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“MAS Financial Services Limited Investor & Analyst Meet”

February 16, 2026

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**MANAGEMENT: MR. KAMLESH GANDHI – CHAIRMAN AND MANAGING DIRECTOR – MAS FINANCIAL SERVICES LIMITED
MRS. DARSHANA PANDYA – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAS FINANCIAL SERVICES LIMITED
MR. DHVANIL GANDHI – EXECUTIVE DIRECTOR – MAS FINANCIAL SERVICES LIMITED
MR. SAUMIL PANDYA -- PRESIDENT (RETAIL ASSETS) – MAS FINANCIAL SERVICES LIMITED
MR. VIVEK VYAS – CHIEF OPERATING OFFICER (RETAIL ASSET CHANNEL BUSINESS) – MAS FINANCIAL SERVICES LIMITED
MR. NISHANT JAIN -- CHIEF RISK OFFICER – MAS FINANCIAL SERVICES LIMITED
MR. ANKIT JAIN – CHIEF FINANCIAL OFFICER – MAS FINANCIAL SERVICES LIMITED**

**MR. HITESH GANATRA -- HEAD OF HUMAN RESOURCE
DEPARTMENT – MAS FINANCIAL SERVICES LIMITED**
**MR. RAJEN SHAH -- CHIEF TECHNOLOGY OFFICER –
MAS FINANCIAL SERVICES LIMITED**
**MR. DARSHIL THAKKAR -- HEAD - CREDIT – MAS
FINANCIAL SERVICES LIMITED**
**MR. HIMANSHU KANAKHARA – EXECUTIVE VICE
PRESIDENT (HOUSING SUBSIDIARY) – MAS
FINANCIAL SERVICES LIMITED**
**MR. MEET CHANDE – ASSISTANT VICE PRESIDENT -
INVESTOR RELATIONS – MAS
FINANCIAL SERVICES LIMITED**

Meet Chande:

So, good evening to everyone. On behalf of Team MAS, I, Meet Chande, welcome you all to the company's Investor and Analyst Meet at Mumbai, showcasing the Vision 2036, i.e., Proven Performance Compounding with Prudence.

Standard disclaimer applies. So, we have a full management, and a core team of MAS present here, starting with Mr. Kamlesh Gandhi, who is the Chairman and Managing Director. Then Mrs. Darshana Pandya, who is the Executive Director and CEO, working with the company for more than 30 years. Then we have Mr. Dhvanil Gandhi, who is the Executive Director and part of Promoter Group. He has been working with the company for more than 11 years.

Then we have Mr. Saumil Pandya, who is the President of Retail Assets, and has been working with the company for more than 25 years. Then we have Mr. Vivek Vyas, who is the Chief Operating Officer of our Retail Asset Channel business, and he has been working with the company for more than 15 years. Then we have Mr. Himanshu Kanakhara, who is the Executive Vice President of our Housing Subsidiary, and he has been working with the company for more than 8 years.

Then we have Mr. Nishant Jain, who is the Chief Risk Officer, and has been working with the company for more than 8 years. Then we have Mr. Ankit Jain, who is the Chief Financial Officer, and has been working with the company for more than 15 years. Then we have Mr. Hitesh Ganatra, who is the Head of Human Resource Department, and has been working with the company for more than 4 years.

Then we have Mr. Rajen Shah, who is the Chief Technology Officer, and has been working with the company for more than 22 years. And at last we also have Mr. Darshil Thakkar, who is the Head of Credit, and has been working with the company for more than 11 years.

So, first we will have a presentation from each of them, and then we will start the Q&A session post that. So, this is the agenda which I will cover in a respective person's introduction.

So, our first speaker for the day is Mr. Kamlesh Gandhi. So, Mr. Kamlesh Gandhi sir is the Founder, Chairman and Managing Director of MAS, with over three decades of industry expertise driving the consistent company performance. He is the first-generation entrepreneur and has an experience of more than 30 years in retail finance services industry.

He is the Chairman of Gujarat Finance Company Association, Director of FIDC, which is the SRO of NBFCs of India and Co-Chairman of Finance Task Force of Gujarat Chambers of Commerce and Industry. He is also Managing Trustee of Srimati Urmilaben Chimanlal Gandhi Foundation. The Foundation currently contributes towards the financial needs in healthcare and the education.

So, sir's agenda for today is, he is the leading the Vision 2036, Proven Performance Compounding with Prudence.

So, Kamlesh sir, I request you to please come on stage for your presentation. Thank you.

Kamlesh Gandhi:

So, good evening, everyone. And at the outset, I am thankful to all of you for sparing your valuable time and coming to this meet in order to understand the company better. I am trying to take you through two very distinct things, that is, one is on the proven performance and second, how we visualize ourselves in a coming decade?

I think many of you with whom I have interacted personally, I have always shared that at MAS, decade is a medium-term view. While being a listed company, we do interact with you quarterly, but our main aim is having a long-term vision which enables us to work very prudently.

Now, the very first slide, don't take it that every company tells that we are different. The heading is Key Differentiators. And I will take you through the characteristic of the company of what it has done over all these 30 years. And I am very convinced and confident that you will also agree with this title that, we are different, the key differentiators. We are not just one more NBFC on the horizon, but we are the ones who have very relentlessly stood by all our commitments over all these 30 years.

I personally believe that brand is nothing, but commitment and delivery. And if you see us delivering over last 30 years and more precisely post IPO where the numbers are in the public domain. As such before also they were in the public domain with some listed instruments. But more interaction happened post the IPO and when we did the QIP, a year and a half -- in '24 June, say around one and a half year back.

Whenever I interacted with the same set of investors, my first submission was don't go by what I'm telling. Go by what we have done. And I could see many of them had their notes preserved way back in of 2017 and were very happy to note that we stood by each and every of the thing that we committed. And that is what I personally mean is the brand.

So the first thing what I like to present to all of you is, what we have done over all these 30 years, which gives us the strength to visualize a decade further. The first and the foremost thing is consistency, and I would like to use the word courage here, that we were courageous to be patient.

To be consistent over a period of 30 years and to relentlessly work towards your strategic intent is something which requires lot of conviction and confidence in yourself. With so many distractions and noise outside, not getting distracted and sticking to your strategic intent is something that is very, very important.

And I like to tell you that we are not trying to claim that we are an super entrepreneur or something we are doing something extraordinary. It happens to us because the way we started this company and the way we grew this company. I have discussed this with all of you many times, but for the unversed, I started this company way back in 1988 as a partnership company with a INR1 lakh borrowed capital from our late Co-Founder Mukeshbhai's friend.

It was a marketing company, marketing consumer durables. We realized if we can offer finance along with it, it can sell more, at times where finance was not heard of. And from 1988 to 1995,

there are so many anecdotes to this, but in the interest of the time I fast forward it, that from 1988 to 1995 is where we earned our first INR2 crores of capital, turned corporate.

And what was started as MAS, the full form of MAS is Marketing and Allied Services. That became MAS Financial Services Limited in 1995. And as you see in our presentation, we always start from that point, i.e., 1995 INR2 crores, currently close to INR15,000 crores.

So over all these 30 years, we have very relentlessly stuck to our strategic intent. Let me share with you that when we turned corporate, I and Mukeshbhai had very clear-cut objective that we want to keep this company as a Promoter-driven professionally-run company. We want this company to outlive us. Not only link the numbers with how old are we, or how other companies are doing.

In our initial stage, so many investors or so many people will ask us that would you like to become Sundaram or would you like to become HDFC? And our answer was they are great companies to learn from, but we'll like to be MAS. Because every company is uniquely placed just like every person is unique. And with this thought and with this strategic intent we started in 1995, 30 years of relentless pursuing, pursuing the strategic intent very relentlessly, gives us the confidence for our future vision.

Friends, in lending business, creating assets is perceived to be simple. Top line can increase in no time. The way you land and the way you create your loan assets can increase very fast. Right under our nose, we have seen companies 2x or 3x our size within no time. Many of them succeeding, many of them had their own consequences.

But over all this period, we have stuck to one dictum that is extending credit where it is due. This one line and to execute this single objective, it takes a lifetime. And if you ask me today, have we mastered it? The answer is no. We are learning. We are continuously at it, that how we can extend credit where it is due, because I personally believe that it is incumbent on the lender to give the right credit rather than on the borrower to borrow right.

Because of the fact for the lenders this is a process, for a borrower it's an event. They can go wrong, ideally, we should not. So this is what we have practiced over all these years that extending credit where it is due and it kept us in good stead. It yielded dividends where it really mattered. And if you see the graph over all these years the way we have maintained our asset quality, the operational cost and hence the profitability. So this is what we have pursued over all these years, and I see no reason to deviate from this going forward.

This ladies and gentlemen is a big differentiator, growing mainly through internal accruals while my colleague will take you through the numbers. Let me be very candid here that growing through internal accruals is in alignment with our strategic intent of keeping it Promoter-driven and professionally managed. And at the same time giving a very decent growth, or a very handsome growth I will tell it, by all definition.

I will take you through the next slide where we will translate it into numbers also. But around majority of our capital currently is through internal accruals. And that allows us a Promoter holding of 67%, 66.61% to be precise.

Now what does this Promoter holding really should mean to the investors? Stepping in your shoes, I from my 30 years of experience very firmly believe and with so much of changes happening around, I don't know how many of you will agree, that an enterprise is best run by the entrepreneurs. The difference is that when an investor puts his money in the company, he is running for his food. But when an entrepreneur puts everything in the company, he is running for his life. And we all know that who will be more focused, who will give the best? And hence I believe that a meaningful Promoter holding is the key for a very long-term sustainable success.

Even during our Vision 2036, I stick my neck out and tell that as Promoters we will be holding meaningfully above 50%, there will be capital raise when we talk, I will discuss the number in the next slide, but there will be capital raise, it has to be but without diluting the strategic intent.

We are focused on profitability. We believe that profit is the index of the value add and with a pinch of salt or rather bagful of salt, also the valuations. I think I would like to put a question mark here. Also the valuations? Just before coming here I was talking to Dhvanil and you showing one company at a INR25,000 crores valuations and I automatically asked what's the profit? He said that there is no profit, but they are getting this valuation or the price increased because they reduced their losses significantly.

But we don't want to tread this path. We believe that profit is the index of the value add and this is once again friends, the result of the way we have, run this company over all these years. We did not build this company in era when capital was freely available. We did not build this company in an era where burning capital or incurring losses was usual. We built this company in an era where we were judged, evaluated, assessed, whatever the word you want to use, purely on the profits made.

And forget about how the investor will judge, we being one of the largest investor in the company, forget about how the investors or the market will judge, that's about from 2017. It's about our own conviction that if sufficient profits are not made, we are doing something which is not correct. We need to change a business model, we need to be more frugal, we need to... need to have control on the leakages.

So at MAS whatever you will find, you will find two things. One is a long-term objective and number second is simplicity. Whether it is about adopting technology or whatever it is. We are doing what best is required for the organization in terms of technology without being so flashy on the expenditure we incur on technology.

So we firmly believe that profit is the index of the value add. We do not upfront expenditures to the maximum extent possible. And that you must have seen over, that reflected in our working over all these years. That profitable right from day one, even if you talk about housing finance

company, the subsidiary, profitable right from day one. But you have to be patient for that and that is why I started from the slide courageous to be patient.

Very important, I am here with my core team friends. The people who are the real heroes, the people who really run this organization, whenever I meet you or Dhvanil meets you or my IR team meets you, we talk about the work being done by them. And you could see from the slide, I am sure that along with the names you must also have seen a small number that depicts vintage. That's our strength.

A core team with vintage brings about lot of stability in articulating your strategic intent right to the grassroots level. We are into retail financing, so currently the team size is 5,000 plus. How to articulate your strategic intent right to the person at the ground level? And that is where a stable core team plays a very important role. So we have the culture of succeeding and failing together, learning together, facing the challenges together and being resilient all the time.

When we talk about vision, usually it is given for next 2 years we will do this, next 3 years this will be it. While I talk about a decade, we will be concentrating at one link of a chain at a time. The vision is set, but the execution plans will be made where we concentrate on one link of a time. That vision should not distract us. But it will be showing us the light every time that this is where we want to reach.

I have shared with whom I have met that I spend a fair amount of time daily visualizing MAS a decade down the line and that gives us lot of confidence for our long-term actions. I just give an example, I think my colleague might share that in her slide, that during COVID, we were among the few companies who degrew our balance sheet even though being listed. Because we knew that we are not here for a quarter or two or a year or two, we have a long way to go. So having a long-term vision is a key differentiator. And that gives us the strength, that gives us the wherewithal to act prudently.

Friends, lending is not the business where you create lot of excitement. For two very simple reasons that you are present across the various sectors of the economy and various geographies of the economy. If it rains heavily in some state, we are worried. If some of the industry not doing well, we are worried. We'll give you a slide on the spread of the industry where we are present.

And inherently, lending has its own risk. We are not in the business of avoiding risk, we are in the business of managing risk. And hence how big is that risk as per your capabilities, aligned with our strategic intent of not burning capital and being profitable, and how big is that risk will define the success. This is a very serious business.

I don't tell that other business are not serious, but I don't know much about them. I have born, brought up and I have lived this business, but let me share with you, this is a very serious business. It's not about creating excitement, it is not about creating exponential growths, and not also exponential profits.

I would like to urge all of you to have the right set of expectations from the lenders. Few of them growing at a very pace rate without judgment of any of companies. Few of them growing very fast or few of them growing exponential profit over the years. Don't judge the entire or don't assess the entire industry by that yardstick.

