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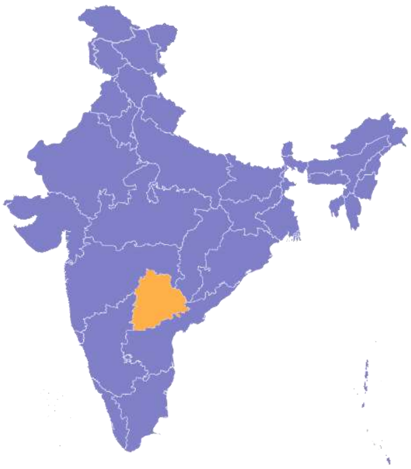
Travelog
the analyst's diary

NBFC



List of companies

L&T Finance
Mahindra & Mahindra Finance
Home First Finance
PNB Housing Finance
HDB Financial Services
IIFL Finance

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Insights from Ground Zero: Hyderabad

- In this report, we share our travel diary and present our observations/findings from our branch/site visits and interactions with field staff and/or branch/area/regional/zonal managers, as well as meetings with channel partners, et al. Our goal remains to document these observations with complete neutrality, avoiding any bias related to investment recommendations.
- As is the case with such field visits, we would again put out a caveat that not everything that we gather at the branch level or during our regional channel checks can be extrapolated at the national level because of the subtle nuances across the entire length and breadth of our country.
- **This travelogue covers our visit to Hyderabad,** the biggest market in Telangana. We did branch visits and met the branch/area/regional/zonal heads of the following set of companies:
  - **Vehicle Finance:** L&T Finance and Mahindra Finance
  - **Housing Finance:** Home First Finance and PNB Housing Finance
  - **Diversified Financials:** HDB Financial Services
  - **Gold Finance:** IIFL Finance
- In this report, we first summarize our key takeaways from the respective sectors, viz., vehicle financing, gold finance, affordable housing finance and MFI and then delve deeper into our observations at branches of each of the NBFCs/HFCs that we met on this field trip.

Vehicle Finance: Festive season to revive sales

- Sales momentum in the auto and 2W segments was temporarily disrupted by the announced GST rate cut (from 28% to 18% on most models), as customers deferred purchases until 22nd Sep'25 to take advantage of lower prices. Sales of premium 2Ws above 350cc were not impacted, since GST rates on these models were set to increase. Lenders expect pent-up demand to drive robust Navratri and Diwali sales volumes, even as the broad-ranging expectations are that the buoyancy is likely to be short-lived.
- In PVs, MMFS is steadily gaining share in the non-Maruti segment (Hyundai, Tata, Kia, and Toyota) by leveraging faster turnaround times through its M-Tez platform and stronger dealer engagement, while continuing to hold a leading position in Mahindra and Maruti financing. Post-pandemic demand has structurally shifted toward SUVs, which now account for 58% of sales, thereby pushing up average loan ticket sizes.

- Both MMFS and LTF are sharpening their focus on higher-quality customers, which has led to some moderation in yields. However, the trade-off is favorable, as they expect superior risk-adjusted returns driven by lower delinquency levels.
- Credit processes have also been significantly tightened with a deeper reliance on technology. LTF's Cyclops engine, integrated with the Account Aggregator framework, has materially strengthened underwriting quality, reducing Gross Non-Starters to ~5.8%. MMFS, meanwhile, has centralized approvals for complex cases and is onboarding a stronger customer profile, reflected in a decline in average IRRs and a relatively higher proportion of customers with CIBIL scores above 750.

Gold Finance: Robust demand; new players making a foray into gold loans

- For IIFL, the gold loan segment has seen a strong rebound following the RBI ban, supported by rising gold prices and growing demand from MSMEs, which now view gold loans as a primary financing tool rather than a fallback.
- Gold loan providers are offering flexible schemes tailored to borrowers' cash flows. Options now include monthly, quarterly, half-yearly, and bullet repayments, along with part-release facilities and variable tenors of 12-24 months.
- In Southern India, the sector is witnessing competition with MUTH aggressively pricing loans (in response to Chola's gold loan foray) with ~10.5-11.0% schemes representing a significant reduction from 17% IRR levels and providing takeover loans at teaser rates of ~9.8-10% (for the first 30-60 days of the loan tenor) for amounts above INR300k.
- New entrants such as Capri, L&T Finance, and Poonawalla are aggressively hiring from incumbents, driving 50-60% salary inflation and creating significant challenges for employee and customer retention. The portability of gold loan clients means that when a relationship manager moves firms, they can often transfer portfolios worth INR40-50m, making attrition a key operational risk.

