November 03, 2026

Ref.: SSFB/CS/71/2026-27

To,

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East), Mumbai-400051

Symbol: **SURYODAY**

BSE Limited
The Corporate Relations Department
Phiroz Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001

Scrip Code: **543279, 960033, 978308**

Dear Sir/Madam,

Sub: Submission of the Transcript of the Conference Call held on October 30, 2026, on the Unaudited Financial Results of Suryoday Small Finance Bank Limited (the "Bank") for the Quarter (Q-2) and Half year ended September 30, 2026

Ref.: Bank's Letters No.: SSFB/CS/61/2026-27 dated October 14, 2026, and SSFB/CS/69/2026-27 dated October 30, 2026, respectively pertaining to intimation of Conference Call and disclosure of Audio recording of Conference Call on the Unaudited Financial Results of the Bank for the Quarter (Q-2) and Half year ended September 30, 2026

In continuation to the above referred letters and pursuant to the Regulation 30 read with clause 15 of Paragraph A in Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), kindly be apprised that the transcript of the aforesaid Conference (Earnings) Call held on October 30, 2026, on the Unaudited Financial Results of the Bank for the Quarter (Q-2) and Half year ended September 30, 2026, has been made available on the Bank's website within the timeline prescribed under the SEBI Listing Regulations and could be accessed at following link and also attached herewith as an Annexure to this letter:

https://suryoday.bank.in/assets/pdf/suryoday-small-finance-bank-q2-h1-fy27-transcript.pdf

The aforesaid disclosure will also be available on the Bank's website at:-
https://suryoday.bank.in/investor-corner/#disclosure-to-stock-exchanges

The above is submitted for your kind information and appropriate dissemination.

Thanking You,
For **Suryoday Small Finance Bank Limited**

GEETA KRISHNAN
Digitally signed by GEETA KRISHNAN
Date: 2026.11.03 19:37:20 +05'30'

Geeta Krishnan
Interim Company Secretary & Compliance Officer
Encl: As above

“Suryoday Small Finance Bank Limited Q2 & H1 FY27 Earnings Call”

October 30, 2026

“E&OE - The transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th October, 2026 will prevail”

MANAGEMENT: **MR. BASKAR BABU R – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. HEMANT SHAH – EXECUTIVE DIRECTOR
MR. KANISHKA CHAUDHARY – CHIEF FINANCIAL OFFICER
MR. SENTHIL KUMAR – GROUP HEAD - MICRO-BANKING AND WHEELS
MR. SASIDHAR VAVILALA – CHIEF BUSINESS INTELLIGENCE AND AI OFFICER
MR. HIMADRI DAS – HEAD, INVESTOR RELATIONS

MODERATOR: **MS. PRACHI WANI – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Suryoday Small Finance Bank Limited Q2 and H1 FY27 Earnings Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Prachi Wani. Thank you, and over to you, ma'am.

Prachi Wani: Thank you. Hello, and good morning, everyone. On behalf of DAM Capital, I thank you all for joining into Q2 and H1 FY27 Earnings Conference Call of Suryoday Small Finance Bank. Today from the management we have Mr. Baskar Babu Ramachandran, MD and CEO; Mr. Hemant Shah, Executive Director; Mr. Kanishka Chaudhary, Chief Financial Officer; Mr. Himadri Das, Investor Relationship Head.

So, without any further delay, I would hand over the call to Baskar sir for the opening remarks. Over to you, sir.

Baskar Babu R: Thank you, Prachi. Good morning, everyone, and thank you for joining us today. Let me also take this opportunity to wish you and your families a very happy festive season. I'm pleased to report the progress we have made as a bank in the first half of FY27. Our focus has been on strengthening the fundamentals of our business while maintaining healthy growth.

Over the past few quarters, we have made meaningful progress in improving asset quality, expanding our deposit franchise, diversifying our lending portfolio, and building a more efficient operating model. The second quarter reflects continued progress on each of these priorities. Before I discuss our performance, let me briefly share our perspective on the broader operating environment and some of the trends we are seeing across our businesses.

The banking sector continues to witness strong credit demand. System credit growth has remained healthy, supported by retail lending, MSME activity, and commercial credit. At the same time, deposit mobilization continues to be competitive, with credit growth outpacing deposit growth at a systemic level. The recent change in the interest rate environment reflects a view on inflation and has brought funding costs back into focus.

For banks, particularly smaller banks, the ability to build stable and granular liabilities will be an important differentiator going forward, and for us, this reinforces the importance of growing our retail deposit franchise and deepen customer relationships, including through our digital channels. The microfinance industry is gradually emerging from a challenging period. Collection trends have improved and are being sustained. Portfolio quality is stabilizing and we see opportunities for calibrated growth.

There is now a greater emphasis on borrower quality, overall indebtedness, cash flow assessment, and responsible lending practices. We expect the industry-wide transition from group loans to individual loans, which is likely to benefit borrowers with established repayment histories. While the drought conditions across Karnataka and Maharashtra have not thus far

resulted in any material adverse impact on the portfolio performance or asset quality. Our bank continues to maintain a prudent approach and closely monitor the evolving situation.

At Suryoday, our transition to Vikas loan and diversifying to newer products like Vijayshri and micro mortgages to cater to customers and their needs across the spectrum has helped us better engage with the customers. On the retail assets front, our bank continues to grow at a faster clip with respect to secured lending with both mortgages and CV growing at 36% year-on-year. Similarly, affordable housing and loans against property continue to offer attractive long-term opportunities, particularly among self-employed and emerging income customers where credit penetration remains relatively low.

Overall, we see an environment that offers healthy growth opportunities, but one where underwriting discipline, funding stability, and operating efficiency will increasingly differentiate performance. These trends reinforce the strategic direction we have chosen for Suryoday. Coming to our performance, our growth momentum has remained strong. Gross advances including IBPC stood at INR14,972 crores, representing a year-on-year growth of 34.6%. Disbursements during the quarter were INR3,096 crores, an increase of 27.4% over the corresponding period last year.