I meet so many young entrepreneurs at NBFCs, and I see many of them getting carried away that what will my investor think? What will the markets think? And that is a wrong way to run a lending business. It is up to you to what do you think. Just to put a perspective to these numbers, for a sustainable lending business, depending upon the size, anywhere between 15% to 25% is a growth which should be not only assessed but respected.

ROE is anywhere between 14% to 17% in housing finance company, couple of percentage less should be respected because that are the sustainable numbers. You don't execute on day-to-day basis, but you play a very important role in setting the right expectations or the right set of working for all the NBFCs or the lending companies. That's very important. This is what according to me and my humble suggestion based on my 30 years of experience.

So this is where we have differentiated ourselves. This is what we think we have done. We will go on continuing doing this things. These are the differentiators which has been depicted in terms of what this company is built of, in terms of its character. Numbers, I think we put up very regularly on our investor presentation. But this graph gives me lot of confidence. This is up to '25, after a quarter we will be adding '26.

Okay, on a lower base from INR2 crores to it depicts INR12,000 crores, now we will depict it on a consolidated basis at INR15,500 crores. Translate into a CAGR of 35.1%. And what I was talking about internal accruals, 38.85% the CAGR on a lower base. I do agree this is an advantage what we are getting on a lower base. But in a coming decade also, we very firmly believe and we are confident to grow anywhere between 20% to 25% with commensurating profitability.

But with a strong caveat prioritizing risk and profitability. When we talk about a decade vision, it's a reasonably long time. We need to adjust to the macros. But as I told you, I think we have a good presentation to be given by our CEO that how we face headwinds and what happens when we face headwinds and what numbers can we achieve even during those most tough headwinds, including a black swan event like COVID?

So this is that you see very regularly on our slides and with your trust, support and blessings, you will go on seeing it for many more years. And this was about the first part of proven performance and let me share with you. We completed 30 years in May 2025. And on that day, we had our BHAG, that is Big Hairy Audacious Goal. As a team MAS, we decided that within next decade we should reach an AUM of INR1 lakh crores, once again prioritizing risk management and profitability.

The strategic intent will not get diluted. We all are here to evaluate the macros, a few quarters here or there, some number here or there really does not matter as long as we are on this track

of our strategic intent. And this is the key differentiator that we are talking about a decade now. We know there'll be challenges. We know everything will not happen the way we think, but we are determined. And we've proved that in the past, overall these 30 years on a very smaller base.

Let me share with you that smaller base has its own challenges. Smaller base has its own challenges. We work with MSME, the small borrowers and let me tell you we have one of the finest set of entrepreneurs. I was reading one article in the flight today where somebody was telling that Indian entrepreneurs are matching the US entrepreneurs, and I was disappointed.

The class of entrepreneurs what we have, especially in MSME segment, as I told you, they run for the life day-in, day-out. The constraints what they face, but still they are determined to grow and have grown and are propelling the Indian economy. I think we are second to none. So with that spirit and with each one of my team member also sharing their thoughts into how they will be instrumental in this growth of reaching this milestone, I will like to end here and once again thank you so much for listening to me so patiently and I trust that we'll continue to get all your support and encouragement and respect that we deserve. Thank you so much.

Meet Chande:

Thank you so much, Kamlesh sir, for your presentation. For us to do presentation seamlessly, I would request everyone to keep the mobile phone on silent mode and please not to talk in between of the presentation. Our next speaker for the day is Mrs. Darshana Pandya ma'am. She is the Executive Director and CEO of MAS Financial Services and has been associated with the company since 1996.

She is responsible for leading the operations at MAS and she is also the driving force behind the forging relationship between the company and its partners, which amount to more than 200 NBFCs. She has over 30 years of experience in the finance industry and holds a bachelor's degree in commerce from Gujarat University.

And her agenda for today is journey of the company over last 30 years.

I would request ma'am to please come on stage for the presentation.

Darshana Pandya:

Good evening, everyone. So very difficult to match Kamlesh sir's energy and passion, rather it is impossible, but I will try to give my best. So as Meet shared that I'll take you through the journey of last 30 years. So we turned corporate in 1995 from a partnership firm, visualizing the great opportunity to serve underserved segment of the society. So now it is a journey of 30 years which happens to be my vintage of the company, my vintage with the company also. So I'm very happy to share with everyone that I am part of this journey too.

Now if we do some number crunching to understand this journey, we have reached the AUM of INR14,600 crores on consolidated basis, which is spread across 283 branches on consolidated basis. In MFSL, it is 208 and rest is in the housing company. In 13 states and through this more than 280 branches, we have covered more than 15,500 locations. So we have reach up to 15,000 locations and beyond that, beyond this 13 states, we are present through our more than 200 NBFC partners, which is our 15 years old business model now.

And as we can see that started with one product and now, we have six multiple product offering for the customer. Under our MSME program we have micro-enterprise loan and SME loans. Under our wheels product we have two-wheeler and commercial vehicle loans and under consumption side, it is salaried personal loan and housing loan through our housing finance company.

Here it is very important to have a good intermediary to create a very good quality portfolio. It is not necessary that we can do -- we are doing everything or we should do everything. We should have the people who is having deep demographic knowledge who can help us to create a quality portfolio. So we are partnering with more than 200 NBFCs and for other products, two-wheeler we have 135 good set of intermediaries, for commercial vehicle 579 intermediaries are there and for housing loan, 161 partners are there.

Now while Kamlesh sir took us through the journey of last 30 years, I would like to throw some light on the last decade which we all know that it was very challenging for all of us. So there were multiple headwinds during these last 10 years, and we could successfully navigate through all these headwinds because our focus was on fundamentals. We stick to our strategic belief of discovering the numbers rather than chasing the numbers.

If I enumerate these headwinds for you, for your reference, then in '16-'17 demonetization happened, then '17-'18 GST implementation was there which affected small traders and manufacturers. In '18-'19, there was a NBFC crisis followed by liquidity crisis. Then '19-'20, '20-'21 we all know that it was very difficult for all of us on health ground also because it was affected by COVID-19 and practically everything was on stand still mode.

In '23-'24, it was a severe regulatory overhang, and it had cascading effect also. So in '24-'25 and still we are facing some challenges as far as overleveraging of small borrowers are concerned. So despite of all these headwinds, what we could achieve? So our CAGR in terms of AUM is 20% and in terms of PAT, it is 23%.

And I think you would give us the allowance of this two years of COVID and if we discount it, 25% CAGR we can consider for our AUM. And as far as PAT is concerned, it can be 29%. So this is how we could navigate it very successfully during this last 10 years and this gives us the confidence what we are targeting to reach up to INR1 lakh crores we can definitely do that.

Now this is also one of the major strengths of the company as sir shared in his opening remarks that we have built up our capital majority through internal accruals. So just to give you the reference of number, if we consider this INR2,865 crores as INR2,900 crores of capital, 66% growth is through internal accrual only. So we raised capital 4 times during this period.

The first raise was in 2008. We raised \$10 million in 2008 from FMO. Then it is was followed by EUR10 million from DEG in 2012. And in 2017 we got listed, and INR135 crores was pre-IPO and around INR233 crores was IPO and total we raised INR368 crores in IPO.

And 2024 through QIP we raised another INR500 crores. And here I would like to mention that we are thankful to all our investors for showing tremendous faith in us because our IPO got subscribed 128 times and QIP also subscribed more than 6 times. So this is the story of an internal accrual non-dilutive growth.

Next is about the rating of our company. We have been rated AA- minus by CARE. So this is the rating as per the rating agency, if you ask us, we are no less than the AAA rating. Because what we believe that what AAA rated company does that they always fulfil their commitment, fulfil their commitment under all the situations and that is what we have done throughout this period. So and we are very hopeful that within next, by the time we reach INR1,00,000 crores, we will get we will reach our target of rating also, that is AAA.

So now this is about the product expansion. As we know that we started with one product that was consumer durable in 1995. Then we went on adding the products in our bucket. So today we are offering more than six products because there are sub products under the SME loan and commercial vehicle loan as well. So if we look at the numbers, microenterprise loan, the portfolio is more than INR5,500 crores. And the quality is also very benign for all the product. So GNPA stands at 2.87% and NNPA is 1.64% for our MEL product. SME loan, we have more than INR4,900 crores of portfolio whereby GNPA is 1.49% and NNPA is 1.15%. Two-wheeler loan, the portfolio is INR1,022 crores and GNPA is 3.35% and NNPA is 2.34%. Commercial vehicle loan is INR1,055 crores whereby GNPA is 4.14% and NNPA is 3.22%. Salaried personal loan is INR1,185 crores whereby GNPA is 3.45% and NNPA is 2.61%. Housing loan is INR859 crores whereby GNPA is 0.97% and NNPA is 0.67%. So around 70-72% is coming from our MSME loan. Wheels portfolio is contributing around 14% and SPL is around 8% and housing loan is contributing 6%.

This shows the power of distribution of the company. So, we can see the numbers, well I would like to share with you that we started with one branch in 1995 and we started not with the nearby branches, we could have started with Gandhinagar, we could have started with Anand or maybe Mehsana which is closer by the our head office. We started the first branch; our first branch was in Bhavnagar.

And why we started there is the reason was we found a very good set of people over there to start the new branch. So that that is right from day one that was the focus, to have the people with good character. And we have always given priority to good character, people of having good character than people having talent. Talent is equally important, we value a lot, but good character is more important than that.

And the outcome of this decision to even today, the Bhavnagar branch is the having the best quality of the portfolio. So this was with this was how we started. So if we look at the presence in western part of the country, Gujarat is having 63 branches, so in in western part, Gujarat, MP, Maharashtra and Chhattisgarh there are 137 branches.

In North, Rajasthan is having 47 and other states are having 8 branches. And in South we are having around 16 to 17 branches. So we still have lot of opportunity to expand our branch

network in southern part of the country and Northern India. So we are into the process of the same. This year we were waiting to first to have the better results from the existing branches and then every year we are planning to open 20 to 25 new branches to expand our branch network.

So this what I will be focusing on going forward. So our focus will be on the endeavours to bring about a compassionate growth. We are not only growing passionately but with empathy also. So our focus will be on the compassionate growth which will be catalyst for undoubtedly higher productivity, resilience and loyalty among all the stakeholders. Secondly, our focus will be talent and culture building.

So as I am involved across the verticals, my focus will be on creating a performance driven yet value based culture within the organization and develop next level of leadership across all the departments. Kamlesh sir and Mukesh sir, they have groomed a team of around 20 to 25 people. Now it is our responsibility to groom the next line equally. And third is leading the execution of set long-term vision. So that is to align capital, talent and strategy towards delivering the company's long-term growth roadmap. So this is how we are planning to take the organization towards our goal within next 10 years to reach up to INR1,00,000 crores AUM and everybody will be guided and motivated to move towards that direction. Thank you so much.

Meet Chande:

Thank you mam for your presentation. Our next speaker for today is Mr. Dhvanil Gandhi. Mr. Dhvanil Gandhi is the Executive Director and part of promoter family, and he has been associated with the company for more than 10 years. He is leading the SME vertical of the company and played a instrumental role in developing it through branches across India.

He plays an active role in driving the IT initiatives and strengthening the investor relations through regular engagement with the investor community. He also is heading the insurance vertical of the company and under his leadership, MAS Fin Insurance has received insurance broking license from IRDAI in last year. He holds postgraduate degree from ISB Hyderabad and bachelor's degree in business and administration from Ahmedabad University.

And his agenda for today is: Journey going forward with SME vertical being the leading growth driver. Sir, request you to please come on stage for your presentation.

Dhvanil Gandhi:

Good evening all. Good to see some familiar faces and some new ones and thank you all for making the time to attend this event where we can talk in more detail about the company's long term vision rather than the usual discussion that we have regarding the past quarter's performance and what we are going to do next quarter.

So this this this event was planned with the understanding that we want to share more about how we scale the business, how we manage risks through various cycles, and why we are confident that we can build a much larger institution with the same discipline that we have build the current one.

As as all of you have seen during the previous slides as well and the previous speakers' communication as well that we have been that we have grown by being very predictable, I would

say, and we take comfort in saying a no more than saying yes and I think that has become a competitive advantage for us in this lending business.

And as mentioned by our Chairman as well that the right place to start the journey ahead is how we talked about the Vision 2036. So I just quickly want to talk about what philosophy we have adopted over the years, and those pillars have been the reason for the robust performance that we have delivered over the last three decades.

So number one is the determination, the determination to follow a long term vision and build an institution not only for a decade but for generations. And it shows up in in how we have navigated multiple cycles and how we have built very long term trust with our customers, partners and all the other stakeholders.

The second point is consistency. I think consistency is one of the hardest thing in the lending business in the limited experience that I have been associated with it because markets are always luring you to change your standards when debt and capital is easily available, it is luring you to grow faster, when the competition is high it is luring you to maybe loosen the credit filters or reduce the pricing.

But in our experience institutions don't get into trouble because they don't know what the risk associated are with their decisions, but they forget to stick to the fundamentals and the basics. And I think that is something that we have done very well over the last three decades and that is something that we want to continue going forward as well.

Third is discipline. Discipline in how we allocate capital, how we focus on the critical return ratios and how we decide what we will not do even if it looks attractive in the short term. So we believe that our real strength comes from focus and discipline and from doing what we know, what we understand and doing and bettering it year on year as we go forward.

