**Company Name:** OnEMI Technology Solutions Ltd.

**Quarter under review:** Q1-FY27

**OnEMI Technology Solutions Ltd. Q1-FY27 Concall Highlights:**

| OnEMI Technology Services Limited | | | | | |
|---|---|---|---|---|---|
| **INR In Mn** | **Q1-FY27** | **Q1-FY26** | **Y-o-Y** | **Q4-FY26** | **Q-o-Q** |
| **Operational Income** | 6,695 | 4,631 | 44.6% | 6,193 | 8.1% |
| **EBITDA** | 2,073 | 1,417 | 46.4% | 1,862 | 11.3% |
| **EBITDA M (%)** | 30.97% | 30.59% | 38 bps | 30.07% | 90 bps |
| **PAT** | 951 | 597 | 59.2% | 822 | 15.7% |
| **PAT M (%)** | 14.20% | 12.90% | 130 bps | 13.27% | 93 bps |
| **Diluted EPS** | 5.88 | 4.54 | 29.5% | 6.22 | -5.5% |

**Operational Highlights:**

- Registered user base grew 33% YoY to 74.6 Mn, while cumulative customers served crossed 12.25 Mn, reflecting continued customer acquisition.
- AUM expanded 61% YoY to INR 8,001 Cr, driven by strong portfolio growth and increasing contribution from repeat customers.
- Continued strategic shift towards higher-quality borrowers, prioritizing portfolio quality over yields to support sustainable long-term growth.
- Credit cost improved to 6.8%, with management reiterating its target of 15% reduction for FY27 through disciplined underwriting.
- Asset quality remained stable with GNPA at 2.25%, NNPA at 0.36%, Stage 2 assets at 3.15%, and 96.8% collection efficiency.
- Proactively tightened underwriting by suspending lending in 450 high-risk pin codes, with nearly 40% subsequently reopened following improvement in early warning indicators.
- Recent loan vintages are performing materially better than last year, reflecting the effectiveness of strengthened underwriting and risk controls.
- AI-powered underwriting now evaluates 7,200+ borrower signals, while AI-led collections achieved 80%+ of human collection efficiency, enhancing risk management and operational efficiency.
- Maintained a strong collection infrastructure with 95%+ collections handled in-house through over 7,000 field agents and 1,000+ tele-callers.
- Strengthened balance sheet post IPO with 40.2% capital adequacy, while maintaining a balanced 46:54 on-book/off-book AUM mix supported by 45+ lending partners.
- LAP business scaled to INR 617 Cr AUM across 101 branches in 8 states, leveraging technology-driven underwriting and AI-based property valuation.
- Expanded product offerings by entering mutual fund distribution, aiming to deepen customer engagement and diversify fee income.
- Management reaffirmed FY27 guidance across AUM growth, asset quality, credit cost, profitability, RoA and RoE, while maintaining a prudent, risk-first approach..

**Key Questions & Answers discussed during the Concall:**

- **What is driving the strong AUM growth, and is it sustainable?** We remain confident of sustaining strong AUM growth, driven by sharper underwriting models, disciplined risk management, and continued focus on acquiring high-quality customers. With some previously paused geographies gradually reopening, we believe we are well positioned to outperform our FY27 AUM growth guidance of 40%+.

- **How does the company plan to expand its product portfolio?** We remain focused on scaling our two core products—Personal Loans and Loan Against Property (LAP). While we continuously evaluate new lending products, including Gold Loans, Business Loans and Education Loans over the long term, our immediate priority is strengthening capabilities and market share in our existing businesses.

- **What is the latest update on paused lending geographies?** Of the 450 pin codes where lending was paused last quarter, we have resumed lending in around 180 pin codes (40%) after risk indicators improved. The remaining geographies continue to be monitored closely before reopening.

- **Why has lending resumed in more geographies despite seasonal asset quality movements?** Credit costs continue to improve and recent loan vintages are performing better than expected. Seasonal changes in bounce rates do not indicate deterioration in portfolio quality, giving us confidence to gradually restart lending in selected geographies.

- **What is driving the decline in portfolio yields?** The decline is a deliberate outcome of our strategy to acquire higher-quality customers at lower pricing. In addition, the rising share of off-book lending carries lower reported revenue yields while supporting profitability through fee income and lower credit costs.

- **How do you expect margins and profitability to evolve?** We expect lower portfolio yields to be offset by improving asset quality, lower credit costs, operating leverage and declining borrowing costs. Accordingly, we remain confident of sustaining 20%+ RoE while maintaining 5%+ RoA.

- **What is the outlook for borrowing costs?** Incremental borrowings are already being raised at materially lower rates. We expect overall borrowing costs to decline by around 100 bps during FY27, with further benefits likely in FY28 supported by rating upgrades and refinancing of existing debt.

- **What is the long-term product roadmap?** Over the next decade, we intend to expand beyond Personal Loans and LAP into products such as Gold Loans, Business Loans and Education Loans. However, expansion will remain disciplined and focused on sustaining profitability.

- **How will mutual fund distribution contribute to the business?** Mutual fund distribution complements our existing insurance offerings and leverages our large customer base. It is expected to enhance fee income and deepen customer engagement without materially changing our lending-led business model.

- **How is customer sourcing evolving?** Organic sourcing contributed 31% of customer acquisitions in Q1 FY27, up from around 23–24% in FY26. We expect this share to gradually increase towards 40–50% as brand awareness strengthens.

- **How will lower lending yields impact returns over the medium term?** Lower pricing will be offset through operating leverage, declining borrowing costs and improving credit quality. We intend to pass on efficiency gains gradually while maintaining RoA above 5% and RoE above 20%.

- **What underwriting changes have been implemented recently?** We have tightened underwriting for salaried customers showing signs of employment disruption and for select self-employed segments experiencing weaker banking trends. We continue to refine risk thresholds based on real-time data and AI-driven analytics.

- **How is the Loan Against Property (LAP) business progressing?** The LAP business continues to scale well, with portfolio performance tracking ahead of expectations. Branches typically achieve breakeven within 7–8 months, supported by cross-selling to existing personal loan customers.

- **What are the long-term profitability expectations for the LAP business?** We expect the LAP business to achieve 20%+ RoE, with the overall business reaching breakeven during FY27 while benefiting from technology-led underwriting and strong cross-sell opportunities.

- **Why has GNPA increased despite lower credit costs?** GNPA movements are influenced by accounting and write-off timing, whereas credit cost reflects total provisioning and write-offs. The continued decline in credit costs indicates improving underlying portfolio quality despite stable GNPA levels.

**Key Participants:**

*Nidhesh Jain – Investec India*
*Manish Ostwal – Nirmal Bang Securities*
*Abhishek Murarka – HSBC Securities*
*Aditya Mundra – MyTemple Capital*
*Devansh Dhruv – Equentis*