We are encouraged by the quality and composition of this growth, with both inclusive finance at 41% and retail assets at 59% contributing to the expansion of our franchise. On the liability side, the total deposits grew 35% year-on-year to INR16,184 crores. Retail deposits including CASAs stood at INR13,676 crores, constituting 84.5% of overall deposit base. Reflecting continued progress in expanding our customer relationships through granular deposits.

While our CASA ratio dipped a bit year-on-year and stood at 19.4%, our CASA balances have grown 26.8% year-on-year in absolute terms. We remain focused on building a granular and sustainable deposit base supported by our branch network, customer acquisition efforts, and digital channels. One of the most significant developments during the quarter has been the improvement in our reported asset quality. In line with the strategy adopted by the bank, which played out during the last credit cycle, gross NPAs declined to 2.9% from 6.5% in June, supported by the receipt of INR387 crores of CGFMU claims in July and write-offs and OTS of INR596 crores of legacy stressed assets.

At the same time, underlying collection performance has remained stable. Current bucket efficiency for IF in Q2 FY27 stood at 99.3% versus 99.2% in Q1 FY27. Our focus continues to be on early identification of stress, close monitoring of borrower behaviour, and maintaining prudent underwriting standards. Our digital banking business is one of the most important enabler of our growth strategy, which creates a clear differentiator for our bank.

Our bank intends to grow its digital banking business not only as a means to significantly acquire quality customers but also for it to be a meaningful contributor to the franchise across assets, deposits, and earnings. We are excited about the growth prospects of digital banking, and we shall continue to update on our progress with respect to this initiative. Our bank is a clear market leader in the credit line on UPI, CLOU offering. CLOU continues to gain traction and helps our

bank acquire customers exponentially, as well as allowing us to serve customers through convenient, scalable digital credit platform.

Over 14 lakh customers have been targeted under the CLOU program, and the said count is expected to increase substantially in the forthcoming quarters. Similarly, deposits mobilized digitally through various platforms, the key engine for acquiring customers, and over 2 lakh customers have been onboarded via this channel. Beyond business growth, technology is helping us improve operating productivity, enhance customer engagement, and reduce servicing costs. Our approach is to combine the strength of our physical distribution network with digital capabilities allowing us to serve a broader customer base more efficiently.

We believe this combination will become increasingly important as the bank scales. Our net interest income for the quarter stood at INR368.8 crores, a growth of 42.8% year-on-year, and NIM improved 28 basis points year-on-year to 7.2%, aided by growth in the share of our paying book. Our net total income grew to INR495.3 crores in Q2 FY27 from INR338.1 crores in Q2 FY26, an increase of 46.5% year-on-year, aided by the growth in revenue from our digital business. This is despite there being limited PSL income in this quarter.

Our pre-POP has grown significantly on year-on-year basis to INR145.5 crores, with our CTI adjusted for digital expenses at 68.7% in H1 FY27 versus 72.9% in H1 FY26. Profit after tax for Q2 FY27 stood at INR76.5 crores with net profit margins at 15.5%. Looking ahead to the second half of FY27, we remain alert to the opportunities for the bank while being mindful of the external environment. Our priorities remain clear.

We shall continue to grow our franchise footprint, loan book in a disciplined manner, strengthen our retail deposit in CASA franchise, maintain close oversight of asset quality and accelerate the development of our secure lending and digital businesses. We remain focused on the full-year objective of 30% to 35% advances growth and an exit ROA of approximately 1.4% to 1.5%, while continuing to assess developments in the operating environment. As we look at the first half of the year, what gives us confidence is not just the growth in our balance sheet, but the progress we have made in strengthening the underlying quality of our franchise.

Our ambition is to build Suryoday as an impactful institution, a bank that delivers consistent performance across cycles, earns the trust of our customers, shareholders, and other stakeholders, and creates long-term value for all stakeholders. With this, I would like to thank our customers, employees, and shareholders, and all our stakeholders for their continued support and trust. We will be now happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nishit Shah from ViSolitech Investment Advisors. Please go ahead.

Nishit Shah: Hello. Am I audible?

Baskar Babu R: Yes, please.

Nishit Shah: Yes. First of all, congratulations on the good set of numbers. My question is that in presentation you have said that there is a proposed CGFMU cover, right? So, is the CGFMU cover temporarily disabled or how is it? Because X of say CGFMU cover, right? Our credit costs in past have been very high. So, could you just tell me if that CGFMU cover is still on or off or how is it?

Baskar Babu R: For the current financial year, the CGFMU cover has not opened yet. We are expecting that with the due clearances from various authorities. It should open up. We don't have any information otherwise. However, as you would know, we will make a provision of around closer to 1% to 1.5%, is around approximately closer to INR70 crores to INR80 crores for CGFMU fees.

While we did cover and we saw the risk, as of now with the current collection efficiencies, we may not see the similar credit cost even if the cover were not to be there. But I think at the industry level, we are all overall fairly confident, and that's probably our input. I mean, our expectation that the cover will open up at some time soon.

Nishit Shah: Okay. Thank you.

Moderator: Thank you very much. The next question is from the line of Shailesh Kanani from Asian Market Securities Private Limited. Please go ahead.

Shailesh Kanani: Yes. Good morning, everyone, and thanks for the opportunity. So, just first wanted to understand our overall growth strategy, right? What is that capital position? And we have recently raised INR200 crores of Tier 2 capital as well, right? So, how would that impact your CRAR in Q3 numbers? And when can we expect the balance INR200 crores?

Kanishka Chaudhary: Yes. Good morning, Shailesh. So, to your first question, the answer is that the INR200 crores fundraise has helped improve our CRAR by 1.8%. For the balance tranche of INR200 crores, we are just waiting for the rates to stabilize in the market as you may have noticed, the rates have gone a little bit out of the whack. Rates at the shorter end are very volatile.