So I talked about the philosophy, now the challenges. I want to spend some time on that as well. So as we all are aware that technology is changing the financial services landscape very fast and very aggressively. And we believe that we are rightly placed to manage these challenges going forward as well.

Technology is changing how we underwrite, how we distribute, how we conduct our operations. And we feel that we have chosen the path to lead selectively in areas which add value to the organization and not only for the sake of the headlines. So technology is a challenge, could be a potential challenge going forward if you're not agile in managing it.

Second is regulatory and compliance. RBI is trying to get NBFCs and banks on similar kind of regulatory threshold. And I think for companies like us who have managed compliance so well over the last three decades, it's a strategic edge and a competitive advantage wherein if we continue doing or if we continue to manage compliance the way we have, we feel that companies like us can be well rewarded.

And that's the kind of culture that we have built over the last three decades. Third, and I think the most important one is how we balance legacy and transformation. Three decades of vintage or three decades is a very long period. There are a lot of hardcoded stuff which gets into the organization when it's been operating since a very long period of three decades.

Somebody representing the next in line in terms of the promoter group and somebody along with the colleagues to take the organization forward, I personally see this legacy as a strength, and I think we have to leverage on it in the right way. And if we are agile and adaptive, it can act as a real strength.

So we will hold tightly to our values that we have built over the last three decades, like discipline, trust, long term focus. But as the times change, we have to be open to execute differently as well. And that is something which is execution challenge is something which is a big challenge. And I think with the right set of people who can execute as per the newer times, but also uphold the values of our three decades is something that can act as a real advantage.

Need for speed, efficiency and personalization. The customer behaviour is changing; technology is changing that. So I feel that faster decision, frictionless service, those are some challenges that we have to keep on addressing. And the most important that this is still a we still feel that this is a human capital business.

For companies like us, operating since a very long time, availability of debt and capital is not a challenge, but availability of the right talent, availability of skilling this human talent from time to time is something which is very critical. And if we don't focus on this, that can derail the vision, but we are working and you will see that forward as well, that we are working hard to keep the talent upskilling and the capabilities going forward.

So enablers, market size, as we all are aware, not a challenge. In the we are lucky to be in India where financial services is still underpenetrated, underserved, whatever words we want to use for the market are less. So I think market size is definitely not a challenge for us in in our vision for 2036 and further.

Vintage and trust capital that we have built over a long period of time. I think this is a very critical one because we have seen economic cycles, regulatory shifts, and how the customer has also evolved. So we have built a very high reputation amongst the peers and the stakeholders in the industry that we operate in. And trust capital along with human and financial capital, I feel can be a real enabler for us to take the organization forward in the right direction.

And our brand of commitment and delivery is one of the reason why our stakeholders trust us and why we get the respect that we get in the industry that we are operating in. And third is consistency in vision and culture. So I think as the Chairman said that a promoter-driven but professionally run, that gets a lot of consistency in terms of the vision and that really helps the organization look at the long term vision and execute that accordingly.

And the culture of responsibility, all of us, all 5000 of us have to own it, have to take the proprietary interest and then then take the organization forward. So these are the enablers for our Vision for 2036. I'll talk about the SME piece now. Some broad macro data picked up from the SIDBI-CRISIL report last year.

So again, market size, not a challenge at all. What number I've put out here is INR30 lakh crores is the addressable gap and majority of it coming from the medium, micro and small enterprises. So this has been considered with certain assumptions of a 3:1 debt equity. Currently out of the INR34 lakh crores formal credit supply in the system right now, 80% is through banks, 20% is through 60% is through banks, 20% is through NBFCs and the rest is through different other entities. So the market size is not a challenge, and it is huge enough for us to take things forward.

So MSME is the flavour of the day. Every bank, NBFC, small, big that you might be meeting or talking about, they are talking about MSME, MSME funding, SME funding. So here I have just put out how NBFCs, not only MAS, but how NBFCs differentiate themselves from banks. So large private banks and public banks are well placed to cater to borrowers with these three characteristics basically.

Where the requirement of working capital lines is in the form of a cash credit or an overdraft facility. Strong financial track record and strong bureau history is available. And wherein good collaterals or transaction backed lending can be done. Where NBFCs are well placed is on cash flow based assessment and taking the calls on the business continuity of the enterprises exception handling.

This is an important part wherein the size gives us the advantage to be agile, to be nimble footed, to handle cases wherein we have to talk to the customer, understand their profile and then take a decision and not only follow a very A to Z, laid down procedure.

It has its own risks but if you inculcate that in your credit and risk mechanism then this can act as an advantage. Sector we are in a position to because we are more closer to the ground, we are able to observe the sectors more thoroughly and then cater to them as per the requirements and dependency on data is not only on audited financials and bank statements for us but we can look at more ground level in-person data alternative data which is available more freely now and also take vintage based calls.

So this is how NBFCs mid-size NBFCs like MAS are well placed to cater to the MSME ecosystem. So there is a value chain, large banks, large private PSU banks, large NBFCs, mid-size NBFCs, small NBFCs and Fintechs. So that's the whole value chain and every player in the value chain has their own market cut out for them and if they execute correctly over there, I think the numbers are very much achievable.

So we have overall 208 branches in MFSL as we had discussed and 3 years ago we took a slight different approach wherein we opened up 27 specialized locations, 27 top cities of the country and the idea is now to go into the beyond the 30, the B30 what they call it and the next idea is to take this forward from 27 to say around 50 over a period of time and focus on different cities

other than these which are the larger ones but 60% -- 50%-60% of the credit flow, customer flow is from these 27-30 larger locations which are present across the country.

So this is what we did around 3 years ago and it has been paying off well because these are slightly different set of borrowers than our other retail products and they have to be catered to in a different way with a different set of team and that is something that we have built through these 27 specialized SME branches over a period of time.

This is the product suite right from INR10 lakhs to INR5 crores wherein we have divided it in collateralized back, supply chain, business loan, embedded finance I'll talk about each of these in a little bit of detail. This is the yield matrix that is there right from 12% to 19%. Ticket size as I said right from INR10 lakhs to INR5 crores.

These are the average ticket size in our each of the products, tenure right from 12 months to 180 months and the type of security that we generally take when we underwrite customers in some of these underlying product lines.

So in the past we have talked about that on the outset it looks like SME loan but inside SME loan there are multiple sub products to cater to various set of different borrowers based on the requirement end use of fund that they have and also the kind of risk pricing that we should do right from say as low as 12% to as high as 19%. So number one is the collateralized back where we fund up to INR5 crores.

This is backed by banking, GST data, financials data only informal data that we see when we visit the customer. There are again various sub products inside this. It was not practical to put all of them down here.

So we have clubbed it under collateralized back, which is mortgage of immovable property, long term use, long term gestation, some investment, building up of infrastructure for manufacturing units and stuff like that is where such this product is best suited for. Supply chain need we have as an NBFC we can only give term loan. We can't give limit based facilities.

There are some products in the market like drop line, OD and all but we are catering to that particular requirement that customer wants to use INR10 lakh for 30 days, repay it, keep that as a limit. Supply chain is the product, purchase invoice discounting, sales invoice discounting. There are again multiple products in this category as well and it is secured through cash flow control through escrows. It's a 12 month limit yearly renewal. Average ticket size being around INR40 lakhs.

Third is business loan backed by hypothecation of current assets like stock and all of those other receivables 16% to 19% short term in nature 36 average being around 18 to 24 months. Average ticket size being INR27 lakhs. The newest one of the lot that we have started to cater to under the MSME program is embedded finance net to the company yield is around 14% to 15%. Ticket size up to INR5 lakhs.

Average ticket size up to INR1.3 lakhs 24 months tenure and again NACH and escrow mechanism. So here what we do is that we work with the payment companies in the industry where they have the merchant base, they have the captive data of the transactions that happen on a daily basis and this is an EDI product, Equated Daily Installment, all of our products are on the EMI base and this is the EDI base.

So this is a new pilot that we have started around 6 to 8 months ago, we partnered up with one payment big payment company, one in the top two currently in the country and this what basically this product does is provide them working capital through the fintech channel at the click of a button, there are present business rule engines which are then activated, bureau check, all of those checks are done and then the loan is disbursed to them within a matter of 30 minutes to 2 hours.

So this is something which is well suited for small merchants, general store, grocery store, mom-and-pop store owners that we see in and around our locality. And I think catering to different set of borrowers with the right kind of product designing is going to be an important element going forward.

A person who has the headache of paying only INR200 daily versus paying say INR13,000-INR14,000 at a month, this kind of a product is well suited for very small trader profiles and that is something that if we have looked at a lot of data, this product is there in the industry since last 4 to 5 years now, we have looked at various data cuts in terms of power performance and all of those things and finally we took the jump wherein we were getting enough confidence that this can start as a small portion and if succeeds then we can scale it up gradually.

So this is the product suite under the SME loan segment that we currently operate. Some data on industry, I think these are the top 12 industry, top 12 contributing 78% of the business for us as of now; this is on portfolio outstanding. So top three is steel and metal, second is electronic, third is FMCG, and agro and textiles are form the top five.

So you can have a look at these numbers, again well diversified, we don't have any concentration risk over here. Some of these industries go through cycles from time-to-time, but that is where our credit and risk is pretty agile and monitoring it on a monthly basis to see how we can change the weightage if required or loosen or tighten the credit screens if required from time-to-time.

And these are some other major industries which are outside of the top 12, so 12 plus 20 almost 32 different industries that we're catering to. This is the distribution channel 208 branch-led channel which is branches, obviously 208 branches, ecosystem so again SME business, roughly around 70% of the business is driven through referrals, DSAs and those guys, large ones, large aggregators.

Supply chain is driven by anchors which are there, whom we onboard and we give them a limit and then they give us sub-parties under those. So ecosystem and digital media is something that we do from time-to-time, we have our own in-house call centre to cater to and to our existing customer and this is the broad distribution channel that we have currently.

So 65 to 70% is driven through the ecosystem channel and the rest is driven by our branch-led and direct digital channel. These are the internal stakeholders. This will apply to all our products, not only SME, so I'll broadly cover it sales for business origination, we have separate teams for all of these, credit for underwriting, sales doesn't have any approval power, sales doesn't do any underwriting, there is a separate underwriting team product-wise at the branch for each of the product.

Portfolio management is for collections, there is a separate team product-wise at the branches for each of the products, sales operations to support sales activities, credit operations to support the credit team and obviously technology team, again specialized to the product to assist in developing of various technologies and taking it forward on the tech front. So these are the stakeholders for all the products to keep the product up and running.

SME in the Vision 2036 INR1 lakh crores is going to contribute anywhere between 25% to 30%, so from INR5,000 crores to say roughly around INR25,000 crores of AUM is the journey over the next 10 years and I would say the key contribution for that will be obviously the market size, gradual expansion in the ticket size of the loans.

This is something that we are very consciously doing wherein we are working as the balance sheet size grows, risk appetite increases, we are trying to cater to borrowers wherein the ticket size is slightly higher to manage operations and keep the cost efficiency better. Expanding into newer geographies North and South, huge opportunity.

There are incumbent players but there is enough space for all of us to coexist. And obviously technology going forward. So fintech in SME till now is yet to succeed at the level at which it has succeeded in products like personal loan and all, because to underwrite an Indian entrepreneur, an Indian SME still requires a phygital model, a touch-based model.

But going forward things are changing. We would not say that the brick and mortar would go out of fashion in the next 10 years, but brick and mortar wisdom plus leveraging on technology is something that will play a critical role going forward. So this is the vision for the SME product going forward, this is the vision for as an organization overall, the challenges, the enablers that we are going to have on the journey. Thank you so much.

Meet Chande:

Thank you, Dhvanil sir, for your presentation. Our next speaker for today is Mr. Saumil Pandya sir. So he is the President and Head of Retail Asset at MAS and responsible for managing the Micro Enterprise, Two-Wheeler, Commercial Vehicle and Salaried Personal Loan product of the company.

He has played an instrumental role in expanding the retail presence of the company across states. He has been associated with the company since 1996, and he has more than 30 years of experience in the financial services industry. And his agenda for today is retail asset business, wherein wheels business to lead the growth.

Saumil sir, may I request you to please come on stage for the presentation.

Saumil Pandya:

Good evening everyone. Thank you Dhvanil bhai, thank you Meet. Before starting my presentation, we all know we are living in two countries. One is fully developed that is called India, and second is under-developed or yet to develop, that is Bharat. And with whom I am representing Bharat with my product, so I would like to speak in Hindi.

This is just a glimpse of my products, after this I will talk about them with you in detail. Micro Enterprise Loan, two-wheeler loans, used commercial vehicle loans and salaried personal loans. This is its range, from 17% to 24%, you can see the ticket size is from INR1.5 lakhs to INR15 lakhs, the average ticket size is from INR80,000 to INR4 lakhs, the tenor is on average 36 months to 60 months.

It is a mix of both secured and unsecured, if we talk about the local micro enterprise, it is unsecured up to INR3 lakhs, above INR3 lakhs it is secured. Wheels, two-wheeler and commercial vehicle are 100% secured loans and there is a newly entered product SPL which is an unsecured loan.

If I talk about the product in detail, Micro Enterprise Loan is our main product, in which we do more than 50% of the balance sheet business. This is a very old product; we started this product way back in 1998 when there was no priority sector lending etc.

People were not able to think about this product as to how to loan to the informal class, because there were no documents, no banking, at that time we designed this product and over these many years we have brought this product to this level.

