27 lakh new folios added during FY25.
- I am pleased to share that we have observed positive momentum in sales, driven by improved investment performance and strong, on-the-ground engagement from our sales team. This has also resulted in a quarter-on-quarter increase in our AUM market share.
- On the alternative business front, we are continuously enhancing our PMS and AIF offerings across both Equity and Fixed Income, to better serve the evolving needs of HNIs and family offices
- Following the receipt of the ESIC mandate, we commenced management of debt portfolio, and its AUM stood at Rs. 7,456 crores for the quarter ended March 31, 2025.
- Consequently, our PMS/AIF assets witnessed a year-on-year growth of 268%, rising from Rs. 3,075 crores to Rs. 11,330 crores.
- Additionally, we are also preparing to launch the ABSL India Equity Innovation Fund.
- Our Offshore assets, grew by 14%, from Rs. 10,545 crores to Rs. 12,070 crores. Under the GIFT City platform, we successfully completed the final closure of the ABSL Global Emerging Market Equity Fund under the LRS scheme, with an AUM of USD 65 million. Fundraising is currently underway for our other offshore funds.
- Our passive business has grown, with total assets now reaching approximately Rs. 34,700 Crs. We are proud to serve a expanding customer base, now surpassing 11.60 lakh folios. Our diverse product suite, consisting of 53 distinct offerings, is strategically crafted to cater to the full spectrum of investment needs, ensuring we provide tailored solutions for every investor.

Moving on to the financials for FY25 –

- For FY25, we achieved a profit after tax of Rs. 931 crores, reflecting a 19% year-on-year growth.
- Operating Revenue is at Rs. 1685 crores; up 25% Y-o-Y and Total Revenue is Rs. 1986 crores; up 21% Y-o-Y.
- Operating Profit before Tax is at Rs. 944 crores; up 31% Y-o-Y and Profit before Tax is Rs. 1245 crores; up 23% Y-o-Y.

For Q4 FY25:

- Operating Revenue is at Rs. 429 crores; up 17% Y-o-Y Total Revenue is Rs. 501 crores; up 14% Y-o-Y.

- Operating Profit before Tax is at Rs. 233 crores; up 21% Y-o-Y and Profit before Tax is at Rs. 305 crores; up 14% Y-o-Y.

Thank you With this I will now handover to Kamlesh Rao, MD and CEO of ABSLI company.

Kamlesh Rao:

The overall Life Insurance Industry saw a balanced growth in FY25, Individual first year premium grew for the Overall industry by 10% and for the private players by 15%. ABSLI for the Ind LI business grew at 34 % contributed by growth across Proprietary and Partnership channels. Along with this, we also expanded our market share by 68 bps last year.

ABSLI's proprietary channels of agency and Direct combined grew at 33% in FY25, driven by better productivity as well as by capacity added last year.

The partnership business grew at 34% with robust growth across all our existing partners as well as the new partnerships in BOM, IDFC Bank and Axis Bank where we managed respectable mindshare in our first full year of operations.

We now have 11 bank partnerships with a reasonable mix of large pvt sector banks as well as regional pvt sector banks and 2 PSU banks. We added 3 banks last year and are happy to share that we have recently entered a new partnership with Equitas Small Finance Bank in FY25, which will begin business in Q1 FY26.

During the year we opened 60 new branches and invested capacity in new tie-ups to fuel our growth. In the next year we intend to capitalize on this and grow largely on the back of enhanced productivity. The year also saw a healthy growth of 24% in the number of new policies sourced.

In the product mix of the individual business, traditional and term business contributed 65% and ULIP was 35%. We are seeing a healthy growth in annuity segment with 7% of our business now coming from this growing segment. We launched 4 new products - 2 Unit linked & 2 Protection segments during the year. We successfully launched our Group to Retail product – Insta Digi Plan `as a specialized term plan for employees of our group term clients. The new products launched contributed to 12% of the individual business we did last year.

In the Group Life Insurance segment, the private industry grew by 5%, overall Industry grew by 1% in FY25 and ABSLI registered a growth rate of 23%, and resulted in our market share expanding by 112 bps. Better growth was contributed by superior performance both in the Fund as well as the Credit Life Business. In credit life, we have slowed down our micro-finance business counters whilst growth is being observed in all other retail counters. Our Captive businesses' attachments have grown significantly during the year. Our Group AUM has crossed 26,000 Crores as on Mar'25 with 15% growth and contributes to ~27% of ABSLI overall AUM.