Nobody is willing to offer a definitive price for a 5-year tenor for Tier 2. So, we are just waiting for the right opportunity while our conversations with prospect investors are in place. We expect that we should be able to get it done hopefully by December or latest Q4 of the current financial year.

Shailesh Kanani: Fair enough. And just in terms of your growth prospects, continuing with the earlier part of the question, in terms of CGFMU cover, so how are we accounting? Are we providing in our opex the insurance deal? Or how we are doing, how we are kind of providing that?

Kanishka Chaudhary: So, I think the NPA impact of current year disbursements which will need to be provided will come only in Q3, in the current quarter. But as things stand today, we will be making provision for the likely premiums that we would be required to pay. In terms of the provisioning as per the IRAC norms and the policies of the bank, we will see how much of provision to be carried for the NPAs that are there in the book in Q3 in course of the quarter.

Baskar Babu R: Actually, however all our renewals of the last year disbursement has been done. So, to the extent the portfolio of disbursements done till 31st March of 2026, is fully covered and renewed. The discussion remains the open for the cover which is only for disbursals done from 1st of April 2026. And that as KC mentioned, if there are any NPAs emerging on offer will be in Q3.

And as you know that anyway, we make provisions for the net of CGFMU expected claims, which is more than the IRAC norms, and we'll continue to do so. And hopefully, we'll have full clarity before Q3 in terms of the cover.

Shailesh Kanani: Just to get this cleared, if the CGFMU cover continues like we had in the past, we might have a spike in the opex in the 3rd quarter. Is that a fair assumption?

Kanishka Chaudhary: No. Because, we continue to make our provisions, right Shailesh?

Shailesh Kanani: Okay.

Kanishka Chaudhary: We are just waiting for the window to open so that we can make the payment of the premium.

Shailesh Kanani: So, in first half, how much we have kind of already provided for that towards that premium in the P&L?

Kanishka Chaudhary: Around INR40 crores to INR42 crores to INR45 crores.

Shailesh Kanani: Okay. So, that is the first half's total, kind of provisions we have made, right ?

Kanishka Chaudhary: Correct.

Shailesh Kanani: Okay. Second point is with respect to our guidance, right? We had guided for doubling of our PAT vis-a-vis last year, and it seems that we are a little bit ahead in terms of target over there, right? And we have not revised our guidance. We have already reached last year's PAT, right? So any reasons for that?

And also, we have also continued our guidance in terms of book mix, 45 to 55, right, in terms of IF and RA. Now, I understand IF share has gone down because of high write-off, but are we confident to maintain that as well? Because that would imply that second half IF growth would be higher than the RA growth, which is obviously growing at a high clip, and also would kind of considering the macro environment, right, the stress due to El Nino and also high exposure to Maharashtra, right? So, if you can throw some light on those two questions?

Baskar Babu R: As of now, we'll stay with the guidance which you have given. We are not revising upwards or otherwise, fairly confident of this. The guidance primarily is for the retail assets to be minimum of around 55%, which will be, or maybe a little higher. We have not yet seen any impact of the drought, but nevertheless very, very cognizant of the fact that the impact will happen usually with a lag.

And then a couple of districts where we are present and requesting them to readily add on. In Karnataka and Maharashtra, we'll be very cautious. But however, we'll continue to do business

for our existing bank customers with a good track record. We will not shirk away from that in terms of becoming extra prudent and not servicing those existing customers. But we may not onboard any new customers, specifically NTC, in this drought-hit districts for this financial year. Senthil if you want to add on this.

Senthil Kumar: Yes. Thanks. Right. Yes. As of now we have not seen much impact, but yes, probably we would expect some impact specifically in Marathwada area and also probably in the south of Karnataka area. So, I think we'll have a wait and watch, I have one. And second thing is, as mentioned by Mr. Baskar, we'll be cautious in onboarding new customers to the bank and we will try and focus on the existing customer base.

Having said that, we would also be expanding into other new areas across the country and we will try and reduce our focus in any other in any state particularly. So that, I think that's a normal process which will continue doing it.

Shailesh Kanani: Okay. Thanks. Also, if you can share the exposure in terms of the affected drought area in terms of advances, what percentage that would be? And how has been the collection even for October as such? We are nearly done, so some data point on that would also be helpful.

Senthil Kumar: Yes. Sure. So, we have around INR1,000-odd crores to INR1,100-odd crores of exposure in these affected areas. And we've not seen any significant change. Well, there's been a change over a period of last couple of quarters. September and October have not shown any significant change as of now. If at all there is an effect, probably we will get to know in the coming months. As of now, we don't have there is not much change which we have seen.

Shailesh Kanani: That is helpful. Okay. Understood. I have a few more questions, but I will join back the queue .

Kanishka Chaudhary: Okay.

Shailesh Kanani: Thank you.

Moderator: Thank you very much. The next question is from the line of Prachi Wani from DAM Capital Advisors Limited. Please go ahead.

Prachi Wani: Hi sir, thank you. So, two questions from my side. First is on growth. So, reported advances grew around 4% quarter-on-quarter, but adjusting for the INR591 crores of write-off, growth was actually healthy around 8.2%. So, is the 30% to 35% growth guidance for FY27 still intact?

And given your plans to scale up mortgages, how quickly can that book grow? Also, more importantly, with IF currently contributing around 45% of advances, how do you see the growth mix evolving between IF and secured retail over the next 2 years?

Kanishka Chaudhary: Yes. I think our growth guidance stays, and we continue to maintain that. We had given a range of 30% to 35%. So, we will clearly be better than the lower end of the guidance that we had provided. In terms of mortgage and CV both, I think our secular growth of more than 35% will continue, will be bettered in a little bit.