Mainly Bharat, why I said Bharat is because Bharat means informal class. A population of 140 crores in which mostly small shopkeepers, businessmen live, who are taught from childhood that filing ITR balance sheet is a sin. Sorry, I am using the word sin because those people do not file return or file minimum return, because of which those people never get a place in the mainstream.

So when the big lenders, big banks are afraid, then we started the product in 1998, we have categorized around 170 people whom we fund, including major small businessmen, provision stores, medicine shops, cloth shops, sanitary hardware, snacks parlour, paan parlour, hair cutting saloons, who have small requirements.

It is said in our country that India is a country of festivals and because of festivals we get this opportunity every day because business becomes seasonal. Ganpati came, business will be there, Padwa came, business will be there, Diwali came, business will be there. So manufacturers also need money, traders also need money and these traders and manufacturers are such that they require small amounts of money to increase business.

So we start with small loans, we offer up to INR10 lakhs but mostly my average ticket size happens to be INR1 lakh, because this is the best customer profile of Tier 2, Tier 3 which is not overleveraged. They take only as much as they need, so the biggest benefit of this product is this. These are some categories identified, maximum general stores.

If you see the area where you live, you will see thousands of general stores, you will see provision stores, they mainly drive our industry. To run this business, we regularly conduct loan melas, roadshows and cold calling. I frankly say the finance business is like a medicine shop. People take it when they need it, no one comes to sell medicine, so in the same way no one takes finance by force.

A person takes finance when he needs it, but he should know which shop remains open for 24 hours, where will he get medicine for 365 days. So we do that work, my team reaches information to customers through cold calling, loan mela, roadshow that whenever you have a requirement, we are standing here. And whenever they walk-in to the branch, they get micro loans very easily through a very simple procedure.

The second product I have is two-wheeler. India is the second largest manufacturer of two-wheeler. 35% of the world's two-wheelers are manufactured by India and India's market is 2 crores. 2 crore two-wheelers are sold in India every year and 60% of them are sold through finance.

Major market because it is a basic commuting vehicle. Where elsewhere in the world leisure bikes are used for luxury, here they are used for commuting, here we use 100cc 125cc bikes because two-wheelers are required for the smallest tasks like going from home to office shop, from home to field or for taking children anywhere.

So, this two-wheeler product is also going to be a game changer for us in the coming days, as sir said that we have to reach 1 lakh crore in the coming decade, so to reach 1 lakh crore two-wheeler is going to be our biggest weapon which will take us forward. If I talk about the product mix, it is visible on the table that Hero is number one, Hero is selling the most all over India, Honda is at number two, TVS is at number three, so as and as we are also getting market share in the same way.

We are trying to make this product as digital as possible on the BRE base slowly. Recently, we are working on a data bank of about 70,000 customers so that by making it BRE driven and collecting it digitally and phygitaly, we can do the best credit so that there is no credit loss, we are also working on that now.

Our two-wheeler business model is also mostly dealer and sub-dealer driven but for that we have to do more activities like loan melas, road shows, at the time of festivals because nowadays customers, earlier when I started my career then we used to say that business will start from this day and will stay till this day, today it is not like that.

Today even if it is the wife's birthday, the customer is present in the morning saying I want an Axtiva today, so we have to be very ready for finance and for that digital requirement has become very high. Mostly it is a very simple product, credit is given in this based on CIBIL and banking and because the average ticket size is 80,000, we are getting very good customers and our portfolio quality is also remaining good from this.

Used commercial vehicle. I say if India has to grow then infrastructure will have to grow. If you want 7%-8% GDP which is happening, then infrastructure has a very big role in it because if there is infrastructure and road transport then only the world will move forward. Right now some company's advertisement is running that India moves, India grows by this way only from commercial vehicles.

Because smallest pleasures, whether you take FMCG or big transport, government is also focusing a lot on it now, many policies of government are coming like scrap policies, including new fleets, doing emission norms because of which the number of fleets is increasing, road routes are being made good because of Mr. Gadkari so numbers are increasing quite a bit.

If new fleets are made then the market for used vehicles will increase more in our Tier 2, Tier 3 so our specialty is in used vehicles. I focus on used commercial vehicles, or you can call them SRTO, Small Road Transport Operators, where we focus more on customers starting from 1-5 vehicle owners up to 5 vehicles who want to increase their income, who want to increase their wealth, who want to move forward in the industry, this is our focus area.

If I talk about sourcing, we work a little differently from the industry. We have kept a match of both DST and DSA. Mostly in the industry, all finance companies are more dependent on DSA, work is done through sourcing agents, DSA and brokers. Mostly 50% of my business is generated from DST, same model loan melas, road shows and customer relationship. We invite customers to our office, we meet them, those are the photographs on the side, it is compulsory to have a customer meet every month in every branch, in my 208 branches.

So, if we keep meeting the customers, keep understanding them, keep understanding their problems, then it is also our job to provide solutions because these customers need hand holding a lot. If I consider myself a doctor of finance, then I will have to understand their problems, do hand holding and move forward with them. This is my product mix: MCV is 55%, SCV is 26%, LCV is 12% and ICV is 6% for us.

Major chunk is of transporters, as I said around 74% of my customers are those with 1-5 vehicles. Driver or first-time owner, the person who is experienced but wants to purchase his own vehicle, that profile is around 22% and captive who use for their own business, the percentage of such customers is around 4%.

Salaried personal loan. The first two products discussed are for income generation which works to take India's economy forward but as sir said that if we have to reach 1 lakh crore then some consumption loans will also be required. So we have just launched salaried personal loan in which mostly business is running from FinTech companies right now, some part is running with my corporate DSA and in a small part we have also started in DST where we showcase our product by going to those companies through identifying direct loan melas, road shows and industry through HR and take business in bulk from there.

You people will think that salaried personal loan is a very common product, many companies are doing it, where is MAS's place in it, but if you see, we are a mid-layer finance company, so

those big NBFCs and private finance companies, their focus is only above 10 lakhs. Even though I have mentioned 5 lakhs to 50 lakhs or 3 lakhs to 35 lakhs here, but if you talk to any big bank, big NBFC, their interest is only above 10 lakhs.

So I have made my place below 5 lakhs or I can say that between 1 lakh to 10 lakhs in the mid industry where average salary is between INR 25,000 to INR 50,000, identifying those customers and their basic requirement because nowadays every person has to take care of his family and the biggest thing is that we are able to give them today the luxury of the future.

Because of this loan because someone in the house is sick, children's fees have to be paid in the house or you have to pay the premium of mediclaim or LIC in March then today no one has savings, so we make them do that saving of the future, so this cannot be called expenditure, it will be called saving because we give loans then he has to save compulsorily. So this is my SPL business.

Collection and recovery, this is a basic requirement, when people come in retail then they say this is your collection, that business is that only, do your collection and work, 90% is work of collection for us. Your business itself is collection, in a way it is true but if you see that all my customer profiles are not formal, when there are informal customers then we need to do hand holding for them.

We have been teaching banking to customers since '95, since I joined in '96. We have been teaching everything until now like how to open an account in a bank, how to fill a cheque, how to understand banking behaviour. Even today my 100% disbursement happens through e-NACH only.

Many people told us that if we have to do finance business then we will have to go into cash collection mode but from '95-'96 until today 2026 we have not done any business of cash collection, 100%. Meaning we are also doing a work of education for the customers, those people who are not comfortable with banking, we have also done the work of teaching them banking.

These people do not know that if it is 5th then on the morning of 5th they go running to the bank to fill the money, so we have to teach them that brother on the 4th before closing you will have to fill the money, so day in day out we have to stay with them, their intentions are very good but in the collection mechanism we have to work hand to hand one to one with them.

We have to do pre-calling, we have to WhatsApp them, send SMS, send V.O., have to put collection CRM, have to put the team, then only we can create a good portfolio through collection.

Growth of the next phase, as I said two-wheeler is sold in very large numbers in India and right now we have started walking, just in a short time we will start running too, so two-wheeler will be one of mine whose positive points if seen then Tier 2 and Tier 3, rising the rulers and semi-urban income is increasing, increasing the urban commuting needs, rapid expansion of gig

economy, requirement of small business and agriculture activities, company's branch expansion, right now my branch is 208 and as was said that we are moving forward.

I just give you a glimpse of two-wheeler then I work in about 240 districts and 1,100 talukas while in India there are 800 districts and 7,800 talukas so right now, I have to cover a very long journey to cover the numbers ahead. Same commercial vehicle, government's policies are quite positive regarding commercial vehicle which will boost us for numbers in Tier 2 and Tier 3, e-commerce and logistics business has increased quite a bit in Tier 2 and Tier 3 from which my business will increase.

Requirement of small business and agriculture activity: you will be surprised to know earlier farmers used to keep tractors, nowadays farmers have also started keeping Bolero pickup because tractors have a limitation in delivering goods in the city like vegetables, etcetera. But if there is Bolero Camper at home then he can deliver vegetables daily in APMC or in the market. So today along with tractor, Bolero is also coming at every farmer's place, so this is also a place for me to increase business.

The commercial vehicle industry is also of 1.8 lakh crores in a year, so I work in a 10 year tenure, so I have chances of a very big business coming forward, only good customers and good employees are needed who will take us forward. Thank you.

Meet Chande:

Thank you Saumil sir for your presentation. Our next speaker for the day is Mr. Vivek Vyas. Mr. Vivek Vyas is the Chief Operating Officer of our Retail Asset Channel business, and he has been working with the company for more than 15 years. He is responsible for developing and growing the company's financial services industry. He is involved in NBFC relationship management and business operations, supporting the growth and stability of the portfolio. He holds a bachelor's degree in commerce and MBA from Gujarat University and his agenda for today is Retail Asset Channel business, 15 years of robust performance.

Sir, may I request you to please come on stage for the presentation.

Vivek Vyas:

Good evening everyone. Thank you Meet for introducing. Before jumping into the product, would like to discuss with you that why we are calling it as a Retail Asset Channel. So we are not only funding to the companies, but we are onboarding good companies having strong ground presence, operational excellence and thorough understanding of the demographics.

Apart from this, we are we have also onboarded multiple check points in our system and we are also evaluating customer end to end journey. So we believe that portfolio created with this expertise is as good as retail portfolio and having granular control on this portfolio. This is the reason we are calling it as a Retail Asset Channel portfolio because mainly we have generated this portfolio through our NBFC channel partners.

We are working with the NBFCs across India for more than 15 years. Till date we had partnered with more than 200 NBFCs across India and we have disbursed more than 30,000 odd crores. The strategic intent behind this model is to cater the financial needs of underserved segments

and creating the opportunities created while promoting financial inclusion, job creation and supporting MSMEs.

We are treating our NBFC partners as our extended distribution arm, not just the borrowers. Through our branch led model, we are having presence in 13 odd states, but with the help of our extended distribution arm, we are having presence across India except Jammu & Kashmir and North Eastern states. These NBFC partners largely having benefit of their local reach, customer proximity, faster field execution and stronger ground level marketing intelligence.

On the other side, at MAS we have 30 years of experience. We had experienced multiple headwinds; we are having different product understandings. We are backed by strong credit ratings and support from good investors. So from the inception, we believe in complimenting with each other rather than competing with each other. So if we will combine the expertise of these NBFCs and experience of MAS, we have created value from this partnership model.

Like both of us have achieved operational excellence, ensured credit where it is due. We both of us have served the underserved segment, strengthened the customer access and scaled the lending operations with the controlled asset quality. So next question you all may have is how we are onboarding these NBFCs. As I mentioned, we are into this business for more than 15 years and over a period of time we have developed niche for the onboarding such NBFCs. It starts with the strong promoter strong promoter due diligence.

We firmly believe that entities driven by strong promoters will definitely turn to do well in the long run. In the promoter due diligence, we are checking their we are doing their reference check, we are doing their background verification and their track record assessment. We are also checking the investor in the particular company and whether this investor or promoters, whether they are capable enough to infuse more funds in the market or not. So this ensures continuity, integrity and alignment to the long-term interest of the company.

Next is the proven track record. We are also checking whether the promoter or KMPs of the company, they are having proven track record or not either in the company or with the company and or maybe they are having overall market experience. We are also checking whether they are capable enough to frame good practices, strong processes and policies as well.

We are also checking whether they are capable enough to take the company to the next level or not. Next is the product alignment. As sir and ma'am mentioned that over a 30 period of time we have developed expertise in Micro Enterprise Loans, Two-wheeler, SRTO loans, SME, SPL, Housing and Lab products.

So we are onboarding only those companies which are dealing in these products so that we can add more value to them beyond financing like we can be helpful to them in customer onboarding, we can be helpful to them in framing the process or policies and we can be helpful to them to strengthen the recovery processes and many other ways.

We believe that governance and compliance is also one of the important onboarding parameter. Companies has to adhere internal policies and applicable RBI guidelines such as Fair Practice Code, digital lending guidelines, KYC/AML guidelines. Companies having robust governance structure, regulatory discipline and transparency should be onboarded and this transparency, we believe that this this transparency should extend from entity level to the customer level in terms of clear loan documents, transfer pricing, proper disclosures and ethical collection practices.

We are also checking fundamentals of the company. On the finance side, we are checking company's debt equity ratio, their capital adequacy ratio, profitability, their revenue trend etc. On the operations sides, we are also checking robustness of the processes, their turnaround time, operational capabilities as well. So this way we are onboarding not only financially strong companies but operationally sound companies as well.

