July 21, 2026

National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, Bandra-Kurla Complex, Bandra (E),	Phiroze Jeejeebhoy Towers,
Mumbai – 400 051	Floor 25, Dalal Street, Mumbai- 400 001
Symbol - FEDFINA	**Scrip code: 544027**

Dear Sir/Madam,

Sub.: Transcript of Earnings Conference Call held on Wednesday, July 15, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the transcript of the Earnings Conference Call which was held on Wednesday, July 15, 2026.

The transcript of the Earnings Conference Call shall be uploaded on the website of the Company at https://www.fedfina.com/ under the section 'Investor Relations' in due course.

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

Thanking you,

Yours faithfully,
For **Fedbank Financial Services Limited**

PARTHASARATHY RAJAGOPAL IYENGAR
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Company Secretary & Compliance Officer
Membership No.: A21472

Encl.: As above

"Fedbank Financial Services Limited Q1 FY27 Earnings Conference Call"

July 15, 2026

MANAGEMENT: **MR. PARVEZ MULLA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. C.V. GANESH – CHIEF FINANCIAL OFFICER
MR. JAGADEESH RAO – CHIEF BUSINESS OFFICER, GOLD LOANS & MORGAGES (SMALL TICKET)
MR. SHARDUL KADAM – CHIEF TRANSFORMATION OFFICER
MR. K. SURESH – CHIEF BUSINESS OFFICER, MEDIUM TICKET LAP
MR. VIKRAM RATHI – CHIEF RISK OFFICER
MR. LOKESH PAREEK – HEAD OF INVESTMENT RELATIONS

MODERATOR: **MR. SHREEPAL DOSHI – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Call of Fedbank Financial Services, hosted by Equirus Securities. As a reminder, all participant line 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.

I now hand the conference over to Mr. Shreepal Doshi from Equirus Securities. Thank you, and over to you, Mr. Shreepal.

Shreepal Doshi: Good afternoon, everyone. We welcome you all to the earnings conference call of Fedbank Financial Services to discuss the Q1 FY27 performance of the company. Today, we have the management of the company represented by Mr. Parvez Mulla, MD and CEO; Mr. C.V. Ganesh, CFO; and along with them, we have other senior members of the management as well.

I would now like to hand over the call to Mr. Lokesh Pareek, Head IR at Fedbank Financial Services. Over to you, Lokesh.

Lokesh Pareek: Thank you, Shreepal. Good afternoon, everyone. I would like to welcome all of you for joining our Q1 FY27 Results Earnings Call. Before we start, I would like to highlight that some of the statements made on this call may be forward-looking in nature, including those related to our financial performance, business strategy and growth plans. These statements reflect our views as of today and may evolve with changing business and market dynamics.

With this note, I now hand the conference over to our MD, Mr. Parvez Mulla for his opening remarks. Thank you, and over to you, sir.

Parvez Mulla: Thank you, Lokesh. Good afternoon, everyone. I would like to extend a warm welcome to all of you for joining the Q1 FY27 post results earnings call. I am accompanied by Mr. CV Ganesh; Mr. Shardul Kadam; Mr. Jagadeesh Rao; Mr. Suresh Kumar; Mr. Vikram Rathi; and Mr. Lokesh Pareek.

For the last five quarters, we have articulated the same set of priorities, and they remain unchanged. We continue to allocate capital to businesses that earn a strong and consistent return; to grow a fully secured book; to scale our twin engines of Gold Loans and LAP; to grow our core income even as we consciously reduce our reliance on direct assignment; to transition to an efficient cost structure; and to hold credit costs at around 1%. This consistency is the foundation on which we have rebuilt this business over the past one year. This consistency is the foundation on which we have built -- rebuilt this business over the past one year.

Against these priorities, Our Disbursements increased 14% YoY to ₹6,760 Cr, and our AUM grew 35% YoY to ₹21,136 Cr.

Our Gold Loan business continued to lead this growth, with disbursements rising 15% YoY to ₹6,087 Cr and AUM increasing 77% YoY to ₹11,191 Cr. Our Doorstep Gold Loan offering maintained strong momentum, with AUM growing 96.5% YoY to ₹1,787 Cr. AUM per branch stood at ₹17.7 Cr, while gold tonnage remained stable, and we continue to maintain a prudent risk profile, with the LTV on AUM at 67.9%.