So, we don't foresee any likely challenge in the kind of growth that we have had in the retail asset business. In so far as the mix is concerned, I think today the mix is around 41-59 depending on how things evolve in the IF business in couple of the states, we will be improving hopefully that share a little bit. We may not be reaching 45-55 by the end of the year, but as we had stated in our earlier calls, 45-55 is the kind of a mix that we would like to maintain in the medium term.

Prachi Wani: Okay, sir. Got it. Thank you. And second question is on capital. So, CRAR is currently at 19.37% in Q2, so which is a bit below your earlier comfort range of 20% to 22%. And you have raised INR200 crores through the Tier 2 in October with another INR100 crores approved by the board. So, given the 30% to 35% growth guidance, how much runway does this give you before you need fresh Tier 1 capital?

Kanishka Chaudhary: So, the INR200 crores that we have raised in the first week of October will improve our CRAR by about 1.8%. We plan to raise another INR200 crores well before the end of the year, all things going well and the rates stabilizing. So, that will improve the CRAR by another 1.8% to 2%, which should be very comfortable for us in terms of the kind of growth guidance that we have.

Prachi Wani: Okay. Got it. And also, are you considering any capital optimization measures such as IBPC or guarantee cover or shifting towards lower risk weight products?

Kanishka Chaudhary: No. See, in the funding side, we constantly keep evaluating, right? So, we have had IBPCs even in this quarter, they will come up for renewal now. Given the market situation, if we get an attractive rate, we will certainly consider that. Last time we got a rate of less than 5% for six-month money. The rates are likely to be similar and we will consider it.

Similarly, if you look at the overall funding side, we had started with taking variable rate borrowings from NABARD and that strategy played out very well as well. We took that money at around 8.5%. INR1,200 crores, and with the benefit of the rate cuts, it's presently at 7.5%. So, given the rate scenario that exists today, we will now evaluate our options anew in terms of whether it's better to move to fixed rate loans or not.

So, that kind of treasury evaluations continue. We have been able to manage our cost of fund up until now. There will be marginal increase in Q2, but well within manageable levels.

Prachi Wani: Okay, sir. Thank you. That's all from my side. Thank you, and all the best.

Kanishka Chaudhary: Yes. Thank you.

Moderator: Thank you very much. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please go ahead. Mr. Rahul, please go ahead.

Rahul Kumar: Hi. Can you hear me?

Hemant Shah: Yes, please.

Moderator: Yes.

Rahul Kumar: Hi. Can you just explain why CGFMU is taking time this year to start the program for this fiscal year disbursement from April '26? Anything has changed there in terms of, are they reviewing something or anything else?

Kanishka Chaudhary: So, it's nothing to do with the bank. The central government needs to notify the renewal of the program, and hence it is with the ministry, and that's what we are waiting for. Once the program gets notified again, we will make payment of our premium and continue the cover as we have done in the past.

Rahul Kumar: And this kind of exercise of notification happens every year or is this happening this year only?

Baskar Babu R: No. I think what we don't know, obviously, the full intricacies of the scheme, but what we understand is that the first tenor of the CGFMU is over, and probably there will be an internal mechanism in which they'll notify again. But we are fairly confident. But otherwise, as KC mentioned, we have made the provision as if we had to make the premium, which is closer to around INR40 crores for the first half.

As and when the scheme opens up, we'll be making the payment. It will have no impact on the P&L because already we have provided for the same in the last 2 quarters.

Rahul Kumar: Right. So, this is the first tenor of the scheme is over now. They have to notify the second tenor kind of thing for the scheme, right? Am I right to understand?

Baskar Babu R: That is what we understand.

Rahul Kumar: Yes. And how long was the first tenor? Was it like 3 years, 2 years? What was the tenor for the first scheme's tenor?

Baskar Babu R: I think it started in 2016, so we…

Rahul Kumar: Oh, almost 10 years now.

Baskar Babu R: Yes. Since it is 10 years, I think it is an internal mechanism where it gets renewed, but we are fairly confident that this should open up. Else otherwise also business is as usual for us. All the portfolio dispersed till 31st March 2026 is fully covered and renewed. What is not opened up is for the fresh disbursements during the financial year. Yes.

Rahul Kumar: So, I have three numbers-based questions. One is this 30 to 90 DPD for microfinance unsecured loan. This is a small tick up in quarter-over-quarter, if you can highlight on that. And 30 plus for secured non-MFI book, that seems to have moved from 6.8 to 7.2. I know there is seasoning going on there, but apart from seasoning, is there anything else which you have noted in your portfolios, any pockets or districts which are showing some sort of challenges.

And third is your Tier 1 capital. If you look at, I know overall basis you have a room to raise Tier 2 and you can do that this year, but is there a threshold on Tier 1 below which you would not like to go?

Baskar Babu R: We while our comfort range for Tier 1 is approximately around 20, because understand the entire INR300 crores profit we are likely to kind of which you called out and guided. We also get to the capital adequacy in terms of CRAR, and we will also be doing I think now I'm going to instead of 20 probably to 19 and 18.5 would be the comfort zone. I'm fairly confident that whatever will be required, we will be able to do that. And as far as your pickup and consummation, the increase from 6.2 to 7.2 is driven a little bit by the mortgages business.

CV is actually getting normalized. We had far, far superior GNPA, which you'll get normalized as the portfolio builds up. That's an expansion on that. And the mortgages, obviously the credit losses will be much lower, and only the pickup has been in terms of cyclicality, in terms of I think one or two large transactions slipped into the 30 plus bucket and 90 plus, which you're fairly confident of either rollback or recovery of the monies. Nothing unusual in the spike of point offers.

Rahul Kumar: And microloan 30 to 90 bucket, small tick up there. Any observation there you had?