Our total premium for the year at ₹ 20,639 crore has registered a growth rate of 20% over last year, with a 2-year CAGR of 17%. This growth came from new business as well as renewal premium growing at 14%. Our digital collections now account for 81% of our individual renewal premium. We continue to work on Customer Lifetime value, which is reflected in our upselling which reached 28% and helped productivity growth in both proprietary and partnership channels.

Our quality parameters have improved, with 13th-month persistency at 88% and 61st-month at 62%, placing us in the industry's top quartile. Our Opex to Premium ratio was 20.4% (up from 18.5% last year).

Our Asset under management now stands ₹ 99,486 crores, with a YoY growth of 15%. Twenty-four percent of this AUM is in equity and the balance 76% in debt. Happy to share that we crossed ₹ 100,000 Crore AUM in April 2025, more than half of which was added in the last 5 years alone. We continue to outperform in our investment performance in respective benchmarks across all three categories of Equity, Debt, or even Balanced funds, either from a 1-year or 5-year perspective.

Our digital adoption across various areas is demonstrated in Slide 47. 100% of new business customers are onboarded digitally, 83% of all our services are now available digitally, covering 67% of our customer transactions, and our customer self-service ratio has now increased to 94%.

We have made significant investments in AI and analytics in areas of sales training as well as customer experience keeping both internal employees as well as policy holders in mind. As we move ahead, we will continue to be best-in-class in our digital infrastructure, across prospecting and onboarding in sales, underwriting, and customer service as well as claims.

Value and Guidance

Our solvency continues to remain at a healthy rate of 188%.

Our net margins for the year are now at 18.0%, consistent with our guidance. We observed significant margin expansion in H2 due to a controlled ULIP mix, increasing topline growth, and rider attachments. The reduction in margins from FY24 is largely due to a higher ULIP mix and lower interest rates during the year.

As mentioned in the last quarter, we will continue to focus on our Proprietary Business Encompassing Agency as well as Direct channels with investments in value accretive verticals and productivity increase across all cohorts. For our Partnership Business, we will continue to invest in our Bank partners to increase our mindshare and drive productivity across all partners.

Our guidance is to achieve a CAGR of 20-25% for the next 3 years in terms of business growth , whilst achieving this growth we intend expanding our current VNB margins of 18%+ and in absolute numbers double the value of our Net VNB in the next 3 years' time

As we enter the 25th year of operations this year, we look forward to further expanding the immense trust placed in ABSLI by our large expanse of Employees, Customers and Distributors over the years. We will continue to be provide best-in-class products and experiences to all stakeholders and positively contribute to the Indian Insurance Sector.

Mayank Bathwal:

Thanks, Kamlesh and I would like to now share an overview of the performance of our Health Insurance Business.

ABHI has always been differentiated from other insurance players on account of its unique Health First Model. The model has enabled the Company to grow faster than the market and deliver superior unit economics as well.

We had a milestone year in 24-25 in many regards and it is my pleasure to state that the Company has achieved full year breakeven with a profit of Rs. 6 crores as per new accounting regulations (1/n) for the FY25. As per the old accounting regulations (without 1/n), the profit for the year stands at Rs. 75 crores. This breakeven in our 8th full year of operations is one of the fastest in the industry with 2 times the GWP of closest competition in their similar stage of operations. The profit of Rs. 6 crores is in comparison to a reported loss of Rs. 182 crores in FY24. Our Combined Ratio for FY25 as per old accounting regulations is at 102% vs 105% as per new 1/n accounting, is a marked improvement over 110% reported in FY24. This improvement underscores our continued focus on performance optimization and disciplined execution, even in a challenging regulatory environment.

The recent IRDAI guidelines on revenue recognition for long-term policies represent an important regulatory shift. The unit economics of the business remains unchanged however the new accounting regulations do impact the accounting financials in the short to medium term till we migrate to IFRS.

On the revenue front the growth momentum witnessed in Q3 continued in Q4, and we clocked a strong 34% YoY growth, solidifying our position as the fastest-growing SAHI player during the year.