Our Mortgage business continued to demonstrate steady growth, with disbursements increasing 4% YoY to ₹673 Cr and AUM rising 14% YoY to ₹9,777 Cr. Our focus remains firmly on prudent portfolio expansion and disciplined underwriting.

This quarter there has been a regulatory transition for the gold lending industry, which I expect will be a common theme across the sector this season. Effective April 1, the RBI revised the LTV framework, requiring onboarding LTVs on bullet loans to be calculated on the total amount due at maturity — that is, principal and interest together — rather than on principal alone. In response, and to support our customers while maintaining prudent risk standards, we have adopted a periodic interest-due structure, and we continue to operate at LTVs below the regulatory limits. As customer repayment behaviour is unlikely to change immediately, reported overdue levels are expected to remain elevated in the near term. We view it as customer behaviour in transition rather than an asset quality concern.

On the shareholding front, True North Fund LLP, a long-standing shareholder in the Company, has exited its entire holding of approximately 25.7 million equity shares, representing 6.86% of the Company's paid-up equity share capital, through a block deal executed on the stock exchange. The shares have been acquired by Nomura India Equity Fund, managed by Nomura Asset Management in its capacity as a Foreign Portfolio Investor. We remain deeply appreciative of True North's support and partnership over the years, and we warmly welcome Nomura India Equity Fund as a shareholder as we look forward to their participation in the Company's growth journey.

There have also been a few key leadership developments during the quarter. Considering our long-term vision, Mr. George Oommen has joined us as Business Head – Gold Loans, bringing over 30 years of experience across retail banking. He has held leadership roles across leading banks and financial institutions, with extensive experience in building and managing retail lending businesses. He will report to Mr. Jagadeesh Rao and lead our Gold Loan business. Mr. Shardul Kadam has steered our Small Ticket LAP business through a challenging period and played a pivotal role in stabilizing it. He will move into a new role of Chief Transformation Officer. Shardul will be responsible for driving end-to-end business transformation by identifying opportunities for improving collaborative growth, and driving efficiencies across products.

Mr. Jagadeesh Rao, who serves as Chief Business Officer – Gold Loans and Chief Marketing Officer, will assume the additional responsibility of CBO – Small Ticket LAP and Home Loans. Jagadeesh comes with a rich and successful experience of incubating and scaling business. He will be heavily invested in enhancing resource utilization across our distribution infrastructure. These two businesses share a complementary fit and near-similar target market customers, and under Jagadeesh's unified leadership, we are confident of unlocking greater synergies, scaling operations, and driving growth to new heights. Both these businesses are strong growth businesses and we wish to invest equally in these businesses.

Turning to profitability and asset quality. Despite a negative direct assignment income of ₹13 Cr during the quarter — a direct consequence of the deliberate choice we have made to reduce our reliance on direct assignment — the company continued to expand its core earnings, delivering a 33%

YoY increase in net income. Credit costs remained at 0.8%, well within our guided range of below 1%.

On asset quality, our GNPA moved to 1.6% from 1.9% in Q4, our provision coverage increased to 38%, and net NPA stood at 1.0%.

The quarter concluded with a profit after tax of ₹114.4 Cr, a YoY growth of 52.5%, an ROA of 2.6% and an ROE of 15.4%.

Taken together, the quarter reflects a business that is growing well, with improving asset quality and resilient core earnings. The foundation we have built over the past year — a fully secured book, a scaled gold franchise, a stabilized Small Ticket LAP, and a strengthened collections organization — is now in place, and we believe it positions us well for the quarters ahead.

I will now hand over to our CFO, Mr. CV Ganesh, to take you through the numbers in more detail.

C. V. Ganesh: Thank you, Parvez. Thanks everyone for your participation on the call.

We have started the year on a strong operational beat in-spite of Q1 being episodically sluggish. Detailing on what has been covered so far,

On the AUM growth

- We had a modest AUM growth in Q1. AUM grew almost 5% sequentially QOQ, and 34.7% YOY.
- Gold loans remained the largest contributor to business growth, supported by branch expansion, customer acquisition initiatives and strong demand across our markets.
- Gold Loan AUM increased to ₹11,191 Cr, up nearly 77% year-on-year. Mortgage AUM also remained on a healthy trajectory and closed at ₹9,777 Cr, growing approximately 15% year-on-year.
- Consequently, total AUM crossed the ₹21,000 Cr milestone during the quarter coming in at ₹21,136 Cr
- Q1 has been a very different quarter from the four quarters of last year for our lead product viz. Gold Loans, with head-winds of declining domestic prices of 15% between Jan 31st to June 30th. Additionally, there were disruptions in the business model due to a change in gold loan related regulations w.e.f. April 1. In spite of these two head-winds of adverse price movement and regulatory changes, we delivered a 8.1 % QOQ sequential growth in Gold loan AUM.
- We have also been able to marginally grow gold tonnage by 1% sequentially QOQ in Q1.