Baskar Babu R: It's very, very difficult to kind of decimal pinpointing, so fairly comfortable with the 99.3, 99.4 we do. And we also kind of known in our own collection practices, they're pretty clear that the customers in our segment will go through cycles and they'll go to 30 plus, they'll come back. Only when it crosses 90 plus, there is this danger mark. And considering the drought situation is also fairly sensitive in terms of her collection mechanism and including a regular soft follow-up. I think it is reflecting that rather than any unusual mode at this point of time.

Rahul Kumar: Thank you very much and wish you really best.

Baskar Babu R: Thank you very much.

Moderator: Thank you very much. The next question is from the line of Rajiv Mehta from YES Securities. Please go ahead.

Rajiv Mehta: Yes. Hi. Okay. Just few things. Sir, I think you mentioned about INR1,000 odd crores or slightly more portfolio in the impacted districts in Maharashtra. Against that would we have what, 90%-95% CGFMU coverage versus that portfolio? Because it's a drought-prone region, generally the drought happens there.

So, what is the CGFMU coverage cover against that portfolio? What percentage is covered? And then accordingly, would you then build if there is any flow from the portfolio, then would you then build your provision slowly because you have a cover which is why the credit cost will not move that much?

Kanishka Chaudhary: Yes. So, that portfolio is covered under the CGFMU scheme, so we don't have much of a concern there. And essentially, which basically means that whatever portion, a small portion of 3% which is not covered under the program is what we provide for if it turns into an NPA. So, to that extent, there would not be any much of a difference.

Baskar Babu R: So, the only disbursement which, as I said, not covered, which whenever, as and when the scheme opens up, will cover the disbursement done during the last 6 months, approximating to probably around INR300 crores to INR350 crores.

Rajiv Mehta: Okay. And that will be a part of INR1,000 crores exposure that you spoke about?

Baskar Babu R: Yes. Yes, it is. So yes, so as of 31st March, it would have been 97. You rarely include the disbursements here, likely that it will be around 65 or 350. It will cover technically, as in when it opens, it'll get covered. The disbursements done during the last 6 months, there has not been any movement in terms of NPAs, so the entire thing is eligible for a cover and will do the same.

Rajiv Mehta: But technically, just understanding, I mean, because the window is not open, we'll not been able to cover it so far, and INR300- odd crores of disbursements are there. So when the window opens, but if by then on this INR300 crores disbursement, if the asset quality is slightly deteriorated.

Say if you have a PAR of say 4% to 5% already in that INR300 crores disbursement, would you still be able to cover it? Or what is the threshold for you to get a coverage? What has to be the PAR level of the portfolio for you to get a coverage whenever you approve?

Baskar Babu R.: No linkage except that they can't be NPA at the time of cover.

Rajiv Mehta: Got it. It should not just be an NPA. So, you can get a cover provided it's not an NPA, right, whenever the window opens?

Baskar Babu R.: Yes, that's right. That's our understanding.

Rajiv Mehta: Okay. And second is on, when you say that, while there is not much of an impact, you spoke about that the September collection efficiency is continuing in October also, even in those districts of Maharashtra. But you also said that there could be some lagged impact.

Baskar Babu R.: Yes.

Rajiv Mehta: Okay. But why a lag in impact? I mean, in the sense that generally we've seen that whenever a drought is announced or drought conditions occur, the repayments typically get disturbed in the same month or in the subsequent month. So, would November then be the testing period for collection?

Baskar Babu R.: I think our portfolio generally were more of semi-urban, not so much of a rural-rural. So usually, we do not have the same impact. But however, when there is so much of the impact will be indirect, mostly maybe agri-allied, but there may be an impact. And when there is so much of a news around it, there usually is a lag impact. There may not be anything substantial.

Why we are calling out is just because of the collections in October seems to be same as in September, and situations gets intensified as it goes, probably. So it will not be prudent on our part to say everything is good and it will continue to be good. It's better to be a little cautious

rather than calling out that there has been no impact. The impact is not seen now. And it's better to program it that there will be a likely impact. So, Senthil, if you can add something.

Senthil Kumar: Yes, Rajiv, I think as I mentioned probably if you take the severely drought-affected district, the portfolio might be much lower. And anyway, we are more of a not that we are present into very rural locations. We're more of a semi-urban locations is what we are into.

So we'll have to wait and see as to how it pans up. As of now we have not seen anything. But yes, as I mentioned earlier, there has been definitely a change between the quarters, between the previous quarter and this quarter.

Rajiv Mehta: Okay, but I think what you also trying to say is that, since you are not upgrading your guidance, but you are not even downgrading your guidance. You're at least dispatches uncertainty about the potential impact. You still are very comfortable that INR300-odd crores of PAT through the year can be achieved given if there is some disturbance in the collection efficiency the November.

Kanishka Chaudhary: Yes, that's very correct, Rajiv, because we have a few other vectors which are performing very well. Our digital banking businesses are coming up well, especially the credit line on UPI program. So we believe that as things stand today, the guidance of 300 is something that can still be maintained and achieved.

Rajiv Mehta: Yes. And on the CLOU business, I mean, which is scaling up very fast, it's a INR350-odd crores portfolio now. Is there a credit risk in that business? Because we see income coming out of it, but what is the kind of credit repercussion which can potentially happen to us and under what circumstances?

Baskar Babu R.: It is a new product, Rajiv. So the only thing about the whole understanding the credit behaviour. It is a charge card product. So somebody is not paying as soon as the billing is done. There is a clear. You will have to call out the stress. Now it has been increasing in terms of size, but month-on- month, whatever disbursements that we see with the lag, it's still kind of very comfortable as in at 1.5.

New product scaling up exponentially, we are mindful. There's going to be around INR350 crores, maybe around closer to INR500 crores to INR600 crores, a little more at the end of the year. We get to know the track record because the entire amount is paid at the end of the month. Very, very small piece gets converted into EMI. Will there be a credit risk? Obviously, in any credit product, there will be a credit risk.