We are also checking whether these companies are having diversified lender base or not. This will be helpful to check the continuity of the funds for this particular NBFCs. We are also evaluating whether these companies had borrowed at the reasonable pricing to maintain their profitability. We are also checking whether any aggressive borrowing is there or not in terms for a shorter tenure of time and as compared to their on-lending products. We are also checking whether any covenant breaches are there or not.

So this on these are the mainly main points we have covered for the onboarding. So this onboarding framework has been tested across multiple times. As I mentioned, till date we have disbursed more than 30,000 crores and till date the actual loss through this vertical is less than 50 basis points. So this shows how strong our onboarding parameters are.

So once we have onboarded the companies on the basis of certain data, parameters or principles, so all these things will not remain same over a period of time. All these things may change because of market dynamics, interest rate volatility, entering into the new product or in new geographies. All these things may affect the company gradually but not immediately. Our continuing monitoring framework allows us to track these changes through multiple data exchanges, their MIS verification, governance oversight etcetera.

All these things will be helpful to take the corrective decision in terms of pausing of disbursement, tightening the control, changing in the lenders covenant as well. Apart from all these things, we are having strong monitoring team which continuously visits the company's head office and branches. They are mainly covering underlying asset verification, data and system validation. They are also checking their process and policies, geographical portfolio, collection assessment and file and document verification.

We will take one-by-one. In the underlying asset verification, they are checking underlying hypothecated assets on monthly basis. They are verifying DPDs of the hypothecated customers. If these DPDs are higher than the certain parameters, then this companies has to replace this customers with the regular customers and if such replacements are on a higher side, then we will ask for the company level data and verify the same with the product and geographical performance to arrive at the conclusion.

Team is also generating live data at the time of visit, and they are validating the same with the data provided at the time of credit assessment which shows the -- you can see data accuracy of the particular company. Before initiating the field audit, team is discussing with the various departmental heads regarding their process and policies. And team is also evaluating the same whether this policies and parameters has been implemented at the field level or not.

They are also verifying if any deviations are there then such deviations has been taken as per approved matrix or not. They are also tracking the geographical exposure details. This will be helpful to detect the geographical risk, and it will be easier for us to take the control in the at the difficult times.

Next is the collection assessment. So during the visit team is also verifying the disbursements with the bank statement and UTR details provided by the company. They are also checking monthly demand versus collection, and the collected amount has been deposited in the bank statement or not. They are also visiting the regular customers on sample basis and for the stressed accounts, they are visiting them to assess the recovery efforts and understand the ground challenges of those particular customers.

Next is the document verification. Team is also verifying the complete set of loan documents which includes their loan agreement, their KYCs. Specific to vehicle finance cases, they are checking insurance copies, invoice copies and required RTO papers are there or not. And for the secured cases, they are also checking or verifying property papers too.

Next is how we are different from others. So as I mentioned earlier, we are into the business for more than 15 years and we have developed a niche for the NBFC lending space. So which differentiate us from the conventional lenders. Mainly conventional -- conventional lenders rely on the balance sheet strength, collateral, they are having very limited appetite for the smaller or emerging NBFCs.

They are -- largely rely on to the data provided by the NBFCs and having limited oversights into the origination, collection and other systems. They are having transaction based approach, largely they are disbursing in a you can say in a single larger amount to a particular NBFCs. This may lead to negative carry or liquidity mismanagement for them.

On the other side, we positioned ourself as a friend, philosopher and guide to our NBFC partners and we are having totally different approach as compared to this conventional lenders. For the assessment, we are going beyond financials and evaluating company's business model, their customer segment, governance, portfolio behaviour as well.

Yes. Our approach is risk aligned. It's not that much aggressive but we are supporting smaller and emerging NBFCs which demonstrates good portfolio performance, control and origination. We are having domain expertise so we also deep dive for the company's operational assessment. We are covering or evaluating their processes and even their field -- we are also evaluating their field level performance.

Our approach is to our approach is providing continuity of the funds as we are -- our approach is tranche based and not the transaction based. This will be helpful for the NBFCs to plan their liquidity accordingly and helpful to maintain the profitability. Our approach will always be granular, partnership driven, continuous monitoring and having the full control to the end borrowers.

Next is the way forward for the RAC segment. So RAC segment will continue to grow in future in a calibrated manner while maintaining diversification and alignment to the long-term vision of the company. We believe that NBFCs will play an important role in the credit distribution and providing timely and adequately liquidity support to them will be a good growth opportunity for us as well.

In long run, RAC will continue to participate in the company's overall AUM in alignment with the strategic intent of the company. With the increase in company's AUM and scale, our appetite to add value to this NBFC partners will also increase in line with the risk approved framework. So this balanced expansion approach both in direct and indirect business vertical will further strengthen company's diversification, granularization and resilience across multiple cycles. Thank you everyone.

Meet Chande:

Thank you Vivek sir for your presentation. Our next speaker for the day is Mr. Himanshu Kanakhara. So Mr. Himanshu is the Executive Vice President of our Housing Subsidiary, and he has been working with the company since 2018. And he has over 25 years of experience in leading and executing various sales and distribution roles. Prior to working with the -- our subsidiary, he has worked with HDFC Bank for more than 13 years where he was responsible for developing and growing securitization with the NBFCs, cross selling of banking products and construction equipment products.

He has also worked in product sales of passenger car and commercial vehicles of brands like brands of Tata Motors and Mercedes Benz. He holds a master's degree from Gujarat University Ahmedabad.

And his agenda for today is Housing Subsidiary, a venue unlocker for the parent. Sir may I request you to please come on stage for the presentation.

Himanshu Kanakhara:

Good evening to one and all. Will be happy to take you through an overview on our Housing Finance vertical. We are targeting our affordable housing finance segment through our subsidiary that is MAS Rural Housing and Mortgage Finance Limited or MRHMFL. MRHMFL was established in the year 2008 and it is headquartered in Ahmedabad, Gujarat. Talking about the product range, we provide loans for purchase of new houses, resale houses, construction on owned plots by the customers, home improvement loans and also commercial property loans that is small shops or industrial sheds.

We also extend loans to developers, the affordable developers as construction finance for completion of the projects. Talking about the area of operation, we operate in rural and semi urban areas of Gujarat, Maharashtra, MP and Rajasthan. We have a network of 101 branches

and have sourcing arrangement with 161 intermediaries, typically these are DSAs and referrals. We have clocked an AUM of INR8,592 million that is on December '25 and we have registered a strong growth of 22.49% year-on-year.

Talking about our target customers, primarily these are salaried and self-employed individuals typically who you know work in a small or a micro or a medium enterprises. They are into say on production line or in services or in supervisor role. And others are self-employed individuals, typically who run a micro enterprise unit you know, like a grocery store or doing job work for a manufacturing unit. And we extend construction loans for completion of affordable finance projects, but the share is very limited here.

This is just to complete the construction, boost up the projects and get some APF and get some share out of it. Our average ticket size is below INR10 lakh. And if we see our tenure for housing loans it is up to 300 months and in case of non-housing that is shop loans it is 144 months. Now this is our journey on AUM. This is our quarter and quarter performance for last 68 quarters. Now if we see the numbers, the absolute numbers look small but look at the consistency of growth with 39% CAGR. It's a hallmark of consistency.

This is our speciality over years that we take time to reach a critical mass. But because of consistency we can bring about very formidable numbers. It is very important to gauge the success from where we started, that is zero to close to INR900 crores as of now. If we grow around 30% plus will be doubling our AUM every two to and a half years so that will be a formidable size and within a decade it will be in excess of say INR10,000 crores co-insisting with the vision of the company for 2036.

This is a very clear indication or capabilities to compound. And the robust growth in CAGR is visible in our PAT also, we have grown our PAT at the CAGR of 52%. Now this is on our distribution network. We operate through 101 branches and majority we are focused out of Gujarat followed by Maharashtra, Madhya Pradesh and Rajasthan. Now out of these 101 branches, we have support of 26 parent branches, the parent company's branches, MFSL branches and typically I mean this is a developing vertical, so we keep it asset light.

Once we reach a economies of scale we have our dedicated branches in place. Again out of this 101 branches we have special focus on rural areas typically village branches catering to the farmers who are into agri and milk segment. So we have 34 dedicated village branches in Gujarat, and we plan to add 10 more in Gujarat. Currently we are if we talk about Gujarat, we are more focused on the North Gujarat part that is Himmatnagar belt and all and now we want to add Saurashtra that is the Western part and Southern part that is Surat and surroundings.

On the sourcing part I mean we source our business through direct sales team, builder tie ups that is APFs, third party channels that is connectors. We have our outreach programs. I mean typically we do the umbrella marketing; our team goes out, we try to reach the customer on his way to office or home. We conduct activities at crossroads of industrial areas or rental areas where you have more footfalls. There we give the product information; there we talk to the customer and broad base we try to judge the eligibility.

We just update him with the requirements and try to generate a lead with these outreach marketing programs. Similarly we do Loan Melas at developer's place, we have APFs, we do the tie ups with the developers and we keep Loan Melas. We are also present on social media that is Facebook. We have our static post and reels on product information and probing the customer to come up and generate a lead and check his eligibility with us.

Now this is our product variants. In case of housing it is Home Purchase Loan, Home Construction Loan, Home Extension Loan and in case of developers as we said it is construction finance to developers for completion of the projects. Now typically these are not very rated developers, they need money to complete their projects. The product cycle is such you know that the developers they put in their money and then there comes a stage wherein they are stuck up at times.

The next inflow is from the customers as margin money or from the part payment from the bank who has from where the customer has availed loan so there is a gap at that time. So we have our credit screen in place and accordingly if the builder qualifies, we give a project loan with you know 2x cover as collateral. We take the land as collateral. So that is on the construction loan and next is commercial property loan. These are typically shops, new and old and industrial sheds again for retail customers.

Now talking about the tenure in the housing range it is up to 300 months for all the housing loan products that is home purchase, home construction and home extension. In case of construction finance to developers it is 36 months and for commercial property that is shops it is 144 months or 12 years.

Talking about the target customers, these are individuals who are salaried, self-employed, moreover non-professionals and farmers. Now if we just to illustrate if we take an example of Mumbai, our customers would be somebody who want to buy a home at Nalasopara or Naigaon or Boisar, Palghar or towards Kalyan that is Vangani, Shelu and all that. So he will be typically employed at a micro small medium enterprise, and he wants to avail a house of his own.

And majority of the customers are first time buyers. Similarly for the developer finance for affordable developers. And talking about the ticket size, in home purchase it is INR8 lakhs to INR10 lakhs. In construction it is INR5 lakhs to INR7 lakhs. Typically these are in the tier 2 locations, tier 3 locations. And home extension renovation it is INR3 lakhs to INR5 lakhs.

Typically these are rural customers who want home improvement loans who want to improve their sanitation facility or tiles or add up a room or add up a floor. And similarly for the construction loans for developers is INR2 crores to INR3 crores and commercial property or shop loans it is INR6 lakhs to INR8 lakhs.

Now this is way forward. We are aiming to grow our AUM by 30%-35% over medium to long term. And these are the enablers, strong industry growth. Just recently there was a review at NHB and if I just quote crisp numbers, currently 35% of the people in India are living in urban.

And that is expected to grow further to 40% by 2030 and 50% by 2050. So from 30 crores further it would be we are expecting the population also to grow to 160 crores by 2050.

So from 50 to 80, 30 crores more people are likely to live in the cities. So this is a great enabler for growth. Again will expand our branch network, we will take the help of our parent company, we will keep asset light branches and will expand our branch networks to other neighbouring state. Gujarat is there but MP, Rajasthan and Maharashtra will be adding up branches.

We have our digitalization in place; we have a loan origination system and loan management system in place. We will continue to improve and focus on that. That will give us a better TAT, a better operating expenses, improve our operating expenses and that will add on to our revenues. We are targeting sustained profitability, targeting RO in the range of 2%-2.5% and ROE in the range of 15% in medium term. Further, unlocking the value of parent company with, we are planning a potential IPO by next 5 years. And this vertical, housing vertical should contribute 15% of the consolidated AUM in medium to long-term. Thank you.

Meet Chande:

Thank you Himanshu sir for your presentation. Our next speaker for today is Mr. Nishant Jain, who is the Chief Risk Officer at the company. He is a qualified Chartered Accountant with over 15 years of experience in credit and risk management in financial industry.

He is responsible for managing the overall risk, defining the product and policies and risk frameworks of the company. He has been associated with the company since 2018 and his agenda for today is: Robust risk management and credit underwriting. May I request sir to please come on stage for presentation.

Nishant Jain:

Good evening, everyone. So I try to be as fast as possible I can be. So to take you forward how we do risk management at MAS because this is one of the critical things in current volatile scenario. So we try to ensure that we enhance our risk guardrails on a continuous basis to achieve the vision of the company.

So for that, what we have done is we have strong credit policies and processes for each and every product. So as already told -- as already mentioned earlier that we have multiple products and in those multiple products also there are sub-segments. So we define the strong policies and process which helps us in maintaining our portfolio quality.

We are not in the business of eliminating risk, we are in the business of managing it. So we have a defined risk tolerance limit at each and every level which helps us in monitoring all the things on a regular and continuous basis. We keep on doing data and scenario analysis to understand where we are going wrong and what correct actions need to be taken up.

We have a strong monitoring and reporting team which continuously escalates all different kind of data, all different kind of reports and MIS for the management and other stakeholders, so that they can take corrective steps whenever it's required and this is that monitoring reports there are early warning signals which stand or trigger to the team that where they are doing wrong and what is need to be changed.