Now on the operating income and profit

- Our operating performance in Q1 has been strong. Our Core Net Interest income grew 12.3% sequentially QOQ and 40.6% YOY.
- We consciously de-grew our DA income. NII (net of DA income) increased 6.6% sequentially QOQ and 38.7% YOY.
- So, while NII grew, Operating expenses declined 2.4% sequentially, resulting in a very strong PPOP growth of 50% YOY which I will cover separately.

Now on the yields and cost of borrowing

- Yields (exc. DA) grew QOQ sequentially by 10 bps to 15.7% on Avg loan book and 15% on Avg total assets.
- We had advised in our last earnings call that we had conservatively tanked up on liquidity in the quarter to counter volatility caused by the geo-political situation in the Gulf. This has stood us in good stead and while incremental borrowing costs in Q1 remained heightened by 20/30 bps over Q4, we were able to bring in our Weighted average COB marginally lower QOQ by 3 bps.
- That being said we remain cautious in terms of outlook, but optimistic in terms of rates being benign with the FCNRB flows coming in Q2.
- Due to transition-related issues with the new regulatory guidelines across our co-lending partners, a large part of what would otherwise have been CLM business was booked in our own balance sheet in Q1 resulting in leverage going up from 4.6 to 4.89. This has resulted in the Interest expenses showing a rise by 10 bps in the ROA tree.
- We hope that most of these issues will get streamlined over the next few months and our co-lending business will normalise, helping us de-leverage in the next few quarters

Now on the asset quality

The new guidelines have made bullet loans less attractive for customers. While this has necessitated us to move to a periodic interest-due structure from the optional interest servicing structure earlier, customer repayment behaviour will take time to re-adjust, resulting in reported overdue levels being elevated in the near term.

Our increase in Stage II from 2.2 % to 2.7% is entirely due to this re-adjustment. We do not see any asset quality concerns due to this rise with the collateral remaining highly realizable. However, we see the new rules as setting a new normal in terms of reported delinquencies due to the new construct with the entire loan amount now getting reported as overdue even if the customer misses a single interest servicing.

On asset quality, our GNPAs reduced 30 bps to 1.6% in Q1 (from 1.9% in Q4) and net NPA also reduced 30 bps falling marginally below 1.0% for the first time. While flows have remained at similar levels to Q4, the reduction is due to write-offs we have taken on the deeper bucket & higher provisioned NPAs as per our board-approved policy, which has resulted in this 30 bps drop in GNPA. Without the write-offs the GNPAs would have stood at 1.87 %.

Our provision coverage increased to 38.36 % in Q1. This is because of the mortgage skew in the GNPA. Any gold loan flows would require a much lower provisioning, optically reducing the PCR going forward.

Our Credit costs are marginally up 6 bps Q0Q due to the combined effect of the above, however we have been able to contain it at the 0.8% levels.

The increase in gold loan LTVs by 7% - is attributable primarily to the decline in gold prices. Our on-boarding LTVs remain at levels similar to last quarter.

Now on the profit and return metrics

The strong core income growth, and controlled BAU Opex resulted in Pre-provisioning Operating Profit at Rs 187.5 Cr growing 15.2% sequentially and 50% YOY. Our PAT also grew 52.5% YOY.

In the last quarter we reported that we had crossed the psychological milestone of a quarterly profit of 100 Cr. We have returned a PAT of 114.4 Cr in Q1. Our quarterly EPS on a non-annualised basis also crossed 3 Rs for the first time ever (up from 2 Rs in Q1 of last year). We are optimistic on the sustainability of this number.

Three months ago, we announced our ROE breaking into the teens. In Q1'27 - Our ROE also crossed the psychological milestone of 15% - coming in at 15.4 %. This represents an expansion of 380 bps YOY in ROE (from 11.6% in Q1'26)

We remain deeply grateful to the support of our investors and their faith in us, including a lot of new ones who have entered the capital table and are on the call today. Your support makes us stronger.