As of now, it is lower, more substantially lower than the overall income, and hence kind of profitable for us as well as for the partners. I would say that probably a one-year curation is really required for us to call out, and hence we are also mindful.

Sasidhar Vavilala: Rajiv, so a couple of things, right? First, this is unlike a credit card product, the customer has to pay 100% of the spent next month. So there is no credit extended per se. That's one. And second

thing is, typically these customers, once they build a habit of paying repeatedly, 3, 4 , 5 cycles, so we'll keep getting more and more mix of transactors.

So the portfolio quality will only increasingly get better and better with vintage. That's the second point. The third point is the average ticket size are so low. It is not like a credit product. It is more of a convenience product. So that's the way to read this product.

Rajiv Mehta: And generally, what is the life? I mean, whatever credit you are providing, I know it's a very transitory in nature, so it stays on your book, the credit which generates it stays on your book for how many days?

Kanishka Chaudhary: Anywhere between 15 days to 20 days on an average.

Rajiv Mehta: Okay. Got that. Perfect. Thank you. Best of luck.

Kanishka Chaudhary: Yes, thank you.

Moderator: Thank you very much. The next question is from the line of Gaurav Toshniwal from ICICI Securities. Please go ahead.

Gaurav Toshniwal: Yes. Thanks for the opportunity. So part of my questions have already been answered. But just circling back again to the drought situation, I understand it is too early to comment, but just trying to understand how the customer behaviour have been so far. Is customer asking for extra time for payment?

I understand the collections, as you mentioned, have been good, but just more clarity from customer point of view would be helpful, especially in the JLG book. And the second part of this question, so beyond microfinance, do you see any second-order impact on your vehicle or maybe micro mortgage customers in these drought-affected districts, given the rural cash flows could be affected in the next 3 months or 4 months. So any color on the tightening in these districts would be really helpful? Thanks.

Senthil Kumar: In terms of, as I mentioned, there is a bit of stress, but as of now customers have not come back in terms of asking for any extension in time period. And also, as I mentioned, our presence in rural areas is very limited. Though SLBC has come out with some extension of timelines for agri customers, we don't have much presence in that segment, one.

And second thing, as an after effect probably in terms of CV portfolio, I don't see much effect happening because of drought, because anyway transportation will continue happening. Yes, in terms of micro mortgages, we will relook into our norms in the coming months, and probably a bit of tightening is what which we do. Otherwise, we don't see any great, or I mean significant increase in PAR in terms of this drought situation in these districts.

Sasidhar Vavilala: The important caveat to add is our portfolio is primarily urban and semi-urban. We have limited rural, so maybe our portfolio may not be reflective of the rural stress.

Gaurav Toshniwal: Okay. Got it. Thank you.

Moderator: Thank you very much. The next question is from the line of Amit Mehendale from Robo Capital. Please go ahead.

Amit Mehendale: Thank you. Thanks for the opportunity. Is there any one-offs in there as a sharp increase quarter-on-quarter?

Kanishka Chaudhary: Can you repeat your question please? Your voice broke in between.

Amit Mehendale: Right. Sir for the NIM for this quarter, which is about INR368 crores, is there any one-offs, any exceptional item or non-recurring item in that?

Kanishka Chaudhary: No, there are no non-recurring items for the NIM.

Amit Mehendale: Right, sir. And secondly, on provision coverage, how do you see it? There is a sharp dip in this quarter for PCR. So what is the internal expectation that what type of provision ratio we are comfortable with for this year and next year?

Kanishka Chaudhary: Yes. So given that a large part of our portfolio is covered under the CGFMU scheme, the way we internally look at the PCR is including the impact of the cover available to us. And if you look at the PCR including the cover available to us, it will be closer to 90%, right?

The reason that the PCR has moved down is essentially because we did a write-off of almost INR600 crores, on the basis of the claim that was received by us at the beginning of the quarter.

Amit Mehendale: Right sir, [The audio is inaudible and cannot be clearly understood] NPA share, we have added for [The audio is inaudible and cannot be clearly understood] and out of that effectively at data, if I look at your data provision on that is about INR50 crores. So just purely for this quarter PCR is INR5 crores?

Kanishka Chaudhary: Yes. So that will be the case, because if you look at the book right, whatever is the share of my IF GNPA, I will be carrying only 27% provision on that, because the balance 73% is covered under the scheme.

Amit Mehendale: Right. So out of 122, how much is that out of the incremental data on the GNPA?

Baskar Babu R.: INR65 crores, probably. INR60 crores, INR65 crores will be from IF, CGFMU covered, which we would have provided for 23%, but we have provided for 23%, and remaining 27% and 73 is payable with a time lag and hence not provided for. Otherwise, it will create a distortion in terms of showing it as an income when you receive the cash flow.

So whatever is expected to be claimed is left open, and the remaining 27% is provided for the same quarter. So that portfolio which of INR60 crores which is on it is 100% covered by provisions of future receivable under CGFMU claim and the current provisions made.

Amit Mehendale: Right, sir. Any guidance for FY28

Baskar Babu R.: As earlier we have said that we would like to maintain the same 30%-35% across for the next couple of years. I think given the challenges that we are facing both in the interest rate and environment, deposit mobilization, and a little bit of a drought situation, fairly confident that we will be kind of meeting at least the mid-level of the guidance which you have given. As we come over, I think the fourth quarter will be the right time to have full visibility in terms of what we would like to guide for FY28.

Amit Mehendale: Sure, sir. Thank you.

Baskar Babu R.: Thank you.

Moderator: Thank you very much. The next question is from the line of Arvind from CapitaLand. Please go ahead.

Arvind: Yes, hi, thanks for the opportunity. My question pertains to the NIM that we reported for this quarter. And in spite of the INR600 crores of cash that we have received, and the fact that our yield on advances has gone up about 60 basis points quarter- on- quarter, and cost of funds had kind of dipped about 10 bps, the NIM has sort of largely remained flat.