Affordable Housing Finance: Demand remains resilient, despite higher bounces; no significant concerns on asset quality

- The affordable housing demand remains buoyant in AP, Telangana, and Karnataka. With challenges around Project Hydra (in Telangana) and e-Khata (in Karnataka) easing out every passing month, the demand has been on an upswing since Jun'25. Volumes in Karnataka have also largely rebounded to ~90% of the pre-e-Khata levels.
- Both PNBHF (Roshini) and HomeFirst acknowledged higher EMI bounce rates across the housing finance sector (including that in prime housing) as households could potentially have taken on incremental obligations through online personal loans and spending on gaming/betting platforms.
- In terms of geographical risk, the textile-centric markets in Southern India, such as Tiruppur and Coimbatore, are being closely monitored due to the impact of tariffs on exports, which could lead to job losses or pay cuts for factory workers.

Microfinance reset: Industry poised for a 2HFY26 revival

- The MFI industry is witnessing a directional improvement, though the pace of recovery is slower than initially anticipated when the NBFC-MFIs reported their Jun'25 quarter results. Many lenders had forecasted a complete recovery by the end of the second quarter (2QFY26), with a return to normalcy in the second half of FY26. However, our discussions with senior management teams of six NBFC-MFIs that we spoke to suggest that this recovery could be delayed by 30-45 days, or potentially by a full quarter.
- A key observation is the trend in flow rates (the rate of new delinquencies). While the flow rates are still decreasing, the improvement has become less pronounced in Jul-Aug'25, indicating a potential plateau or a "status quo" situation compared to the sharper reductions seen before Jun'25.
- While recovery is underway, AUM growth is likely to remain subdued in 2QFY26 as most players focus on resolving residual stress and adapting to operational and strategic realignments implemented over the past year. A more pronounced acceleration in disbursements and AUM growth, along with a decline in credit costs, is expected in 2HFY26 across the MFI sector.

L&T Finance

L&T Finance

Visited the L&T Finance 2W Royal Enfield dealership in Hyderabad

Prime customer base

- Royal Enfield typically attracts a more educated and financially stable customer base compared to the average mass-market 2W buyer, making them more likely to provide the necessary income documentation. This particular dealership has the potential to sell ~100-120 bikes per month, of which ~60% are financed. LTF aims to finance about one-third of the vehicles financed.

Momentum to revive post-temporary GST pause

- The announcement of GST rate cuts from 28% to 18% on most 2Ws resulted in a slowdown in sales as the customers delayed the purchases to benefit from the reduced prices effective from 22nd Sep'25. However, the sales for Royal Enfield models above 350cc were not impacted as much, as the GST on these models is set to rise post 22nd Sep'25.
- LTF offers a 30-day interest-free trade advance facility to the dealers, which serves as a credit line to stock vehicles. The dealers availed this benefit initially in Sep'22 but stopped it post the GST announcement. However, in anticipation of strong Navratri sales, it has again started reaching out for the trade advances.

LTF 2W Loans – Preferred choice for dealers and consumers

- This specific dealership has restricted the financing to only four financiers: L&T Finance, IDFC First Bank, Cholamandalam Investment and Finance, and Hinduja Finance. Among these, LTF becomes the preferred choice due to the company's competitive offerings, followed by IDFC First, Chola, and Hinduja Finance.
- IDFC First is considered the LTF's primary competitor, with Bajaj Auto Finance emerging in certain pin codes where IDFC has restricted lending. IDFC also considers borrowers with no rental agreement as proof, and also finances customers with new bank accounts, which LTF refrains from doing.

Low rates, high LTV, and instant approvals

- L&T Finance offers competitive interest rates starting at 5.99%, which is lower than most of the competitors, who start at around ~6.99%. However, depending on the customer profile, the rates can go up to 12% based on the customer's credit profile, especially for those with no prior credit history.
- The lower interest rates are further complemented by a higher LTV than the competitors. For example, for a 650cc bike priced at ~INR525k, LTF can finance up to ~INR475k. For 350cc models, depending on the customer's credit profile, the company may even provide 100% financing.
- The entire process is managed through the Clutch app, which is specifically designed for 2W and premium vehicle loans. By feeding the customer details such as Aadhar and PAN, the app generates an approval decision, an eligible loan amount, and applicable interest rates within three minutes. This fast turnaround time often enables the same-day delivery of the vehicle.