Along with this, we also do a different kind of stress and behavioural analysis which helps us in predicting future broad level changes and give us a fair bit of idea that certain things may go wrong in future and accordingly we can change the policies.

So broadly from a risk oversight and discipline perspective, these are the critical historical performance of the company that from a liquidity and ALM standpoint of view, the company's liquidity is positive and we don't have any negative mismatch in any of the buckets even in a very severe stress scenario, if we apply different shocks to our collections going forward or we give shocks on various behavioural patterns also, despite all this our liquidity is going to remain positive. So that is our liquidity discipline for you.

From a capital management point of view, as on December, we have a very strong capital position. We continuously keep on monitoring the capital requirement of the company based on our consumption requirement based on various shocks event. So based on internal assessment also, our capital position is strong enough and we have a sufficient capital buffer available with us even if we apply a various severe stroke scenario also, which helps us in keeping a cushion for an adverse scenarios also.

From an asset quality point of view, our GNPA and NPAs are constantly monitored and it's well within the defined tolerance limit. We have an early mechanism which is constantly giving us triggers. So we constantly keep on working on it and basis that wherever is required, we make all the changes in the policies and process on a continuous basis.

From a financial discipline standpoint of view, we have a sustained profitability, and we keep on tracking our ROAs. So we have defined a ROAs limit and basis that we are monitoring our financial performance. We have a strong risk based pricing mechanism internally, which helps us in getting a desired ROAs for our product.

And along with this, we constantly monitoring other financial matrices, which helps us in creating a financial discipline in the organization. From the credit risk management perspective, I just like to highlight that we have a very structured lending approach in the company. We have a strong LOS system and overall LOS journey.

Along with this, we have a strong underwriting team where we have strong people at place who understand the product, who understand the field nuances, who understand how the products need to be done and what kind of an assessment practices need to be adopted. Along with this, we have a risk pricing mechanism for various and different kind of risk. The product needs to be priced accordingly so that we have we got a desired ROAs.

So we understand which product will lead to what kind of losses and basis that risk pricing is defined. Along with this, we have a strong portfolio monitoring and recovery and collections team, which helps us in managing the NPAs well within the defined limits.

I take you to the next slide, how we do a credit assessment at MAS. So we have a product based policies for each and every product. We have a mechanism for assessing borrower for each and

every product. Along with this, we also verify the repayments of the borrower. We have a defined resource for each and every product basis that we keep on monitoring the performance.

Along with this, we have a negative and cautious list. We categorize the customer based on the risk level of the borrower. And along with this, we ensure that our portfolio is well diversified. So we have multiple products, multiple geographies we are dealing with, and we are doing business in multiple industries. So we are not concentric in any particular segment. So that helps us in even in any kind of a macro event. Our portfolio got impacted to that particular geography or industry. Other portfolio remains immune from the risk.

And basis our overall performance, I like to highlight that the company constantly keep on calibrating the policies and processes, which ensures that the performance of the product remains robust. I also like to highlight you that this is the overall journey from a login to disbursement more or less product to product. It may change a slightly or bit of it, but majority of the process or parts remain same.

The files move from sales, then it moves to credit, credit to Ops. And Ops, post Ops is got disbursed and post disbursement, the collections and recovery process takes place. So from a monitoring standpoint of view, for each and every other different risk, we keep on monitoring it on various counts. But from a credit risk standpoint of view, these are the critical parameters which we monitor apart from the other things.

One is gross and NPAs. Along with this, we have defined in systems the early warning triggers, which helps us in identifying the early indicators. Along with this, we also monitor the collection efficiencies. We have a system of modelling where it helps us in predicting certain cohorts or buckets which are not doing good.

And this is that we make certain changes on our policies front. We have a strong data analytics team, which helps us in analyzing the performance on various counts and parameters. We also analyze the peers performance, how they are doing it in comparison to what our performance currently is. And this is that if we need to learn from them, we can do the certain adjustment accordingly. Along with this, we also monitor the ROAs.

So if the product is not making profit for you, it's not making sense to do that business. So we constantly monitor that the product is generating sufficient ROAs or not. And basis all these parameters, we make necessary changes in the policy wherever is required. So this is one of the critical slide. This demonstrates the company's performance and the risk management over the period of time. So as you can see, the performance remains robust over the period of time.

Our GNPA stands at 2.56% as on December 2025 and with an NPA of 1.72% So along with this, MAS is constantly and actively de-risking. De-risking is portfolio across geographies, product and distribution channel. So that also helps us in maintaining the risk level.

So what's way forward for the risk management team? So we are constantly reviewing and improving our processes. We want to ensure that our product and policies remain aligned with the mission of the company.

So strategizing alignment is very critical. Along with this, we are working on our technology part and leveraging on the same so as to ensure that we have an operational efficiencies at overall organization level. And there is strong controls and enablers are there.

So manual error chances got reduced by having a high level of technology implementation. Along with this, the company is also focused on emerging and non-traditional risk, likes of climate risk, which has huge consequences. So we are monitoring those also.

Along with this, we are monitoring the macro parameters which can have impact. So you have seen over the last decades, there are multiple headwinds, which has impacted the performance of NVSE. So as a company, we are constantly monitoring those parameters, which can have an impact on the organization.

And according to those headwinds, we are making necessary changes in our overall processes. And along with this, we are constantly working on strengthening the risk culture of the company. We are defining each and every member's roles in risk awareness and risk management at MAS.

And according to those, we are guiding the team that they will remain accountable to the performance and vision of the company. So we are strengthening those processes. Thanks. Thanks for your time. Over to you, Meet.

Meet Chande:

Thank you, Nishant sir, for your presentation. Our next speaker is Mr. Ankit Jain. He is the CFO of the company since November 2019. And he has several years of experience in the financial services industry. His areas of responsibilities include liabilities management, investor relations, and treasury functions. He holds a bachelor's degree in commerce from Pune University. And he is an MBA from ICFA University.

And his agenda for today is strong liability management. May I request sir, to please come on stage for the presentation.

Ankit Jain:

Thank you, Meet. Good evening to all. This is on the pillars of capital liability management. The company's financial strategy is anchored on these four core pillars. First is adequately capitalized, that is capital management. Whereby the company should be adequately capitalized in terms of growth target and risk covering. Asset and liability management, where the liability should compensate the asset maturity pattern.

Resource management, whereby the resource should be well diversified. And most importantly, maintaining competitive cost of borrowing and generating healthy ROE. This framework enables the company to support sustainable growth while maintaining the risk discipline.

This is further on the capital management. Whereby as you all know, we are well capitalized at 22.84% as on December. With Tier 1 capital of 21.48%. In June '24, we raised fresh capital

through QIP of INR500 crores. This QIP raise was after seven years of IPO whereby we tripled our AUM.

And this proves our business model, which is self-propelling. By self-propelling, we mean capital requirement of our business is generated majorly through internal accrual. Thereby limiting our reliance on frequent external equity infusion. The strategy of the company in terms of capital is to keep capital adequacy at around 20%. Debt equity at around 4.5x. Target ROA to be in the range of 2.75% to 3%. And thereby resulting ROE at around 15% to 17%.

In terms of right now the capital level, we are well-placed to achieve our immediate target of INR20,000 crores whereby 20% to 25% of the AUM will be off-book through direct assignment and co-lending transaction enabling capital efficiency and risk diversification.

Also, we have a great room to raise Tier 2 capital as and when it is required. This is on the liability management whereby liability is raised whereby asset liability, maturity pattern is always matched and we have a diversified resource mix. Our borrowing profile is well-supported by strong credit rating which is AA- from care and double stable from acuity.

As we desire or as we strategize to have 20% to 25% of AUM off-book, our asset pattern supported whereby 80% of the portfolio is MSME loans including the CV loans as per and this loans qualify as a practice after lending and retail loan for the purchaser. This is on the instrument-wise breakup and lender-wise breakup of our sources of fund.

Our sources of fund is well diversified with both instrument-wise and lender-wise reducing concentration risk and enhancing funding stability. This is on the diversified lenders. The company has a broad and diversified lender base with no undue dependence on a limited number of lenders. If you see all the top lenders of the country, we have a borrowing relationship and a very immaculate track record.

This is a depiction of our ALM maturity pattern whereby if you see we have a great cushion in terms of surplus fund and in none of the cumulative buckets there is a negative mismatch. Even if we closely monitor individual buckets whereby up to 1-year there should be no negative mismatch.

In terms of liquidity management, company keeps 3-month of liability and the operating expense estimated as liquidity on hand and we include liquidity on hand as cash and cash equivalents, liquid investments and immediately drawable limits. Company also tracks unencumbered assets which provide flexibility to raise secured funding as and when required and also to execute DA transactions.

This is in terms of way forward whereby we will remain adequately capitalized at about 20% in line with our strategic intent to reduce the required liability -- to ensure the required liability raised adequately and timely.

Further diversification of sources of fund with focus to reduce dependency on Indian banks and single type of instrument target to maintain around 20%-25% as off book through direct assignment even on a larger scale to maintain robust ALM which commensurate with the dynamic of the tenure of asset and to minimize the impact of carrying costs while maintaining adequate liquidity on hand. We have a strong belief that this approach is expected to support scalable growth, balanced resilience and stakeholder confidence over the medium to long-term. Thank you.

Meet Chande:

So, in the interest of time, we are taking IT presentations and the credit presentation before the HR presentation now so that we can show you the live demonstration of what technologies we are using. So next speaker is Mr. Rajen Shah, who is the CTO of the company and has been working with the company for more than 30 years.

He holds the bachelor's degree in science from Gujarat University and he is an MCA from IGNOU. He brings in strong technical expertise and strategic leadership to drive the scalable and secure IT solutions at MAS. He plays a key role in aligning technology initiatives and business objectives and he actively fosters a culture of innovation and digital transformation across the organization. He is responsible for managing IT infrastructure, EDP operations, project execution and end-to-end software development. His agenda for today is leveraging technology across the spectrum, powered by in-house tech. Sir, I request you to please come on stage.

Meet Chande:

We will jump to live demonstration first, sorry for this inconvenience. Okay. So I would request Darshil, who is the Credit Head, to show the live demonstration of our technology. Yes. So Darshil Thakkar is the qualified Chartered Accountant, Company Secretary and Certified Management Accountant. He is the Head of Credit for the Retail Asset Channel and SME Lending at MAS, and he has been working with the company since more than 11 years and he will take you through the live demonstration of our SME and two-wheeler LOS what we have developed internally i.e. BRE-enabled LOS and he will also take you through the CAM files and the AI-driven PD discussions which we have. Over to you, Darshil.

Darshil Thakkar:

So thank you, Meet. Good evening everyone. I will be presenting our phygital LOS that transforms lending into a real-time data-driven, algorithmic decision platform rather than being just a process tool. The platform uses data triangulation, arithmetic decisioning, dynamic rule engines and real-time orchestration to deliver faster approval with lower risk. So can we have a login screen? So this is our login screen of the LOS.

The logins can be done through any channel, for ease we will be doing a demo through an employee login. So the employee will login into the LOS. This is the login screen. We will quickly take up one of the sample cases. This is a live case which is live in the system. So the person who is login, the sales team, will input few key details and rest of the details are auto-captured through predefined logins.

So here the only the customer name and the constitution type needs to enter. Once he inputs the PAN card through a backend, we will directly fetch the GST details and all the complementing

details will be auto-captured. So next the customer or the sales team needs to enter the basic borrowing details, borrower details, which will be and like whether he is a proprietor or what is his designation.

Then through an Aadhaar-based OCR, the front and the back side of the Aadhaar is uploaded into the system and all the details which are there in the Aadhaar are auto-filled, you don't need to enter anything. Then the GST details are auto-captured. Over here a consent link is sent to the customer to fetch the GST details. Similarly, if account aggregator feature is available and the customer consents to it, the bank -- the consent is done over here, otherwise the bank statements are uploaded.

And once rest of the details are filled in and an email and a WhatsApp message is sent to the customer and once he provides his acceptance on processing the file, the system starts its actual process. So I will quickly run you through what are the basic background checks which the system does. As the system first of all fetches the GST details from only a PAN and this and the details are captured from the GST website itself. Next based on the PAN, we will also come to know about the name matches, whether the Aadhaar seeding is there or not, every detail is being auto-captured through the APIs.

We will also review their Udyam certificate, this is also an API-based integration that is there. So we will come to know whether there is any identity risk or not or identity fraud which is there or not. Now starts the data triangulation and algorithmic decisioning. So the bank statements which we initially uploaded, it's very easier if you can get it into an Excel, but we have gone one step ahead and used various algorithmic decisions and we can come to know about what are the various transactions which are being done.

Can we just go directly into the detailed analysis portion? Yes. So the bank statements which are being uploaded over here, so just by a mere click, we will come to know within fraction of seconds what are the various transactions which are done across the 12 months, what are the interfirm transactions, what are the sister concern transactions, we will even come to know what are the loan receipts, loan repayments, EMI bouncing if any, and everything just at your fingertips. So this reduces the credit decisioning and the TAT involved to a greater extent.

Now we will see how this data triangulates with the GST details. So once the customer gives a consent within fraction of seconds, say 5 to 10 seconds, we will get the GST details. So from the GST details, we will not only come to know what are the monthly purchases or the sales, the GST filing frequency, we will also come to know what are the various circular transactions and who are from whom they have done the transactions, like who are the suppliers, who are the customers, what are the aggregate transactions done on a 12, 24 or 18 month basis.