For FY25, we crossed the coveted Rs. 5,000 crores benchmark and achieved a gross premium of Rs. 5,252 crores, experiencing a strong 42% Year-over-Year (YoY) growth. The GWP as per the new accounting norms is at Rs. 4,940 crores, a YoY growth of 33%. Our market share in SAHI in FY25 rose from 11.2% to 12.6% an increase in market share by 138 bps for the year. The high growth is driven by strong growth in the retail business, registering an impressive growth of 44% in FY25. The growth in retail is driven by all our retail channels, The proprietary channel with an advisor count of over 1.4 lacs agents experienced a 38% YoY growth. All our major banks and digital alliance partnerships have also experienced impressive growth.

The Group business delivered an industry leading CoR of 99% with 40% YoY growth. The 99% CoR in Group based corporate business is driven by a sharp focus on profitability through careful customer segmentation, and our industry-leading Outpatient Department (OPD) business. We are strategically concentrating on Mid Corporate and SME segments.

We have one of the most comprehensive suite of retail products. Our flagship product Activ One with seven variants continues to be a big success for us.

Our Differentiated Health-First model continues to show maturity. In FY25, 9% of eligible customers earned good health-based incentives - HealthReturns, up from 6% last year, reflecting deeper engagement with our wellness ecosystem. The outcomes for some of the intervened cohorts are now visible. The percentage of customers influenced by participating in healthy behaviour has crossed 25% on an enlarged customer base. These customers continue to exhibit lower loss ratios and better persistency. This is shown in slide 58. Overall, this has kept our retail loss ratio well in control.

We have invested in building deep capabilities in managing customers with high health risk. Through a combination of our inhouse health Coaches and our partners, we have intervened in more than 130K High risk lives to improve their health vitals leading to lower Claim ratios.

Our industry-leading claims settlement ratio of 96% and a customer NPS of 60 across 5 engagement points reflects our commitment to prioritizing customer experience. To further enhance customer experience and manage claims cost better, we have invested in a state of the AI/ML driven claims auto adjudication engine which now process 43% of our cashless claims.

We are leveraging data analytics to optimize every step of the insurance lifecycle. From a Revenue Boost through advanced sales activity tool to Customer Selection based on risk analysis, our data-driven approach is transforming how we operate. Additionally, our robust customer health data collection enables better customer profiling and tailored solutions, driving value across all areas of our business.

We continue to invest in our industry leading Activ Health App. The App now provides opportunity for non-policy holders to experience our comprehensive app ecosystem. Our YoY App downloads have increased by 125% with YoY MAU increase by 48%.

Looking ahead, we remain optimistic about the long-term growth prospects of the health insurance sector. Our differentiated business model will help us in striving to continue to be the fastest growing health insurer. As we had guided earlier, we continue to be optimistic about reaching less than 100 CoR as per the old accounting regulations and endeavour to achieve this as per the new standards also.

Thank you, and I will now hand it back to Vishakha for her closing remarks.

Vishakha Mulye:

Thank you everybody for joining us today evening and will be happy to take any questions.

Moderator:

Thank you very much. We'll take our first question from the line of Avinash Singh from Emkay Global Financial Services.

Avinash Singh:

A few questions. The first one is on NBFC margins. So I mean, the fee income has seen a strong increase. But on the core, if we see net interest income or the margins are still kind of weaker and that particularly in the backdrop of a December quarter that was already pretty low.

So can you please help us understand what is sort of keeping these margins at a lower level, particularly, I mean, even when the Q4 growth has come up from your SME segment, I mean, that has grown in Q4. So is it something I mean, still the margins are under pressure?

And going forward, given that, your asset liability are pretty balanced as far as the fixed to floating are concerned, that means the rate cut benefit will not be material. So how the margin outlook appears at the moment? And what will sort of drive the going forward margin upward? So that's the question on margin.

And second is, if I look at the NPA in that unsecured business loan, you have some 45-odd percent guaranteed by central government. That's fine. But the q-o-q spike or increase continues for last 4 quarters. And if we were to kind of again go look down further, probably from the disclosure, it seems that the government guaranteed part has a 6.5% kind of GS3.

So what is sort of driving this kind of a high NPA ratio in this -- the book that is guaranteed by government? So I mean, is some sort of the customer profile or some kind of underwriting filter what's driving that? So that's on the business on unsecured.

And thirdly, on the growth side, yes, I mean, on a 3-year basis, growth is very, very impressive. But if we look back this year, of course, one part was that, okay, on the personal and consumer side, there has been decline because of various issues. But the growth at 20%, and out of that 20%, buyout contributes 2-3%, close to about 6,000-odd crores for the full year. So what is sort of -- I mean, because you have been taking various initiatives, I mean, within Aditya Birla Group, ABCD, direct and all, yet, I mean, what I would say that, self-originated growth has been kind of moderating. So again, looking forward, how will this growth will appear in FY '26?