Tech-driven underwriting supported by a strong risk management framework

- The Clutch app, which runs on the Cyclops engine, has significantly enhanced and improved the underwriting quality. The company utilizes the Account Aggregator framework (via Anumati), which assists LTF in evaluating the customer's banking history with their consent and analyzing the borrower's financial behavior, eliminating the need for physical bank statements.

- The implementation of the Cyclops engine has led to a significant improvement in asset quality, with the Gross Non-Starter customers (customers defaulting on their first EMI) dropping to ~5.8% from ~12% at the Area Sales Manager (ASM) level across OEMs. Specifically, for Royal Enfield, the GNS rate is even lower and has improved further.
- Although most cases are approved digitally (green cases), LTF also employs a Risk Control Unit (RCU), which reviews flagged cases. These cases further undergo physical home verification, though this is not mandatory for all RCU-flagged files.
- On the collections front, the sales team oversees the collection of the first three EMIs, which involves sending payment reminders and following up with customers. After the completion of the initial three-month period, the responsibility shifts to the dedicated collections team.

Mahindra Finance

Mahindra Finance branch visit

Momentum remains sluggish; the festive season to provide a temporary relief

- The GST rate cut hit sales (from 15th Aug to late Sep'25) as the customers chose to delay vehicle deliveries, waiting for the reduced GST rates to take effect on 22nd September. Even though the parent M&M announced immediate price reductions effective from 6th Sep'25, the flow-through at the dealership level was not apparent, and the customers preferred to wait. However, the sales are expected to double (also aided by the pent-up demand) now that the GST rate cuts have become effective from 22nd September.
- The underlying demand in the automobile sector remains sluggish and uncertain, despite this anticipated post-GST rate cut spike. The GST rate cut boost is expected to be temporary, with positive momentum expected to last only two to three months through the Navratri and Diwali season.
- In addition, after the pandemic, a shift is seen in customer preferences from small cars and sedans to SUVs, which now constitute 58% of the market. This has also led to an increase in the average ticket size of the loans.

Focus on enhancing the non-Maruti segment share

- MMFS has structured the auto business into three different verticals: Mahindra, Maruti, and Non-Maruti, with the Non-Maruti segment consisting of brands such as Hyundai, Tata, Kia, and Toyota.
- MMFS competes mainly in the non-Maruti segment, where it is not a captive financier, by building strong relationships with all dealership stakeholders, from the owners to the sales executives. This is further supported by faster TAT wherein MMFS utilizes the M-Tez online platform, providing an edge over banks, which rely on comparatively slower manual processes. Additionally, the company also provides incentives to dealership personnel. MMFS also provides flexible policies by recognizing multiple streams of income, such as rental and agricultural earnings, as well as depreciation shown as expenses by self-employed individuals, which banks often do not.
- While SBI holds the top position in Maruti financing, MMFS holds the number two position on a pan-India basis and is also increasing the market share in the growing non-Maruti segment.

Strong credit underwriting and improving customer profiles post-pandemic

- The underwriting process has undergone a significant evolution post-pandemic. Previously, the sales team had the authority to approve loans, but currently, a centralized credit department and a Fraud Control Unit (FCU) are involved. While ~80% of the routine cases are still approved by the business team via the M-Tez platform, which uses a color-coded, trigger-based system, certain complex or high-risk cases, such as CV loans, are transferred to the credit department for approval.
- Simultaneously, MMFS is now focusing on acquiring better quality customers, which is evident from the decline in the weighted average IRR of the Auto Business (from ~14% previously to ~12.5% now). Customers with CIBIL scores of 800 and above are now common in MMFS, whereas previously they were rare.
- On the collections front, the sales/business team is responsible for the collections in the initial nine months of the tenure. However, following the nine months, the portfolio is transferred to a dedicated, separate collections vertical, which then oversees the collection process depending on delinquency buckets, classified as soft, hard, and NPA.

Home First Finance

Home First Finance branch visit

Demand recovery underway in AP, TN, and Karnataka

- **Andhra Pradesh:** The outlook is AP looks optimistic. The current government is viewed as pro-development, having removed earlier "bad policies" related to sand and bricks, which were roadblocks to growth. As a result, Home First is investing heavily in AP in the anticipation of a healthy pickup in demand.
- **Telangana:** The market initially slowed down due to the government's "Project Hydra," which focused on regulating constructions near lake beds and water bodies. This created a negative market sentiment, especially after certain demolitions. However, the government later clarified that the policy applies only to new permissions and not existing constructions. Home First witnessed an uptick in demand since Jun'25, further supported by factors like falling interest rates and the introduction of PMAY. The slowdown primarily affected the prime segment, not Home First's affordable housing segment, as the company avoided funding properties near water bodies from the outset.
- **Karnataka:** The real estate registration process, especially in Bangalore, became very cumbersome and slow due to the government's move to consolidate property records into the "e-khata" system. The system is now stabilizing and improving, especially in the last three months; however, the application process remains long due to high system load. For Home First in particular, business in Karnataka, which had dipped post-Oct '24, has now recovered to about ~90% of its former levels. The e-Khata bottleneck is mainly concentrated in Bangalore, which contributes to ~75% of the Karnataka business.