And as you can see, we will also come to know what are the banking transactions which are being mapped against that particular supplier or the customer. So this is the power of data triangulation as you can see. Now we have gone one step ahead with, you can say, borrowing analysis. So we all know that CIBIL report we most of us in the field of credit see each and every

day, but we have used the algorithmic decisioning and dynamic rule in order to create a direct borrowing profile.

So from the CIBIL, we directly capture what are the live loans, what are the outstanding, and what is the sanctioned amount, sanctioned date and so on. And these details are then data through data triangulation with the bank statements, we can come to know in which month the EMIs are being paid, at what date they are being paid. Not only this, now say if in the bank statements there are some EMIs but we are unable to track the same in the CIBIL report, then also it gets highlighted in a separate field. So this reduces the task of a credit officer to a greater extent.

Now, based on all the datas, the credit officer or the credit analyst will have certain questions. So we do a system-driven PD. The link is sent directly through the system itself to the customer mobile and the customer using the link will open the video PD software, and we will see what happens through a live demonstration of a case. So in this particular case, a couple of days back, we had done a PD. So we will play a video of the same for a couple of minutes.

[Video Presentation]

So as you can see, it was a 20-minute conversation with the prospective customer. Now through AI, you can see a summarized transcript of it. The system will not only capture the longitude and the latitude to verify the place, but it will also provide us with the synopsis of whatever discussion has been happened.

As you can see, the discussion through AI has been highlighted through various pointers like whether the conversation was about a family member, about the business, what all details were provided by the customer and so on. And one more thing, like you heard, it was the conversation was in Gujarati, the system auto-translated into English. So the conversation can be in any language: Tamil, Telugu, Marathi, anything. We can easily come to know what was the conversation and also we can track the authenticity of every detail.

So now we will directly jump onto the eligibility. So using all this datas, the system will perform the checks and through various rule engines, the eligibility is being displayed over here. So over here the credit officer only needs to check whether all the data are in sync with the PD details and so on. If he's satisfied, he will proceed to the next step and proceed directly with the recommendation and so on. So this is the score matrix. So using the various rule and policy parameters, the data is auto-populated and a risk score is assigned to it. So this way helps us with the risk-based pricing also.

Now, based on various data source, if the policy parameters are breached or if it requires any higher authority approvals and so on, then it gets auto-triggered and the case moves into that particular authority's tray. And over here also, there are various restrictions which are kept that the permissible amount, you won't be able to enter higher than what the system reflects or as per the authority or the deviation matrix.

And once the case is approved into the system, the LOI is sent directly through the system itself to the customer and based on the acceptance of the LOI, the disbursement and the other operational process moves on directly through the system itself. And if the customer agrees for an E-agreement, the E-agreements are also done through the LOS itself. So this was more about an SME customer. Now we will quickly talk about now a customer who has asked loan for a two-wheeler product. This product is much more faster and much more digital, which not only uses the SME framework which I just showed, but it has an end-to-end digitization as well.

So we'll take an example of one of the case over here. So again, the basic details are captured by the employee and like in the SME, using the PAN and the Aadhaar, all the correspond details are auto-captured. So over here also within fractions of minutes, you can say the loan application will be ready for evaluation. So the basic customer details are captured, then the sub-dealer details, occupation, bank details, like in SME, everything is also done over here as well. So here the employee will just input the manufacturer details, model, and the category will be auto-captured through the rule engines.

So over here also, there are various API markings in the consumer bureau, if we can show. So rather than a traditional PDF, over here through various algorithm engines and rule engines, we have got this detail. Now the details are mapped in the bureau and the details which are input into the LOS, they are auto-match based on the rules which are pre-defined.

So over here the PAN and everything is also reported in the same way as to us, so we can see that it's a proper match. So again, the loan information and everything, you don't need to go through the PDF versions. Even if there are any dirogs or any negative thing which is there in the CIBIL, it will be auto-highlighted over here. So this makes a decision-making much more easier and a faster. So all the recent inquiries and everything are mapped over here.

So now over here, there is one added feature that we have incorporated which is a face-match verification. So when the Aadhaar is uploaded, we also take a live picture of the customer and then is an verification which is being displayed over here, that there is a 99.96% matching of the face. So we can know that the person whose KYC details are submitted is indeed the borrower. So the identity risk is reduced and eliminated in this step.

So over here, this is an end-to-end digitalized system wherein if the major policy criteria are matched, then the system will auto-generate the policy details and so on, and based on the acceptance, it will move directly into the disbursement. So say in this particular case there are no deviations, so it will directly move into the operations team for the disbursement. The delivery order for this particular case will be auto-generated and sent for payment purposes. So I'm happy to share that everything has been developed in-house using our intensive experience and knowledge on the product and the sectors.

So the products that we talked about where something where we can rely more on the bank statements and GST returns and other things which are available at our disposal. Now will I will talk to you about the MEL product which requires much more human intervention and human

intelligence. So if we can show them one CAM report. So one more feature of this is that whatever you saw in the LOS can be easily downloaded into a PDF format as well.

So this is one of the CAM report. So all the basic information, firm details and everything is captured. The KYCs and everything are verified as shown in the earlier SME product. So over here, the main thing is how you calculate the eligibility. This is the segment wherein majority of the records and transactions happen off the books. So from the bank statements or there are -- you won't be able to judge what is their actual income. So over here there is a PD which is being done at the customer premise, which is a very exhaustive one. So if we can show them the business records which were verified.

So the credit officer or the analyst will visit, he will collect whatever the kacha records, bills and everything are available and there will also be random checks of the records which will be done.

So say if he gets a record of supplier, then he will also do verification of that supplier and ask whether he is a genuine customer for him or not, what are the transactions which are being done on a monthly or an yearly levels and so on. There will be site visits of the residence premise as well.

So as you can see, this involves more of an human judgment and we power it with the machine logic. So I have covered majority of the products over here which we expect to be the driving force in achieving of our targets. So as you can see, every loan application is powered by multi-source data, validated through APIs, scored by algorithms and governed by policy rules, while human judgment steps in only where it adds value. Thank you.

Meet Chande:

Thank you Darshil for that detailed presentation. In the interest of time, we'll start with the Q&A just by one conclusion slide which we I would like to highlight. So we conclude today's presentation by reaffirming that team MAS remains dedicated to realizing the vision of reaching a milestone of INR1,00,000 crores AUM in next decade, leveraging a track record of proven performance over the past three decades and pursuing compounding with prudence in the years ahead. Following the dictum of excellence through endeavors, which we now reckon as purpose led progress driven.

So we'll now start with the question and answer session. I would request team to please arrange the chairs here. So anyone who wishes to ask question can raise their hand and we will have a mic there. You can introduce yourself and then ask the question, please.

Anil Tulsiram:

Thank you, this is Anil Tulsiram from Bestpals Research. First of all, thanks a lot for very detailed presentation, I can see lot of hard work has gone. So my question is on micro-enterprise loan. If we look at the period FY20 to FY22 and FY24 to FY26, rest of the industry who is into micro loans which is less than INR1 lakh, had a very high credit cost, almost double digits for these two years.

So what is that we have done differently, that our credit cost from the gross NPA and the other numbers looks like we never crossed the single digit there. So that's the one question and

simultaneously if you can clarify during these years, how much, what part of the micro loans was generated directly through the branches? That's it. Thank you.

Nishant Jain:

So from a micro-level loan customer perspective, you are talking about more often a micro-finance customer. Ours is two notches above those customers. And along with this, we have a credit process where we assess the income, we meet the customer, that is what we have shown you overall the process point of view and we are doing this business from a very long period of time, so we have understand the nuances and the field-level understanding.

We visit the customer, meet them, we see to it that what operations they are having and basis that only the credit judgments are done. So that is why the major reason is that our portfolio performance remain benign in this product segment and what's the next question.

Anil Tulsiram:

And what part of the micro enterprise loan is generated directly throughout branches during this period?

Dhvanil Gandhi:

So it's majority of the sources and some part is through NBFC, but majority is through direct sourcing.

Anil Tulsiram:

Thank you. That's it.

Meet Chande:

Anyone who want to ask question can raise their hands.

Analyst:

I was just going through your numbers one thing I notice was like your expenses especially the employee expenses and other expenses part of it has grown much faster than the AUM growth. In fact it is almost like 35%, 40%. So I wanted to understand – I understand the hard work that has gone into the tech platform, everything, but in going forward do we expect this the expense growth to come down and we get some operating leverage out of whatever investment we have made or how do we look about the expense portion going forward?

Dhvanil Gandhi:

So the increase in the overall opex including the employee, which is a part of the opex cost as well, has been due to the strategic shift that we have done over the last four to five years from our partnership led distribution model to our direct led distribution model. So that has led to the costs that we have incurred. We were roughly in and around '21-'22 -- 2021-22 we were roughly at around 100 branches.

We have doubled that over a period of last three years. And we have changed the sourcing mix from roughly around 50% partnership based to around 35% partnership based and 65% from our direct distribution from our 210 branches. So this has led to the overall increase in the opex.

But again as we have communicated in the past, the number that has to be seen along with opex has to be the ROA number, wherein that has not changed. And we have been constantly hovering around 2.75% to 2.85% kind of an ROA. That is just because the yields have also increased, opex has also increased, but the profitability also has been kept intact.

Going forward the focus for the last six months, nine months we have not increased any branches. The focus has been to get these branches to higher efficiencies. Going forward also we will not be going very aggressive in branch opening. We look at getting these branches to the right efficiency and then expanding further. But in the retail lending industry, cost to income in this range is something which is normal. And our focus will be to obviously work on opex and other levers also to increase the ROA from time to time.

Analyst:

Yes. Thanks. So just a follow up on that question. On your opex part, what percentage of your opex is based on tech expenses? That's one. And another is a broader question on the tech part. You gave a very broad presentation about the tech and all, very detailed. Wanted to understand what has been the development in terms of TAT and efficiency over the last 3-5 years? And what is the medium and the long-term goal that we look at our tech?

Dhvanil Gandhi:

So for us tech, unfortunately because of time we couldn't concentrate on the tech presentation. But around 5 to 6 years, 7 years ago we were at a crossroad at around INR4,000 crores to INR5,000 crores of AUM. We had to choose between two either one of the model which is SaaS or built and operate.

We had to choose between one of the model and we chose the built and operate model where we invested in the team, the IT team. So now we have a team of more than 100 developers and business analysts. And the journey has been wonderful where the technology has withstood the litmus test of scalability as well.

So we have scaled up from almost say INR5,000 crores kind of an AUM when we really started the LOS development and all of those programs. Earlier also we had technology, but it was not at this level. But last four to five years have been transformational for us in terms of technology development in-house.

So for us the tech cost majorly is the employee cost. So it is a part of the overall employee cost. I will ask my colleague to just get back on the exact number. But for us hardware and the employee cost forms the tech expense rather than the SaaS or the fee or the fees that we pay to maybe third party service providers.

Annual cost for tech is in and around INR12 crores to INR15 crores approximately. And with the availability in terms of what further cost -- further opex we can incur, we will be investing further in this as well. And all of this is developed in-house. So that is something that has kudos to the team because we have a lot of lateral hiring from time to time.

And the kind of feedback that we have received not only from our in-house team, but from the people who have joined from other organization has been very positive. Going forward, the focus will be getting the TAT even lower. So currently average TAT for all our products, at least for the retail piece which is two-wheeler and all of those products is a single day. Sometimes disbursements within 3 to 4 hours.

SME, MEL takes 1 to 3 days. And we feel that now we are -- we have the base set. We are working further on reducing the efforts of our team in terms of data entry wherever we can, sales team. Efforts of our credit underwriting team in terms of data crunching to the maximum extent it has been eliminated.

So we don't want them to use Excel for listing down the credit, debit entries and all of those things. We are way past that. We want their focus more on identifying, talking to the customer, identifying any gaps potential if there are any and helping us improve the overall policy and the product.

So we feel that along with AI, we showcased one glimpse of the AI adoption which is real-time PD, real-time translation, transcript and the transcript which is ready in our desired format. We are working on Agentic AI for CRM department for collections where we don't have to deploy additional manpower, number one.

Number two, we are working on chatbot workflows again for CRM and customer service where customer queries and all of those things can be handled by the machine itself. We don't need to deploy people over there. So these are on the CRM side in terms of new initiatives for reducing TAT and increasing customer satisfaction and service. And reducing the TAT and getting more data analytics into the system to help the underwriting team. That's the way forward.

Analyst:

Hi. Good evening. Thanks for a detailed presentation. I have questions on the NBFC relationships. One is what would be the current average size of the AUM of our NBFC relations? And over the last 15 years how many of -- what would be the time period or legacy of these relationships extended like would -- how many would have dropped off? How many would have sustained with us, that is first part?

And second is, when we say our goal of achieving 1,00,000 crores kind of a AUM, how would the NBFC piece fit in because they also would have aspirations to become much larger and maybe move out of our umbrella fold or become an independent entity. So how would you manage these relationships as we become large?

Darshana Pandya:

Yes. So, currently we -- where we add value is the smaller NBFCs whereby their ticket size ranging from right from AUM of INR50 crores to let's say INR1000 crores. So that is where the majority of the portfolio sits. And secondly, yes you have marked it correctly that once they grow beyond a size, then they are not with us.

But what we do is we are continuously adding new NBFC partners. If they are -- their products are in alignment with our products and other parameters are also okay. But to address this, right now we are -- what we are focusing upon is that we are focusing more on our direct retail business model. So going forward, what right now it is -- the NBFC portfolio is contributing around 34%, 35%. Going forward within next 3 to 5 years, it can be 25 to 30% as well.