Now on the operating leverage

We have admittedly had a history of stubborn Opex. In our journey to create a different organisation from the past - We had in the last earnings call advised that our Operating leverage is playing out slowly, but surely and advised that Opex

As a %age of Average total assets had reduced to 5.5% (from 5.9% a year ago) giving some green shoots on economies of scale playing out. For Q1 – we came in with an Opex to Avg. total assets of 4.8% (an improvement of 70 bps) sequentially QoQ.

This creates space for us to invest in new branches in the current year – and still give head-room for some investment opex increase - while attempting to sustain the ROA.

Our Cost-to-income also showed an improvement of over 400 bps sequentially Q0Q – coming in at 52.8% (from the annualised number of 57.2% in FY26). While we have kept a keen eye on costs, I want to emphasize that the primary driver remains the core income expansion. The improvement in Costs seen during the quarter should also be viewed in the context of the seasonal nature of our business. Q1 is typically a relatively softer disbursement quarter compared to Q4, which results in lower sourcing and business acquisition expenses. As Originations pick up meaningfully in the next few quarters, we expect sourcing-related expenses and operating costs to increase corresponding to the business growth.

We are building the business for the long-run and while we continue to monitor and measure this metric, we only see this as a re-affirmation in terms of the investments we will seek to continue on new growth drivers.

Lastly on capital adequacy

Our CRAR came in at 20.71 % (compared to 22.4% in q4). Some part of this reduction was attributable to the shrinkage in the CLM book – which came on balance sheet. We are working on enhancing the number of partners – and much of the incremental AUM growth would be done on a collaboration basis with CLM/DA partners to help us conserve capital and give us head-room for growth.

We believe that Q1 FY27 has set a strong foundation for the year.

As the numbers over the last 4 quarters show, we have attempted to build resilience and consistency in terms of asset quality, credit cost and upward linear trajectory in return metrics. We are deeply grateful for your support in this exercise.

With that, we now hand it over to the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Digant Haria from Greenedge Wealth.

Digant Haria: Congratulations to Parvez, Ganeshji and the entire team, including Jagadeesh, because it was great to see the what you have been talking for the last 5 quarters, play out quarter after quarter, so congratulations on that.

I have 3 questions this time. First is, with new guidelines setting in from April, where we have to ensure that LTVs are maintained across the life of the loan. How have we positioned ourselves? And how is this whole NBFC versus the banks' equation playing out? Because, I believe banks can now give those income-generating loans, so they can give slightly higher LTV. So just any color on this particular how Fedfina is positioning itself?

Parvez Mulla: Digant, thank you so much for the question, and thank you so much for being with us consistently. You understand this gold business well. This regulation change is earlier, the industry was doing bullet loans, the regulator has permitted that you can go up to 85% on certain ticket sizes in certain categories. But, if you go 85% on bullet loans, then you have to subtract the interest upfront. That means you'll have to subtract 15% interest if you're charging, then the LTV at sourcing comes down. So, what has happened is, because of that, across the industry, most of the players will be looking at offering the customers quarterly products, which means that the quarterly dues will get created. So that is the change, which has happened.

As far as the IGL (Income Generating Loan) product is concerned and comparing with banks is concerned, we also have IGL, which is income-generating loan. We also do income-generating loans. So the NBFCs are well-positioned to do those similar loans. So as far as competition between banks and NBFCs are concerned, it remains same.

The new guidelines are only affecting in terms of how the quarterly dues are reflecting into the 1+and 30+, which will optically show, but as you are aware, this is an auction-related product, it does not increase the asset risk. It is only an optical piece that this will happen and it is well managed by most of the gold loan companies as well as people who are doing gold as a primary business.

And customer behaviour also, if you see earlier also customers who were paying monthly or quarterly interest. Now, because of the dues getting created, there will be a little bit more push. So, there the behaviours will also change. So, the NBFCs will also come out with innovative products, which could be quarterly, half yearly and other products. And I think it's a game for innovation. We just have to be optically okay with this change.

Digant Haria: Okay. Got it. My second question is around this entire gold price correction, which happened. It seems like a large correction from the top, but I know that you guys lend on 30-day average rate. So, at the top, nobody would have lent anything significant at the top of the gold price. But just in terms of, let's say, the gold price stays where it is in this particular year, what kind of growth outlook do we see for ourselves and especially this combination of income-generating product plus our regular gold loan product in the NBFC format. So just any thoughts there?