Targeted expansion and enhancing product mix drive growth

- Home First employs a "deeper and wider" strategy for expansion.
  The strategy involves identifying growing areas on the outskirts of major cities like Hyderabad. Then the company starts sourcing from customers in these areas, builds a portfolio, and then establishes a branch. Once a major city is thoroughly and deeply penetrated, the focus shifts to other growing pockets

and smaller markets. However, the main challenge in entering smaller markets is getting the workforce to relocate and retain talent in those areas.

- To offset the impact of the business dip in Karnataka, the company shifted its sourcing pattern by increasing the share of Loan Against Property (LAP) from less than ~10% to ~20% and enhanced the product mix from predominantly self-construction to include all home loan products like resale, plot plus construction, and home extensions.
- The company primarily targets the customers who are underserved by banks, those with insufficient documentation, multiple income sources (typically not considered by banks), or a salary below INR25K. Many customers also prefer HFCs to avoid the long processing times and hassles associated with banks.

Relationship-led collection model with a focus on retention

- The Relationship Manager (RM) who sources the loan is responsible for collections. Rather than implementing aggressive tactics for collections, the company emphasizes counselling the customer to understand the problems (e.g., job loss, business issues) and find solutions. This approach fosters better long-term relationships, and this model is now being adopted by competitors, who are increasingly making their sales teams oversee the collections for the initial 9-24 months.
- The customers switch to other lenders typically for two reasons: 1) To get a lower interest rate from a bank, or 2) for a large top-up loan that Home First is unwilling to provide. To retain customers, the company actively does counseling of customers against transferring out by highlighting the associated costs of transferring and encouraging the customers to use that amount to partially pay the loans to reduce their interest burden.

A few regional pockets being closely monitored for any changes in the collection trend

- An increase in EMI bounce rates is being observed not just in the affordable segment but also in the prime segment across the industry. The key factors contributing to this are a) customers taking on multiple small, easily available online personal loans and b) increased spending on online gaming and betting apps, which have resulted in financial losses for many.
- In terms of geographical risk, the textile-centric markets in Southern India, such as Tiruppur and Coimbatore, are being closely monitored due to the impact of tariffs on exports, which could lead to job losses or pay cuts for factory workers. Additionally, ancillary units in Erode and Salem might also witness spillover stress.

pnb Housing Finance Limited

PNB Housing Finance

PNB Housing Finance Roshni branch visit

Focus on informal customers along with strong BT-IN contribution

- PNBHF maintains its focus on the peripheries and outskirts of major cities like Hyderabad, where the "Roshni" (affordable) segment customers are located, rather than the customers within city limits. This strategy aligns with the company's target market, primarily comprising informal customers in AP and Telangana, who generally lack proper documentation like ITR or formal banking records, making them ineligible to avail loans from banks. The average loan ticket size in these regions ranges ~INR1.6-1.7m, with loan caps set at INR2m for informal salaried individuals and INR3.5m for informal self-employed borrowers.

- The company sources its business through multiple channels, which include the Direct Sales Team (DST), who source from empaneled "connectors" and the open market, and PRMs, whose role is to source business from Direct Selling Agents (DSAs) or Direct Marketing Associates (DMAs).
- BT-ins (customers switching to PNBHF) constitute ~25%-30% of the business. The primary reason for customers to switch is to benefit from the lower interest rates. The BT cases are largely sourced from lenders who charge higher rates, including players like Five Star Business Finance, where the rate differential can be more than 8%- 9% for LAP products.

Well-structured branch model

- PNBHF operates within a structured model with dedicated verticals for Sales, Credit, Operations, Collections, Technical, and Legal, with personnel from these verticals co-located in branches.
- The sales structure flows from the MD & CEO to the Chief Business Officer, National Sales Head, Zonal Business Heads, Regional Business Heads, Cluster Sales Manager, and finally Branch Managers.
- The branches are further categorized into four tiers: Brahmaputra, Ganga, Yamuna, and Cauvery, based on the size and potential of the city/town they are in. This classification influences the budgets and maximum loan amounts that can be sourced by the respective branches.
- Despite recent senior management exits, including that of former MD & CEO Girish Kousgi, the Roshni vertical has seen no disruption in terms of business intensity or targets.