Dhvanil Gandhi:

And I just want to add to that. That even when they grow, what happens is if you look at our lenders list, there are 44 lenders, right? And there were like 6, 7 NBFCs in that. So even if these

guys get bigger, the nature of business is such that you will have to constantly be aligned and keep some exposure with entities, various entities apart from private PSU banks as well.

So we will get opportunity to work with them. We can also work at finer rates. We can also work at competitive rates. So for them in their overall liability mix if we are 3% and if we are charging maybe 200 bps higher than their cheapest cost of borrowing, I don't think that that will make any marked impact on their profitability, but the relationship that we will have with them of continuous funding is something that they'll value much more than the 200-300 bps that we charge higher than maybe their cheapest source of funding.

Analyst: Secondly, we talked about the risk monitoring framework and also on the product side, the IT side what we have added. How much of it gets replicated to the NBFC partners over a period of time? So like the value addition which we are creating in our business, are we compulsorily making the NBFC partners also copy it or they can have a different risk management and monitoring framework from our risk monitoring framework?

Nishant Jain: So from a system point of view, we are not forcing them to use our platform. But it's always been requirement that they should have a strong processes and policies and the system at their level. So as my colleague also shared, when we do the field visit, we see what kind of MIS they are generating.

What kind of a portfolio quality they are having and what kind of processes are they -- they are having. So if they are not having a robust systems or an MIS is in place, the comfort with the companies is not to what our internal processes say. So we kind of reject those companies. So it's must to have a good MISs and systems at the company level. That is what are one of the monitoring and an assessment requirement at while selecting the companies.

Dhvanil Gandhi: And these are developing. That is where the friend, philosopher, guide role comes in. These are all developing companies where our risk and relationship team is engaging very closely with them to help them develop risk models, frameworks to the level that we are ourselves operating at. That is where our input as a partner and not only as a lender comes in. That's the value add.

Analyst: Hi, good evening. I have two questions. The first is for the Micro Enterprise Loans, what percentage of borrowers would be approximately first time borrowers? And for the borrowers who are not first time borrowers, who are you winning the business from? And the second question is if you could throw a little more, this is mostly to Mr. Kamlesh Gandhi. If you could throw a little more light on succession planning and besides Mr. Dhvanil Gandhi, if there are any more promoter group personnel in the management. Thank you.

Kamlesh Gandhi: So MEL will be taken by my colleague. On the succession planning we have Dhvanil in the business. And the rest my daughter is not in the business. So Dhvanil and considering only Dhvanil as a part of the Promoter Group, I think I will not be doing justice to the people who are working with me since more than 25 years. So they are also the part of the succession planning in running the company. May not only the ownership. So Dhvanil the focus is around Dhvanil and he will be actively participating going ahead.

Nishant Jain: From NTC standpoint of view, the ratio ranges from 5% to 7% where those are new to credit kind of customer. These days more of less these kind of borrowers are taking some kind of loans from other NBFCs or banks. So broadly we are seeing that the ratio of NTC is gradually reducing day by day. So at present it ranges between 5% to 7% for our MSME kind of borrowers.

Analyst: Who are you winning the business from?

Nishant Jain: So the market is reasonably quite big. There are multiple players who are operating in same space. So we are also having our own processes. We already explained you, that we have a field team in place, who source the customer, do the different kind of an activities at field level to generate and source this business. So that is how the process is.

Dhvanil Gandhi: And to add to that, generally say us onboarding a borrower is not us -- winning a borrower is not somebody else losing a borrower in this scenario, because what happens is that different companies have different policies, we as you would have seen in that MSME case, there are multiple borrower -- there multiple lenders who sit on the balance sheet even of a small borrower. So it's not that if customer borrows from us.

He -- we have fulfilled his 100% requirement or if he borrows from somebody else, they have fulfilled his 100% requirement. Generally what we've seen is as Nishant said, one two-wheeler, one consumer durable loan, two or three working capital loans is something that we are regularly seeing now in the MEL and the SME space borrowers' balance sheet.

So sourcing is direct, yes, yes. If I understood that correctly. And we have 1,000 people in MEL for as at the FOS level. Fleet of street level.

Meet Chande: Request you to kindly identify yourself before asking the question.

Pratik Chheda: Hi, this is Pratik Chheda here from Guardian Capital Partners. So your salaried personal loan segment has now sort of becoming much and -- more and more meaningful almost around 10% of your book. Your GNPA in that -- how has the GNPA behaved in that segment first of all?

And second the question is that your provision coverage ratio is around 25% in that segment specifically. So just wanted to understand, how have the LGDs moved in your experience how have they moved? And do you plan to increase your provision coverage in this segment going forward?

Nishant Jain: So from LGD perspective, so one thing is that this there is some large portion which is sourced through Fintechs, so there we have a cover of an DLG which helps us in keeping our LGDs lower. Yes, there is a more or less a default ranging between 3% to 4% as we have seen in the at the industry level, and that is get covered by the DLG provided by this Fintech companies.

So that is why the LGDs are slightly lower in comparison to other products here in this segment.

Pratik Chheda: So the PCR is adequate as of now?

Nishant Jain: So as of now, the PCR or the LGDs are calculated based on our historical data, based on our modelling, so that is giving the result of 25% as on date. As we keep on getting more data and based on that if there is any change, it keeps on reflecting in our modelling. So it's not a human intervention which builds the LGDs or the PCR. It's a robust system or a model which has been adopted by the company, and basis that the PCR or the LGDs are calculated and factored in.

Analyst: Hi, I had a question on your capital consumption. So just wanted to get a better understanding for the MAS to grow at 20%-25% ROEs of 15%, what kind of capital consumption is required every year? And if we look at the history of MAS, we have been very conservative in raising capital coming into the markets. So going forward as well, how do you see that?

Kamlesh Gandhi: So the way we have worked out, I think during this journey of next decade, we might have to raise capital two or three times to be at around 20% capital adequacy or maybe between 18% to 20%. Currently we are already at around close to 23%. We de-risk around 20 to 25%. So the immediate capital raise can be between INR20 to INR22,000 crores, and then there will be one more another capital raise before we reach a milestone. So there will be can be two to three capital raise in between.

Analyst: And one more question I had on your customer journey for a MEL and an SME customer. So generally how long does that customer stay with MAS before he moves to a bank or a bigger NBFC? So what kind of retention do we see from that kind of a customer?

Dhvanil Gandhi: So MEL stickiness is much higher. So I think we will have customers who are enjoying maybe a fifth or a sixth or a seventh cycle with us now, and they have been continuous borrowers. So across the board we see a repeat ratio of anywhere between 15% to 30%.

We have strong guardrails on when we can entertain again after giving a loan, maybe 12 months, 18 months, we have to see the repayment track record, after that we will entertain again for a top-up loan or a fresh loan. But MEL is pretty sticky. SME higher ticket size loans generally what we see is anywhere between 24 to 36 months, maybe after that there is a possibility of a BT out.

But over there also that percentage for us is under control currently, and over there also we have a repeat ratio of anywhere between 17%-18%. So pretty sticky customer, this thing, because the tenors are shorter, loan runs down, their requirement keeps on going up because they are growing their own revenues at anywhere between 15% to 50% depending on the size of the organization.

So they require money consistently, continuously. So maybe we are the ones financing or maybe somebody else, but for us, we have seen pretty sticky book in MEL. SME slightly lesser than MEL because of the higher ticket size and rate competitiveness from other lenders.

Analyst: Just the one question. So we say that we want to maintain ROEs of 2.75 to 3, but just to get a better perspective from on a product level ROE, so which kind of a product gives us more than company level and what kind of product gives us lower than a company level ROE?

Dhvanil Gandhi: So SME is a product which currently would be slightly lesser than the overall company level ROE. Two-wheeler and MEL so SME-MEL would be slightly in that between 2.65 to 2.85 range, and the others would be slightly higher between 2.85 to 3 that is the two-wheeler, commercial vehicle, PL. These are the three products which are slightly higher. So average out to around 2.85.

Meet Chande: Anyone who want to ask question can raise their hands.

Anil Tulsiram: Sorry this is Anil Tulsiram from Best Pals again. I have two questions. First on MEL. I think few quarters back, it was mentioned that, eventually we will move to 3 lakh ticket size and the growth of the MEL will be lesser than the overall company growth. So can you elaborate more on this part?

And the second is, what is the strategy on the co-lending partnership with the banks? Do you think it will -- it can play a good role in reaching us in 1 lakh crores do we see with -- because SMEs are finer ticket size. So there can it help us? So these are the two questions.

Ankit Jain: So in terms of co-lending, right now we prefer more DA in terms of off-book transaction because DA is already which we have created the portfolio and bank is also accustomed to do more DA as compared to co-lending. Going forward we see that co-lending will also pick up.

Also there has been a change in co-lending guidelines which has come to live very recently. So all the banks are taking fresh guards in terms of co-lending. And even for NBFC we have to take a fresh guard in terms of how to arrive on a rate of interest, how to set a fee structure. So this is a work in progress, but we see that a combination of DA and co-lending going forward to achieve a 20%-25% on a large scale.

Dhvanil Gandhi: For MEL we are continuously increasing the ticket size. So earlier our cap was at around INR3 lakhs, then INR5 lakhs, now it's at INR10 lakhs. So there are conscious efforts. It's a transformation, it's a phase transformation. It can't be done overnight. But if you look at our average ticket size also, the ones that we do directly, it is going up from say INR70,000- INR80,000 to INR1.2, INR-1.3 lakhs. So as the balance sheet size grows, we want to go higher on the higher curve, in terms of ticket size and security maybe and all of those things. So over a period of next 2 to 3 years, you can anticipate that this average ticket size could be closer to around INR4, INR5 lakhs on the MEL side from the current 90,000 or INR1, INR1.2 lakhs that we're seeing.

Dhvanil Gandhi: No, it will be a combination again. We will keep on, because that's our, see, that's our value add, that only lending based on security would be lazy lending. So we don't want to do that. We want to do a good mix of secured lending as well as cash flow-based assessment lending. So maybe the risk appetite increases, maybe what INR3 lakhs is till unsecured, we can increase it to maybe INR5 lakhs, INR7 lakhs also.

But it will be a combination, maybe 60-40 kind of a ratio where 60% could be unsecured, 40% could be secured. Over a period of time, I think this will settle at around 50-50. And also, we get

sovereign guarantee covers. So CGTMS and CGFMU are two sovereign guarantee covers that we take for all the eligible portfolios.

That also, and we have taken, so we have tasted that now, wherein we have paid the premiums, we have received the reimbursements as well. And if the government keeps those schemes running, these could be secured under that as well.

Anuj: Yes, this is Anuj from Stratford Investments. What is the breakup between the three channels in SME and economics of all these three channels, please?

Dhvanil Gandhi: In SME, you mean the DSA, DST?

Anuj: Yes.

Dhvanil Gandhi: So as I had mentioned in my remarks, around 60%-65% is DSA-driven business, referrals DSA-driven business. Around rest is direct, digital and all of those, and branch walk-in and all is very minuscule, sub 5%, I would say. So that's not sizable. Majority is DSA, DST, repeat customers.

Anuj: Yes, and just the economics of that?

Dhvanil Gandhi: So more or less what happens is that, whatever reimbursement that we have to do to our channel partners is part of the yield. So more or less the economics on both the sides will work out to be the same. When we do direct origination, the cost of the direct team, the gestation period is slightly higher over there.

Their efficiencies are not at the same level versus a relationship manager who manages DSA partnerships. The cost is more or less equivalent. Whatever we incur in terms of DSA payouts, almost 70%-80% of that, we have to pay to the in-house employee as maybe commission or as a part of the overall opex.

So the cost dynamics are not that drastically different. We look at, rather than the cost dynamics, we look at it from a different angle, is that -- in the SME market, if we can retain the customer, originate the customer directly, then over a longer period of time, the CAC can come down. If we keep on servicing that customer maybe for two, three, four cycles, the acquisition cost can then meaningfully come down.

But that is a process, I would say. The SME market, especially the ticket size we are operating in is deeply proliferated by DSS. Customers also rely on these guys as quasi-CFOs. So direct channel is a long-term planned channel, which ideally, we want to take that percentage higher, but that's a process.

Anuj: Thank you. And maybe you partly answered the next question. Is there a number where you want to take the direct channel to in the next three, five years.

Dhvanil Gandhi: Yes, the aspirational number would be at least 50%. 50% to 60% should be direct. The rest could be maybe partnership, DSA-driven. But difficult to put a timeline exactly when, but over the mid-term, maybe two to three years, the idea would be to be close to that number.

Anuj: Okay.

Meet Chande: Okay, so there are no further questions. I think we can conclude this today's session. I would request Kamlesh sir to give the closing remarks and then we would request all of you to join us for the networking dinner outside.

Kamlesh Gandhi: So thank you everyone for spending your time. It was little lengthy than what we had expected, but we tried to be as elaborate as possible. And I will reiterate that we remain committed to our objective, what we have laid out for ourselves for the coming decade, improving, discovering, rediscovering, learning, relearning every day, strengthening the team and what all is required.

And that is what we demonstrated over all these years. Thank you for your time. Thank you for your support. And I expect that in future also. And very keen to see you again in between too, but on achieving this target. Maybe with more presence and with a declaration that we've achieved it. So we look forward to it. And thank you so much.

Dhvanil Gandhi: Please join us for dinner and the team is here if you want to interact one-to-one with anybody, we all are here. Thank you.