Rakesh Singh:

First question was on the yield and the margins. So if you look at our yields for quarter 3 and quarter 4 is quite stable at 12.9% and the margins expanding from 6% to 6.07%. And as we had mentioned to you in the last call as well, that the decline which we have seen over the past twelve months is on account of the change in the product mix. So our personal and consumer, which used to be almost 20% -- 19% of our overall loan book has come down to 12%, 13%, and that has impacted the yields. We were slightly ahead in terms of the market in terms of taking corrective actions. We strengthened and tightened our underwriting, and that's the reason.

But if you see quarter 4, it's almost now stabilized, and we are poised to grow in this segment. So going forward, you will see expansion as this segment grows, the expansion in terms of the yields and the margin. So that's the answer of your first question.

In the unsecured segment, where you mentioned that there is an increase in the NPA stage 3. So if you look at the unsecured segment, it comprises of 3 segments. There is 20%, which is supply chain business, 80%, which is the term loans, where we have business loans and small ticket unsecured loans.

And looking at the stress in the industry, this we had tightened in terms of underwriting and we had slowed down our sourcing. We have seen some amount of stress over the last 2, 3 quarters. But if you see almost 50% of that portfolio is backed by the credit guarantee and strengthening of the scorecards and the recalibration which has happened in that segment.

Going forward, there will be improvement as we go along. And the reason why it looks elevated is because it does not get written off at 180 days, and that's the reason it keeps looking elevated. So that's because this is backed by a guarantee from the SIDBI. So that was your question number two.

The third question was on the growth. So if you look in the last 3 years, almost 32% was our compounded annual growth, which is what we have demonstrated. And this year, in spite of recalibrating our personal consumer and the unsecured business, we have achieved a 20% growth year-on-year. And as we have guided that in the next 3 years, we are looking at doubling our loan book. So clearly, that's the kind of momentum which we are looking at going forward as well.

In terms of your question on the portfolio buyout, that's a very small part of our overall disbursements. We are both on the selling side and the buying side. So we look at whatever the opportunity which is there in the market, we evaluate that, we assess that. So net-net, between sale and buyout, I think the net book is very, small. It's around 5%- 6% of the overall disbursement of INR67,000 crores of annual disbursement, which we have achieved last year.

Moderator:

Thank you very much. We'll take our first question from the line of Chintan Shah from ICICI Securities.

Chintan Shah:

So firstly, on the NBFC, so there is some 60 bps rise in the unsecured business stage 3. So what would explain this increase from 4.1% to 4.7%?

Rakesh Singh:

I just answered that question, Chintan. If you look at the segment, supply chain which is a short term business is 20%, where the credit quality is pretty good. Then we have a business loan and the small unsecured ticket loans, where looking at the stress in the industry and on the backdrop of leverage, we have tightened the underwriting, the scorecards and the policies. And this looks elevated because it does not get written off at 180 days, the way we do our other unsecured segment because this is guaranteed by the government and the SIDBI. So that's the reason why it looks elevated. As we go along, I think this should get corrected. And it should come in the -- yes, it should get normalized.

Chintan Shah:

Sure. Sorry for the repetition. And two, three questions on the HFC business. So HFC, I think this quarter, the tier 1 capital adequacy ratio is around 14.3%. So what is the minimum threshold there or will we be infusing further capital? So firstly, on there. The developer book in the HFC business, has more than doubled on a Y-o-Y basis. So what are the typical yields here and the average ticket size and what kind of developers are we dealing with? Because the growth looks quite robust and the yields have declined. So just wanted to get some sense on that, yes?

Pankaj Gadgil:

So I think the first question, Chintan, will have to repeat. I'll first answer the second question. The second question was towards the developers that you say.

Chintan Shah:

Yes, developer base.

Pankaj Gadgil:

Yes. So growth in disbursements has been quite uniform. If you see retail also, retail has grown by 94% actually and developers have increased by 106%. So on both the sides, the growth is quite significant, and that is why the overall disbursement growth is 109% Y-o-Y. That's the first part of the question.

Now coming to the type of developers that we typically source. So, it is a fairly granular portfolio between 280 to 300 developers that are there in the book. So, the average ticket size will be in the range of about 25 to 30 crores. So typical projects where the cost of construction will be anywhere between 200 crores to 250 crores will be the typical developers that we'll be financing.