Branch-level credit assessment

- PNBHF operates on a decentralized credit structure with credit managers present in each branch, unlike some peers who have a centralized model. This is crucial for evaluating and assessing informal customers whose income cannot be verified remotely.
- Once the file is received, Initial checks are carried out on income documents and CIBIL reports. A physical personal discussion (PD) is conducted for every case by the credit team, who visit the customer's residence and/or business place. Additionally, legal and technical verifications are done by empaneled vendors.
- The loan sanctioning is done by a defined approval matrix, and the authority to sanction loans depends on the loan amount and the number of policy deviations. The hierarchy includes Branch Credit Manager (BCM), Regional Credit Manager (RCM), Zonal Credit Manager (ZCM), and National Credit Manager (NCM).
- The final interest rate is determined by a scoring matrix that factors in multiple risk parameters, which include the customer's risk profile (low, medium, and high), property location (e.g., Gram Panchayat limits), and CIBIL score range. The system calculates the final interest rate based on these inputs.

Stable asset quality

- The government's Project Hydra in Telangana, which targeted illegal constructions near water bodies, had a minimal impact on the Roshni business.

This was because Roshni primarily caters to the affordable segment on the city's periphery, whereas Project Hydra focused on prime, costlier areas with encroachment concerns.

- The portfolio in AP and Telangana, now ~INR5b built over the last two years, is reported to be performing well with no major signs of stress. The typical seasoning period when account behavior changes is 16-18 months, and the Roshni portfolio remains relatively young.
- Despite an abnormal increase in bounce rates in the broader housing sector, particularly among tech profiles in Bangalore, the Roshni segment has not seen an abnormal spike, and the increase in bounce rates in PNBHF's Roshni portfolio is viewed as proportionate to the business growth and portfolio seasoning.
- In regions that show signs of delinquency, the company switches to a 'caution mode' strategy, which involves reducing the maximum ticket size for informal profiles (e.g., from INR3m to INR2m) and temporarily shifting focus to formal-income customers until collection trends stabilize.

HDB Financial Services

HDB Financial branch visit

Structured zonal model to drive operations

- HDB Financial operates through two verticals, segmented into 'emerging market' for suburban locations and 'metro market' for major cities like Hyderabad.
- Hyderabad has 28 branches, each following a "zoning concept" and serving the customers within a 5 km radius for better accessibility and service. In FY25, disbursements stood at ~INR5.5b in Hyderabad, with a target to cross ~INR6b in FY26.
- The city's operations are supported by ~350 sales officers, and the typical branch structure includes a branch manager who oversees sales, credit, operations, and collections. The sales team is further structured with two or three sales managers under the branch manager, with each sales manager overseeing five to six sales officers.
- The Hyderabad Zonal Manager oversees four Cluster Managers, and each Cluster Manager is responsible for seven branches. This structure is consistent across all designated metro markets in India. The Zonal Manager is responsible for all functions, including sales, credit, and collections, although there are dedicated independent managers for each vertical.

Informal market focus with a diverse product strategy

- HDB Financial offers a suite of products that includes personal loans, business loans, loan against property (LAP), personal loans with imperfect collateral, gold loans, and used car loans. Of these, the key focus is on the unsecured loans, focusing on the untapped market, such as small shop owners (e.g., Kirana stores, tailors) who may lack extensive banking history or ITRs. The interest rates for these loans typically range from 20% to 24%, depending on the customer's CIBIL score.
- The gold loans operate on a "branch-in-branch" model with separate vaults. The strategy does not rely on walk-in customers (less than 10%) but focuses on cross-selling to existing customers to fulfil funding gaps and increase their

creditworthiness. HDB's key differentiation is offering EMI-based gold loans, unlike competitors that primarily offer interest-only bullet repayment loans.

- Loan against Property (LAP) and Enterprise Business Loan (EBL) are largely similar products, with EBL designed for properties with technical challenges (e.g., deviations in construction), and it carries a slightly higher interest rate (about 1%) to account for the higher risk.
- Separate Verticals: Products like Commercial Vehicle/Equipment loans (CV/CE) and Sales Finance (Consumer Durables, Two-Wheelers) are managed by separate, dedicated verticals, though they may share branch premises. Similarly, salaried personal loans for government employees also fall under a separate vertical.