Parvez Mulla: Digant, our guidance remains the same, which we have been giving for the past quarter also, that if there is no price drop, and if the price remains flat also over the year, that means, let's say, let's look at March to next March, the price would have remained flat, even then we would have given a gold AUM growth of about 25% to 30%. And that we are saying, first, is will come through tonnage growth. As we have shown in the past 5 years, our tonnage growth has been consistently about 10% to 12%. Last year also we gave a tonnage growth of 12%. The first quarter and second quarter are usually sluggish on tonnage growth, because there are festivities in the second quarter. There are withdrawals, which happened. But Q3 and Q4, we pick up the tonnage growth. So there will be tonnage growth, which will come in. And if the price remains flat, there will be a little bit of LTV expansion and LTV expansion will happen on the quarterly or the half yearly products. As you are aware, the half yearly and quarterly product is a less risky product. If you are giving a bullet loan, you will give a lower LTV. But if the loan is getting serviced quarterly or half yearly, you will give a little bit of a higher LTV.

That is how the industry is operating. So what you might see is that companies will have a different LTV this year, even if the price remains flat. And if you've taken our guidance last year, when the price was going up, we kept the LTV lower only when the price has been flat, there could be a little bit of LTV, which could move up. Also, if you noticed last quarter since January, the price has dropped considerably, and the gold loan industry has absorbed that.

Lastly, just to give a clarification. We lend on the last 30-day average or the spot price, whichever is lower. So we do a conservative lending. So if this last 30-day average price is INR134 and the spot price is INR129, then I will take INR129 into my calculation, and I will lend at a lower price.

Digant Haria: All right. That's very detailed. Thank you, Parvez. And last question is I just heard that Mr. Jagadeesh will look at small loans and home loans as well. So will these be like new products? Or are you referring to the mortgage piece that we have? That was one question.

Parvez Mulla: Mr. Jagadeesh already has earlier also along with Shardul, he is a veteran employee into Fedfina. He was driving the LAP business. He's done a LAP business. He's done gold business. So he will continue to spearhead our gold business. He successfully scaled it up.

He successfully from the scratch scaled our gold business. He will take additional charge of our ST LAP business. That means our existing ST LAP branches, the 200 branches which were distributing the ST LAP product. Jagadeesh will take charge of that. He will have George Oommen under him to drive the gold business. Similarly, there we have Ashish Rajput, who is our NSM, he drives our small ticket LAP business.

And I think the unification of command will lead to a proposition, which we believe is a unique proposition, where our gold branches, we have almost 400, 500 gold branches where we don't do ST LAP. So that is a resource utilization, which we believe will be very strong. Plus the target market for both these products is same.

Thirdly, our penetration into either of the products has been less. We believe that penetration can increase. And fourth, we believe that the distribution for both these products is very similar and geographies we are operating in. So there can be a huge optimization plus scaling, which can be done there. And Jagadeesh, we felt is a person who comes in.

Shardul came in when we had a difficult situation, he batted on a tough pitch, and he corrected most of the things. Now we want the combined element of gold as well as a ST LAP to give us a different strike rate. And that is where we believe strategically it makes sense. And it also falls in line with the thought process that we have in the future of, say 3 to 4 years down the line making the branch, the epicenter of everything. So it falls in well with what we are thinking.

Digant Haria: Got it. Lastly, just a data point, did we have any auctions this quarter? and what is the quantum of auction if we would have done in?

Jagadeesh Rao: No, it's very less, less than INR1 crores.

Moderator: The next question is from the line of Chetan Gindodia from Mahindra Manulife Mutual Fund.

Chetan Gindodia: Hi sir, many congratulations on very good quarter. Just had a few questions. Firstly, on the gold loan side, you've given how this has panned out. Similarly, on the medium ticket LAP and the small LAP, if the disbursements have been slightly weakish and also you have made a lot of business head changes also. Any outlook if you can share how you're looking at the disbursement growth or overall growth for this year? What would be your aspiration over, say, 1 to 2 years of how you want to grow this entire LAP?

Parvez Mulla: Chetan, thank you so much. The medium ticket LAP and the small ticket LAP are part of our twin strategy. LAP and gold will be our segments, which are focus segments for us. And I have consistently said that we will continue to invest into these 2 segments and grow these 2 segments.