And I think last time I had also spoken about this that in this business, like you rightly said, I think monitoring is very critical. And we do this with a platform that we have launched. I am not seeing many companies using it, but we have created one, which is called FinCF. The platform allows our developers to undertake many of the activities on their side digitally and most importantly, for our teams, who also monitor the portfolio both event wise and also frequency wise. So I think this is how we are monitoring the portfolio and monitoring the growth. Could you repeat the first question? I think you said something of 14.3%, if you could.

Chintan Shah:

Sure. Yes. I will. On the yields also, I think if you would just help us with what would be the typical yields in the developer book?

Pankaj Gadgil:

So on the developer book, the yields are anywhere between 13% to 13.25%.

Chintan Shah:

13% to 13.25%

Pankaj Gadgil:

That’s right.

Chintan Shah:

Sure. And so on the retail portfolio, what will be the blended yield?

Pankaj Gadgil:

It will be about 10.25%

Chintan Shah:

10.25%. Sure. And so firstly, I had mentioned on the capital adequacy ratio, that is around 14.3%. So what is the minimum threshold of the regulatory requirement? And so how much capital are we looking to infuse in FY '26?

Pankaj Gadgil:

So total CRAR requirement is 15%. On that, we have 16.54%. And we've infused INR1,200 crores. And internally, while the regulatory guidance is 15%, I think we are comfortable in that range of between 16.5% to 17%. That is the internal guideline that we have.

Vijay Deshwal:

If you look at the Tier 1 ratio is 14.3%, and we have sufficient headroom to raise even sub debt from the market. And whatever growth capital in the HFC will be required during the next year, we will also support from ABC from the operating and the holding company. So no worries on the capital requirement of the HFC for meeting the growth requirements.

Chintan Shah:

Okay. And just lastly, on the ROA front, we have mentioned that ROA will inch up to 200 to 220 for the next 8 to 10 quarters from 146 currently. So what would be the key drivers? Would it be opex or yields or credit costs? Just could you throw some light on that, yes? That's it from my side.

Pankaj Gadgil:

If you see the financials, which have been provided, you will see that the NII is 5.07%. The opex to average loan book is 2.94%. The credit cost is 24 basis points. That is how the ROA today is 1.46%. So the improvement in ROA will essentially come with operating leverage. So what is opex to average loan book, which is 2.94%. The endeavor in the next 8 to 10 quarters is to reduce that by between 100 to 130 basis points.

And this will naturally come with the book building and the plan of the growth, which is there. Credit costs will be range bound. Anyway, it is at 24 basis points. So in my assessment, they will be in a similar range. In fact, the NIMs from 5.07% may come down by 30 basis points. So the net would be 100 basis points difference, 130 less 30, and that's 100 basis points. So post tax, we should be able to get about 60 to 70 basis points additionally over where we are. So that's the broad calculation of our ROA that Vishakha mentioned in opening.

Chintan Shah:

Sure. So just a follow-up on this. So basically, the opex has almost increased by around 50%, 47-odd percent in this year for the HFC business. So it means a large front-loading of the expense or the initial capex has been done and the productivity and efficiency should follow, right? Is that a fair assumption?

Pankaj Gadgil:

That's right. You are absolutely correct.

Chintan Shah:

Sure. That’s it from my side. Thank you for answering all the questions. All the best.

Moderator:

Thank you. We'll take our next question from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal:

Thanks for taking my questions and good evening everyone. Firstly on NBFCs, just trying to understand, you explained earlier that as the mix of personal and consumer improves, we will see yields improve and margins improve. So just trying to understand over the next maybe 1 to 2 years in a declining rate environment, while one tailwind will be improving proportion of P&C in the loan mix. How are we placed on the liability side? And how will that impact margins is one thing I wanted to understand.

The other thing is on NBFCs, I think we've guided for again this year doubling the loan book over the next 3 years. So just trying to understand will the existing product suite suffice or are there any new products that you would look to pilot double the AUM over the next 3 years?.

Rakesh Singh:

So I think I'll take your second question first because I think doubling of the loan book, the way we have the entire range of product on the personal consumer side and also on the MSME side. We might look at one or two more products, but the way we are looking at, we want to sweat our existing branches, the branches which we have set up in the last 12 to 18 months and also branches which we will open in the next 6 to 12 months.