And now I understand that's partly because your loan-to-deposits has dipped quarter- on- quarter. So going forward, given the fact that we are in a tight cost of funding environment both on the debt side and on the deposit side, do you think tactically you can go up a little bit in this period and then come down later when the cost of funding situation improves? I'm just trying to find out levers for you to kind of, because I was expecting an improvement in NIM quarter- on- quarter, clearly because you've received this significant cash?

Kanishka Chaudhary: Yes. So one of the reasons that you don't see that improvement quarter-on-quarter is because the NIM includes the component of the PSL income, right? And the PSL income came down by about INR37 crores on a quarter-on-quarter basis. It has been partially offset by the incremental fees that we made on the CLOU business, which has grown and which is about around INR14-odd crores, right?

We made around INR8-odd crores of PSLC income in Q2. My sense is that we would be making around INR5-odd crores of PSLC income in Q3, because typically the market is very modest in Q3. And I think in so far as the convenience fee from the CLOU business is concerned, we will continue to see some amount of growth in that. So NIMs will not change significantly. There will be a marginal improvement, largely given by the fact that the share of MFI may increase a little bit.

Baskar Babu R.: Also, we are maintaining a little more liquidity than required at this point of time. we have the INR200 crores which came in the INR600 crores for INR400 crores claim, and considering that we have little more access on liquidity which we will attract, and that probably is reflecting in terms of not so exactly reflecting in the increase NIM for the 2 quarters.

Arvind: Got it. That's helpful. The second question I have is on the cost-to-income side, right. So we are in the early 70s zip code at this point. Now given the fact that our IF loan book and the CGFMU

opex associated with that is applicable on a smaller portion of the overall book, which obviously flows through into your opex, and the fact that I believe the secured book would probably have a slightly better cost-to-income profile than a JLG or Vikas loan.

So the question that I'm trying to get at is, do you expect some moderation in the cost-to-income because of these two factors. The moderation of CGFMU expenses as well as the fact that you're moving more towards a secured book?

Kanishka Chaudhary: So two parts to that actually. So if you look at the cost-to-income that we have shown of around 70.5-70.6, right? It has an element of the partner payouts that we have in the digital banking business, right? So if you look at that on a net basis, there is anyways a 2% benefit, right? So, the cost-to-income adjusted for the partner payouts and looking at the revenue on a net basis will turn out to be 68.6%, 2% less.

Insofar as the CGFMU expenses are concerned, I don't think there will be a significant shaving off on that count, because my share of MFI business will continue to be more or less in the similar region.

Arvind: Okay, got it. And lastly, slippages for the quarter is INR122 crores. Can we split that into the secured and the unsecured book?

Baskar Babu R.: 50-50, 122.

Kanishka Chaudhary: So around INR65- odd crores will be in IF and the rest will be in the secured business.

Baskar Babu R.: Secured and digital.

Arvind: Got it. Okay, that's all from my side. Thank you and all the best.

Moderator: Thank you very much. The next question is from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Yes, hi, good morning and thanks for the opportunity. So my question is similar to the previous participant, which he asked that last quarter of our PSLC income, if I'm not wrong, was about INR45-odd crores, and this quarter we are at INR8 crores, what you just mentioned. So the difference, INR37 crores to INR38 crores, I mean, is this a recurring one? Or if you could just explain us what led to this INR38 crores increase, because our PAT is almost similar to the last quarter?

Kanishka Chaudhary: Correct. So, see, this is a recurring feature in the sense that the PSLC income, the highest amount of it comes always in Q1, right, it has been a consistent scenario. So what has really helped us maintain a similar amount of PAT despite the reduction in the PSL income is one, the growth in the paying book, which has helped us grow our core income.

And the second is that, while there was a reduction of almost INR36 crores or INR37 crores in PSL income, the convenience fee from CLOU business increased by INR14 crores, and that

helped. So essentially, the reduction in the PSL income has been offset by the growth in the paying book and the increase in CLOU fees.

Saumil Shah: Okay. So there is no one-time, I mean, this can be a recurring one in the coming quarters as well?

Kanishka Chaudhary: Yes.

Saumil Shah: Okay. And sir, any CGFMU claims are we expecting in this remaining half?

Kanishka Chaudhary: No, for this year we are done. We are done with all the major cohorts. One very small cohort is remaining, but that won't be a very significant number.

Baskar Babu R.: INR17 crores Yes.

Kanishka Chaudhary: INR17 to INR18-odd crores, yes.

Saumil Shah: Okay. And if I am looking at our presentation, we normally give PAR 30 to 90 and PAR 90 plus. So if you can get PAR one plus number, it would be helpful?

Kanishka Chaudhary: Yes, we'll put that up from next time onwards as well. Thank you for the suggestion.

Saumil Shah: Okay. And is it handy? Can we get it?

Kanishka Chaudhary: We will get back to you if that's okay.

Saumil Shah: Okay, not a problem. And my final question, what was the collection efficiency for the month of September and October, if you can get the number?

Baskar Babu R.: October is not done yet, so comparable to comparable for the same date last month, if you look at it Yes, it was around – if we were to compare in the same date, I think it was around 99, 98.7 or something last month, and its similar the same month also. But anyway, we not yet done, so we have still 2 days more.

Saumil Shah: Okay. Till now it is almost similar to the September month.

Baskar Babu R.: Yes.

Saumil Shah: Okay. That's it from my side. Thank you and all the best.

Baskar Babu R.: Thank you.

Moderator: Thank you very much. The next question is from the line of Shailesh Kanani from Asian Market Securities Private Limited. Please go ahead.

Shailesh Kanani: Yes, thanks a lot for giving the opportunity again. Just a data keeping question, can you give a breakup of the write-off of INR591 crores during the quarter in terms of JLG, IL, mortgages, and CVs?