The guidance that we have given for this year is that we will grow the entity at about 20% to 25%. So if gold without the price increase grows at 25% to 30%, the LAP segment will also grow at 20%. Within that, the medium ticket LAP or the small ticket LAP, one might grow faster than the other. And we are heavily invested in both these products.

As you're aware, both these products operate in different target segment, the medium ticket LAP is a higher ticket size and operates and competes with different organizations, and it is more Tier 1, Tier 2 product, whereas a small ticket LAP is a Tier 2, Tier 3, Tier 4 product and a lower ticket size. The medium ticket LAP has been facing competitive intensity on the yield side. There is a huge pressure on the yield. So companies are playing with approval rates, yields and disbursals. We are maximizing on the yield so far, and that is how we've been operating in the first quarter, but it will be quarter-on-quarter play. There has been a substantial drop in yield by competition.

We have not joined there yet. For us, the disbursal or the AUM growth is an outcome. We want to get good quality business there. On the small ticket LAP side, we've had a drop in approval rates, and we have not let go of the yield. These are the 2 elements, which have led to the disbursals showing what it is.

We have come on the back of a rebuild business. We are watching. We are sure to pick it up. As I said, it's a combination of approval rates and yield. And there is enough expertise in the organization for us to know when we want to pick it up, looking at how the market is playing and which vernacular market is playing. So, we will play it accordingly, but we will give your company the growth that we are expecting for the year in the LAP segment and the gold segment. But we are watchful in terms of what we are getting. There is a play of partners. There is a play of payouts. There is a play of yield, all these combinations. So each company will maximize 1 or 2.

We have chosen to get disbursal as an output. The others, we have held very, very closely. That's the outcome. And I think that the new change is more a strategic change, more a scale change, and that will benefit us in the longer term, and we've been taking decisions from a longer-term perspective.

Chetan Gindodia: Understood. Helpful. Sir, one thing is the credit cost margin has inched up on a sequential basis. Is this a function of the write-offs that I think you were alluding? Is that the function of the write-offs you have taken? And what will be the quantum of that?

Parvez Mulla: Our regular credit cost has been around 0.7, so a little bit 10 basis points, it could be from there. Thank you.

Moderator: The next question is from the line of Rajiv Mehta from YES Securities.

Rajiv Mehta: Congrats on good numbers. I just want to understand this gold loan disbursement impact, because of new regulations. I think there seems to be a very substantial impact at the operational level or at the volume level itself, because when I look at the disbursements, they have grown by 15%, 20% Y-on-Y, but the gold price itself is up 35%, 40% Y-o-Y, and there's a 20% capacity growth also from our standpoint. So just wanted to understand where this hit has been more?

On the more than INR2.5 lakhs loan segment, where the repayment assessment was also an additional friction or an eligibility filter, which RBI asked every entity to do. So, if you can just tell us how quickly can we normalize from a volume standpoint in terms of operations from where we are and whether the hit was more on the more than INR2.5 lakhs side?

Parvez Mulla: Rajiv, 2 ways to look at it. The Disbursals on the gold translates to a growth in the gold loan book. And if you look at our gold loan AUM growth is about 8%, if I have to break that 8% for you, 1% has come from the tonnage side. And there has been a price drop. If you look at comparing between the quarters, there is a price drop. So of almost 4% to 5%. So, you will have a plus 1, minus 5% and about my LTV has moved up from 61% to 68%. So that is the 7%, that is 10%. So that's the math.

Rajiv Mehta: Sir, I was actually asking from a flow data point of view, from the new business activity, which is disbursement number and that number in this quarter versus the same number in the last year quarter is up 15%, 20%, but we had about 20% capacity growth and the gold prices are higher by 30%, 40%. So there seems to be a significant amount of volume hit in terms of operational hurdles, because of the new regulations. Would that be the right interpretation?

Parvez Mulla: No. If I just give you one number and I'll ask Jagadeesh to add there, if you look at my gold disbursement, last whichever quarter you are comparing, if you're comparing that with the quarter one of last year, you see quarter one of last year, whatever disbursement I did and look at the growth in the AUM.

So, if I did about INR5,000 crores of disbursement, I got a INR400 crores of growth last year first quarter. And this time with the INR6,000 crores, I got a INR800 crores growth in AUM. So the growth is a correct number. I'll ask Jagadeesh to add to your thing. But if you do the math with growth, you will get it correct.