Also the digital assets, which we have created both on the personal and consumer side and for MSME side, the Udyog Plus, which we have set up. So we want to sweat up these -- the channels, the platforms which we have created and also the productivity as we -- if you look at these branches, a lot of branches have been opened in the last 12 to 18 months.

I think the productivity should get improved. And so that's how we are looking at doubling. That's the reason the guidance is for 3 years in terms of doubling. There might have been a slowdown looking at the environment the way we did it in the last year, looking at the environment and the leverage going up, we had really recalibrated our strategy for unsecured loans.

But going forward, in the next 3 years, we are quite confident that we should be able to deliver the numbers within the range of products which we have with addition of few products and just setting out the infrastructure or the platforms which we have created. What was the first question? Cost of funds, if you look at our liability, our borrowing is 65% is floating and asset is 71% floating. So in a way, it's very balanced. In terms of as we grow personal and consumer segment, short-term unsecured loans, primarily they are fixed in nature. As we keep getting the benefit on the cost of funds and it will get locked in for 2, 3 years, our margins should expand. And also the product mix, more than -- I think the product mix only should help us improve our yields and margins. So that's how we are looking at margins going forward.

Abhijit Tibrewal:

And just a related question, while we are at around 12% personal and consumer loans in the mix, and like you said earlier, at the peak, we were at around 20%, 21%. Is the idea, I mean, go in a calibrated manner, the intent will be that over a course of time, take it back to 20% and then, I mean, how would the interplay be on the ROAs? On the HFC, I think we guided for 2% to 2.2% over the next 8 to 10 quarters? How should we look at ROAs in the NBFC business?

Rakesh Singh:

So the stated, I think, guidance or whatever which we have in terms of the product mix is 75% of our loan book has to be retail and SME and 25% is on the corporate side. That's how we -- that should help. Within that, if you look at retail and SME, as you rightly mentioned, personal and consumer can go to around close to 20% and unsecured business will again grow.

So both these segments are growing and the margins improving, that will expand our ROAs. In terms of guidance on the ROA, we will, I think, wait and see how the next couple of quarters goes, and then we should be able to -- but we are looking at expanding the ROAs from here on.

Abhijit Tibrewal:

Got it. And then the last question that I had was on our HFC business. So I mean, just trying to understand this principal business criteria, which says that 60% of the company's total assets should be dedicated to providing finance for housing. Where are we placed in the PBC in our housing business?

And just trying to understand in terms of mix, we have seen, I mean, over the last 1 year, very good traction on the CF side, the construction finance side. So maybe over the next 2 to 3 years, how are you looking at this mix evolving, particularly the CF side and the affordable businesses that we have?

Pankaj Gadgil:

Right now on the PBC, we have two criteria, one is on total HL you have to be at 60%, we are at 61.1%. When it comes to individual housing loans, it has to be higher than 50%. We are 52.4% on that side. So the idea is that, of course, even in the developer financing, if the financing is for residential projects, it gets classified as HL on that side.

On the mix, right now, we are at a mix of 14.3% for the CF business and prime is at about 47% and 38% is affordable. The mix is going to be in that similar range only. It will be that range of 45% to 47% of prime, 30% to 40% of affordable and between 14% to 15% of developers. The objective, obviously, is to leverage the opportunities which are coming in on both the housing and on the LAP side and ensuring that we are ahead of the regulatory percentages on PBC.

Abhijit Tibrewal:

Got it. This is useful. And if I can just squeeze in just one last question. We've done exceedingly well, almost a 70% kind of a Y-o-Y growth in our housing business. Just trying to understand, I mean, are we a little aggressive in the market, especially when it comes to housing loans and particularly in those projects where we had given construction finance?

What I'm trying to understand is usually kind of when we look at other housing finance companies, more often than not, the LTVs are in that range of 75% to 80%. For us, are those LTVs higher than our peer set? Is that also something which is helping us get faster growth?

Pankaj Gadgil:

So I think the first question is that we've been always talking about in the last almost 6 to 8 quarters that we have built capacity in the housing finance. So building capacity and the platforms that we have earlier spoken have improved the productivity of teams. So significant increase in capacity and that also shows in the opex, which was earlier put out by one of the other questions that I answered. So it's a function of capacity and productivity that has helped us in growing this business.

On the LTVs, there are regulatory guidelines around LTV. So there is not too much of a play which is available on that. We have seen the last 2 years on the way LTVs have progressed. And I can give you comfort that our overall LTV, if I say all cohorts put together, is in between 50% to 60% in '24 and '25. So we have not seen a change.