Kanishka Chaudhary: We don't have the individual loan JLG breakup handy right now, Shailesh, but we can always get back to you. But it's entirely for the MFI portfolio for which was covered under the CGFMU scheme.

Shailesh Kanani: Predominantly INR591 crores is predominantly in that. So, we do not have any RA book write-off during this quarter?

Kanishka Chaudhary: All three odd-crores number was for retail asset except for that everything else is for the microfinance book.

Shailesh Kanani: Sorry, I didn't get that figure. 3 crores, you said?

Kanishka Chaudhary: Yes, 3 crores for retail assets. Everything else...

Shailesh Kanani: Okay. So, 588 towards JLG and IL. Okay, understood.

Kanishka Chaudhary: Correct.

Shailesh Kanani: And just one more thing, since CLOU as such is picking up momentum, so a suggestion, if we can kind of add that line item in our presentation in terms of its contribution towards our income and also towards expenses. It will give you a better color in terms of understanding numbers.

Kanishka Chaudhary: Sure, we will do that going forward, Shailesh. Like I said, the impact on the CTI is about 2%, right? It shaves off.

Shailesh Kanani: Right.

Kanishka Chaudhary: But we shall give some more colors going forward on that business.

Shailesh Kanani: Sure. That's very helpful. Thanks a lot and best of luck.

Kanishka Chaudhary: Thank you.

Moderator: Thank you very much. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.

Rahul Kumar: Yes, hi. Just one question on this slippage. Actually, if I see, versus Q1, the slippages have increased by INR30 crores. So which segments actually you're seeing higher slippages and why?

Kanishka Chaudhary: So it has increased a little bit in CV, right? There's been a little bit increase in IF as well, but it's broadly across all the business segments.

Rahul Kumar: Okay. So, are there any specific pockets which are seeing this increase? Or is it more of a seasonal sort of an increase which you have seen?

Baskar Babu R.: I think our IF, if you look at it, was substantially lower in Q1. Its kind of a little bit inched up. Hopefully kind of it will come back, but I think it is 42 small, IN40 to INR60 crores. So, the

INR20 crores increase has been on the IF itself. And then in the CV, there has been some slips in a few accounts, fairly confident that it will come back.

I won't call it seasonal, but there's one-offs that is in the CVs. But as the IF is concerned, yes, there has been just quite low for the industry, to the extent of just INR40 crores. So normal one, we're reasonably comfortable at around 50 to 60.

Hemant Shah: Rahul just to add, you have to also see as a percentage of opening portfolio. The portfolio is also growing, A. B, CV, our GNPA percentage and PAR percentage was much lower than the market, which was of course this thing. So, during monsoon time there are some slippages, but you have to see also as a percentage of portfolio. So, I think we are confident we'll roll it back. CV etcetera.

Rahul Kumar: Okay. And in terms of the credit cost, are there any one-offs which we have done for this quarter?

Kanishka Chaudhary: So, we did one provisioning for an account in the FIG business, which is the Star Housing Finance, right, about INR6- odd crores. Apart from that, there are no other one-offs.

Rahul Kumar: Okay. And, I think in the last quarter we actually had disclosed the yield on the paying book, which we have not shown in this quarter. So, if you can just help us, how the yield on the paying book has moved, and how do you see this going forward?

Kanishka Chaudhary: So, I think, the yield improvement is largely because of the fact that the non-paying book got shaved off in this particular quarter, right? So, if you look at our MFI business, our yield is around 25.8. And this is in line with what we have been historically doing given the mix of the individual loans and JLGs. So the yield movement is largely because of the fact that the non-paying book is now out of the way.

Rahul Kumar: Understood that. Actually, I was just mentioning that in the last quarter presentation we had disclosed the yield on the paying book, which was I think 17.4. I was just trying to understand what was it in this quarter, and going forward where do we see this evolving?

Kanishka Chaudhary: So, I think for this quarter the yield was a little better than 17.5 and I think given the mix that we are now having now, we will continue with that kind of a range for the next 2 quarters as well.

Rahul Kumar: Okay. And in terms of MFI, you know, the IF mix which we have mentioned in the presentation at 45% versus is this sort of more of a medium-term target or we need to achieve this over next, let's say, 2 quarters or 3 quarters kind of thing?

Kanishka Chaudhary: So, not over the next 2 quarters, this is more a medium-term target. I mean, this is essentially what we had talked about even at the beginning of the year, that in the medium term this is the kind of a mix that we would like to maintain for us to be able to deliver the kind of return that we have talked about.

Rahul Kumar: Okay. In light of that how has the disbursement for the MF/IF segments been playing out, let's say, in the October month versus what, let's say in Q2, I think INR450 crores odd monthly, which we have done in Q2, how has now it moved in October?

Baskar Babu R.: Around the same, INR450 crores to INR500 crores is what the current run rates are. But however we are adding a few branches, we'll be adding around closer to 50 branches in the next 4 months or 5 months. We already opened around 10 at this point of time, so there will be an increase contribution approximately of at least around INR50 lakhs to INR60 lakhs per branch.

Around INR30 crores is likely to come from branches once their operations say probably by February. So INR450 crores to INR550 crores will be the range at which we'll be focusing on the disbursement for the next 5 months. October also likely to be around that range of around INR450 crores to INR475 crores.

Rahul Kumar: Okay. Understood. And just a last question, I think have you sort of increased the PCR for the non-MFI segments in this quarter? And are we going to continue with this PCR like a similar percentage going forward?

Kanishka Chaudhary: No, apart from that one particular account which we provided for in the FIG business that we talked about, apart from that our provisioning has been similar to the last quarter.

Shailesh Kanani: Okay, thanks.

Kanishka Chaudhary: Yes.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the call over to the management for closing comments.

Baskar Babu R.: Thank you very much for participating. Happy festivities and look forward to being touch again. Thank you.

Moderator: Thank you very much. On behalf of Suryoday Small Finance Bank Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.