Robust in-house underwriting process with low delinquency rates

- HDB does not rely on third parties for risk assessment, and the company's employees handle customer evaluation, which minimizes the chances of fraud. For every loan, a Branch Credit Manager (BCM) conducts a mandatory personal discussion (PD) and collateral visit.
- The credit approval authority is hierarchical. A BCM can approve personal loans up to INR500K. For higher amounts, an Area Credit Manager (ACM) or Cluster Credit Manager (CCM) gets involved, and they also conduct personal visits depending on the loan size.
- In terms of portfolio quality, for the Hyderabad zone, delinquencies in the secured portfolio are extremely low at 0.6%, with only one reported case due to the customer's death. The unsecured loan delinquencies are between 1% and 1.5%, and the intentional defaults are minimal. The primary reasons for default are health issues, business slowdowns, job losses, or over-leveraging, often exacerbated by taking multiple small-ticket digital/app-based loans.

Structured collection framework

- Every branch has a dedicated collection officer. Two collection managers oversee 28 branches in Hyderabad and report to the area collection manager. The entire Telangana region is supported by one legal manager and two legal officers based in Hyderabad, who assist branches with legal processes such as SARFAESI for defaults on loans over INR20m.
- In the unsecured loans, since settlement is the only option and customers are increasingly aware of their CIBIL scores, they proactively engage in the settlement discussions.

IIFL FINANCE

IIFL Finance

IIFL Finance branch visit in Hyderabad

Strong rebound driven by gold prices and MSME uptake

- IIFL demonstrated remarkable business resilience with very strong growth in Apr-Jun'25 following the RBI ban. The company's customer retention strategy proved highly effective and efficient during the nine-month recovery period, as the company maintained the customer data, which enabled re-engagement with the targeted customers once operations resumed. Also, a sharp rise in the gold prices to INR7,103 per gram for 22-karat gold created an unprecedented demand as customers started viewing gold loans as a primary financing option rather than a fallback option. In Hyderabad, the individual branches average ~INR500m in AUM, contributing to ~INR7.5b regional portfolio across 60 Hyderabad branches.

Strong gold appraisal framework

- IIFL started a dual appraisal system implemented post RBI ban, with external valuers conducting primary assessment followed by internal verification. To manage this across 60 branches, IIFL employs a vendor network management system, a quality assurance process, and a manual appraisal methodology.

Customer-tailored loan schemes with flexible repayment options

- IIFL offers a comprehensive scheme portfolio with monthly, quarterly, half-yearly, and bullet payment options, with customer-centric selection based on payment capacity rather than loan amount.
- The company offers a five-day grace period for interest payments, a feature not provided by other competitors. The company also provides flexible LTV structures, tenor variations from 12 to 24 months that allow customized financing solutions aligned with customer cash flow patterns, and a part release facility that allows partial gold jewelry release upon proportional payment.

Foray of newer players in gold loans can lead to the introduction of some teaser rate schemes

- The gold loan market is experiencing competition due to Muthoot's aggressive pricing response to Chola's market entry with a 10.50-11.05% rate.
- Schemes representing a significant reduction from the previous 17% IRR levels. Chola focused on hiring Muthoot's employees at all levels and establishing branches in high-volume Muthoot locations. Additionally, teaser rate gold loan schemes with attractive interest rates of 9.8–10% (for the first 30-60 days of the loan tenor) are now being offered for takeover loans above INR300k.
- The market is expected to be fragmented with multiple new players, including Capri, L&T Finance, and Poonawalla, preparing market entry through aggressive recruitment. This has increased the inflation rate in the hiring market, with salaries rising by 50-60% as new players prioritize relationship migration over organic growth. The portability of gold loan customers implies that when a relationship manager switches firms, they can often transfer portfolios worth INR40–50m, making attrition a critical operational challenge. Lateral hires deliver immediate productivity, while building customer relationships from scratch typically requires a 12-month lead time.

Superior risk control measures

- IIFL's auction process optimization maintains a zero-loss track record through accurate gold valuation. The company maintains specific DPD timelines for schemes based on the repayment frequency (monthly schemes: DPD count starts after 30 days; quarterly schemes: DPD count starts after 90 days). An additional 45-day NPA buffer before auction initiation allows final customer intervention opportunities. Gold price protection mechanisms are also in place, ensuring that auction proceeds generally exceed the outstanding loan amount.

N O T E S

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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