The growth is coming on the back of capacity, productivity and 12% of our disbursements, we have been saying we've been able to leverage the ABG ecosystem as well, that gives us an opportunity also to improve our growth versus the competition in the marketplace.

Abhijit Tibrewal:

Got it. This is very useful. Thank you very much patiently answering all the questions. I wish you and your team all the best.

Moderator:

Thank you. We'll take our next question from the line of Sameer Bhise from Dymon Asia. Please go ahead.

Sameer Bhise:

Yes. Hi, thanks for the opportunity and congrats on a good set of numbers. Just wanted to ask on the flow rates on the unsecured business loans. Rakesh, could you comment it while we understand that headline GS3 is slightly higher, but some understanding on flow rates would be helpful?

Rakesh Singh:

So can I just come back on this flow rate for business loan, which you are talking about?

Sameer Bhise:

Yes, the unsecured...

Rakesh Singh:

I will get back to you on this.

Sameer Bhise:

Sure. And secondly, how should one think on credit cost incrementally? I mean you have mentioned that the environment has improved and you are more confident to grow on the unsecured piece. Would that mean -- obviously, it means a lower credit cost for next year. So how should one think about it? That's all from my side.

Rakesh Singh:

So on the business loan, the earlier question, the flow rate is 0.8%. So that's how it's stacking up quite well, and we should see some improvement there. In terms of your question in credit cost. Credit cost, if you see in a difficult environment also last year when the stress was seen in the industry in unsecured loans, we have reduced our credit cost from 1.5% to 1.31%.

So we have clearly demonstrated that we had the agility to move away from low ticket, unsecured where the customers were leveraged to move away from that and build our secured business. We have strengthened our underwriting. We have put all the criteria in terms of looking at the leverage, I think those are the inputs which has gone into the scorecard.

So clearly, we are looking at sustained credit costs over the next year or so. We have been tracking the portfolio not only on the bounce rate, but the first EMI bounce, second EMI bounce and tracking each and every cohort very, very closely. We have strengthened our collections infrastructure, pre-emptive telecalling for customers on collections.

So I think a lot of actions have been taken, and we are quite confident that post calibration. And also, we have cut out the higher risk segments from our underwriting and sourcing. So we have cut that out. And so we should be able to sustain the credit cost next year as well.

Sameer Bhise:

Okay. Fair enough. And the flow rates that you mentioned, is it fair to assume that they have been largely stable?

Rakesh Singh:

They have been largely stable, yes.

Sameer Bhise:

Okay. Fair enough. Thank you and all the best.

Moderator:

Thank you. We'll take our next question from the line of Gaurav Kochar from Mirae Asset mutual funds. Please go ahead.

Gaurav Kochar:

Hi, sir. Good evening and I just wanted to understand a little bit about the unsecured personal loan. You mentioned that last 1 year has been -- you've been a little cautious on this portfolio and the share has come down from 17% to 12%. So going forward, while you've indicated 20% over the next 3 years. But just wanted to understand its dynamics on yield. Let's say, if we improve the share by 200 or 300 basis points in the coming year, what kind of yield this portfolio runs at, just to understand how much can it benefit on margins?

Rakesh Singh:

This portfolio runs at closer to 18%-19%. And this should -- I think 200 basis point improvement in the product mix should help us expand our margins. And that's what I stated earlier. In terms of absolute margin expansion, I think we can just simulate that.

Gaurav Kochar:

Sure. On coming to the funding mix, if I look at almost half of your borrowing is from bank. And if I include working capital, that's about 57%. So what percentage of this liability would be linked to repo? And what would be the other piece, let's say, MCLR? Is it 1-year MCLR or 6-month MCLR? If you can give some split of the borrowing?

Rakesh Singh:

Primarily, most of our borrowing from the banks is 3 months MCLR and 1-month MCLR and not 1-year MCLR. Repo would be quite low, closer to around 10% or so.

Gaurav Kochar:

Sure. So coming to -- let's say, today, we've seen a 50 basis point rate cut. Let's say, this may take for banks to reprice, it may take about 6 months to 9 months on the MCLR front. So as and when it happens, so can we expect, let's say, this half of it at least flowing through in this year, your cost of funds, at least from the bank borrowing side, half of the rate cut benefit flowing through in FY '26? Is that a fair assumption?

Rakesh Singh:

As the rate comes down, yes, the benefit should come to us. But apart from the bank loans, I think we have the NCDs, the money market, which we borrow from, I think that is at a slightly lower cost. So that's another short-term borrowing because we also have short-term assets on the supply chain and on the consumer loan side. So there are many avenues to improve our borrowing mix and reduce our borrowing costs.

Gaurav Kochar:

Understood. And just final question, the merger with the holding company, is there any sort of benefit on either funding cost or maybe some operating synergies that you can speak about that can benefit us over the next 2, 3 years?

Vijay Deshwal:

Gaurav, on the part of the merger we had explained earlier also that ABFL was AAA rated from CRISIL, ICRA and all the rating agencies and ABCL is also AAA rated. So there won't be any benefit as such on the rating or something, but what definitely we have -- it's a large unified NBFC now and the operating company with a better access to capital.

Also, the larger benefit of the merger was on account of release of capital. So close to about 3,000 to 3,500 crores worth of capital got released and that has helped us to take care of at least 1 to 1.5 years of growth requirement. I think that was the major benefit other than that we've always operated on a lean model at the Holdco.

So synergies will, of course, be there in terms of the horizontals that we carry at Holdco. But largely, the benefit will be of being a large unified operating NBFC or direct access to capital and also the capital release that we explained.

Gaurav Kochar:

Understood. Perfect. Thank you so much and all the very best.

Moderator:

Thank you. We'll take our next question from the line of Nidhesh Jain from Investec. Please go ahead.

Nidesh Jain:

First question is on the ABCD app. Can you share some data around customer engagement? What is our monthly active users and some business data as well, what is the quantum of disbursements that we have done? What is the quantum of mutual fund AUM or life insurance premium, health insurance premium that we have generated in FY '25 from the app?

Pankaj Gadgil:

So currently, we are tracking the number of customers that we've onboarded. And of course, we've also spoken about the number of VPAs that we've had from the customers who have experienced the app. We have just completed a year of the launch. Last year, we launched it on 16th of April. I think in the subsequent quarters, we'll come up with the GMV numbers and also the questions that you are asking.

Vijay Deshwal:

Just to give some clarity here, Nidhesh, for now, you can say that the origination on the personal loan on the NBFC side and having created the journeys for the personal loan, a large contribution to the housing loan and also to the asset management business in that order. And we are also looking at growing the insurance and the rest of the businesses also on the app. And as Pankaj said, the numbers we'll be able to share in the subsequent quarters.

Nidesh Jain:

Sure. So you mentioned 5% of personal and consumer loans have come from this app. Can you quantify in rupees crores?

Vijay Deshwal:

It's about 100 crores run rate per month, Nidhesh. I think we'll keep it here.

Nidesh Jain:

Sure. Secondly, can you share Stage 1 and Stage 2 PCR movement from FY '24 to FY '25 for NBFC and housing finance business? In percentage terms, what was the Stage 1 and Stage 2 PCR?

Rakesh Singh:

Nidhesh, we'll come back to you on this.

Nidesh Jain:

Sure. And lastly, in the life insurance business, can you share the reason for positive operating variance and positive assumption change variance for FY '25?

Kamlesh Rao:

So positive operating variance is largely on account of better experience in lapses and contribution of group business profit. So that's largely the contribution coming on the operating variance side. On the assumption variance, basically persistency, lapse in some of our products, specifically in non-par. And also on portfolio, our mortality experience has been better.

So typically, what we do is we look at consistency of that variance that we see over a year or two before actually taking the benefit of that. So we've got some higher on account of assumption variance, but operating variance for us has always been positive over the last few years. So a combination of both of this is the explanation of your operating variance as well as the assumption variance difference

Nidesh Jain:

Sure. So what will be the margin expansion because of the assumption changes for FY -- for the current year?

Kamlesh Rao:

So basically, if you look at the large contributor still comes from the net VNB of the portfolio. If you're asking me in the bridge, then I'm saying we would have got roughly about 100 basis points extra on account of the assumption variance change.

Nidesh Jain:

Okay. Thank you. That's it from my side.

Moderator:

Thank you. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to Ms. Vishakha Mulye for closing comments. Over to you, ma'am.

Vishakha Mulye:

Thank you so much for joining us. And if there are any more questions, all of us are available. We will get in touch and you can contact any of us. Thank you.

Moderator:

Thank you. On behalf of Aditya Birla Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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