Jagadeesh Rao: Rajiv, it's the reverse, which has happened. If you look last financial year's Q1, we were actually degrowing in our tonnage and whatever growth that we had seen was purely the impact of the price movement. And to answer you about the ticket sizes, the trend after new regime, for this quarter, even after complete alignment to the new regime - The assessment methodologies, the purpose-based lending like consumption and income-generating loan etc., (I believe, even the industry is aligned), what we are seeing is - there is a skew towards loans getting disbursed at a ticket size more than INR2.5 lakhs.

Even though you have tightened your norms for lending, plus being in LTV controls at INR2.5 lakhs - anything above INR2.5 lakhs you can't give that 85% LTV range – that has played a lot. There is no impact on high ticket acquisition.

Rajiv Mehta: Okay. I'll just come back because I've got more questions, maybe. I'll just come back to you here.

Parvez Mulla: Thank you, Rajiv.

Moderator: The next question is from the line of Renish from ICICI Securities.

Renish: Congrats on a good set of numbers. Sir, just one thing on the credit cost part, right? So, with PCR now settling at historical high level of 38%, 40% and especially significant part of our AUM is now gold. So, I think PCR looks pretty decent at this scale. So now considering the marginal uptick in credit cost in Q1, despite 600 basis point increase in PCR. So for the remainder of FY27 quarter, logically, a credit cost should trend downwards, right, assuming there is no further increase in PCR. So what's your thought on that, sir?

CV Ganesh: Renish, thank you for that question. So you're right. I think on the mortgage side, we do not perceive or expect any increase in credit cost. It is just that we remain watchful of this new structure. We have stopped doing bullet loans. Our entire loan book, which was predominantly bullet loans is now almost entirely on an interest due structure. Now effectively, it is a large book. And depending on the, if the customer misses the interest servicing, the overdue creation, while the provisioning on that is lesser, but there is a provisioning nevertheless, so that is an unknown. As I said, we are into a new normal.

We are also calibrating and understanding how this works. Now clearly, the collateral is very liquid. There is no reason for any stress, we believe, in the asset book just because we miss our interest payment. And so we remain watchful. So, your hypothesis is correct. The only thing which may sort of affect it a little is, how the gold delinquencies trend over the next few quarters. But whatever happens to us, we believe will be on a relative basis, similar to what happens to the rest of the peer group. So we will watch it.

Renish: Got it. So just a follow-up on that, sir. So when we look at your Stage 2 numbers, right, from last quarter to this quarter, there is an increase of 50 basis points and I'm sure, as we also mentioned on the call that it is entirely because of the regulatory change in gold business, right? So in that sense, the impact is already there, right, in the numbers.

Jagadeesh Rao: Renish in the first quarter, the regime, we were all aligning I mean the bullet repayment structure, what we brought in is the monthly repayment structure, monthly interest due structure. So what happens is and now we have disbursed a set of numbers in Q1. And there is a skew towards monthly disbursements, because of the LTV-related benefits that customer gets. So what we have changed is we have changed it to our quarterly disbursement structure and even in the industry is innovating this. So moving from a bullet repayment to quarterly moving from bullet repayment to monthly. Monthly has given us scale too.

Parvez Mulla: Overall, Renish, the credit cost guidance remains same. At the start of the year itself, we said the credit cost guidance will be sub-1%. And as far as the mortgage GNPAs are concerned, they are tracking well. We're not seeing anything on the West Asia crisis hitting us as of now. I don't know how it will in Q2, the monsoon effect in Q2, Q3. So, we are well within the guidance. And this gold thing also, I think we managed it well in the first quarter with the regulatory change happening. It's only an optical thing that it is showing in the Stage 1 and Stage 2. The flow into the NPA also is going to be very less compared to the way you see it in other products.

And even if it does flow there, we have an effective auction mechanism. So, I'm not at all concerned about the asset quality risk on the gold loan side. And as far as mortgage is concerned, it is tracking well. So the guidance remains. All our guidances, which we had given at the start of the year continue to remain on the growth side, on the tonnage side, on the credit cost side and on the ROA side. So everything is same intact.

Renish: Okay. Sir, just a last clarification. So now since we are moving from higher tenure loan to a shorter tenured loan, specifically a monthly repayment loan. So, will this have any impact on blended yields or broadly will maintain spreads?

Parvez Mulla: The yields, if you remember, last year also, we had said not because of the mix., the yield pressure is coming more in the respective products, which is a LAP that is facing a yield pressure. I'm operating at a particular yield of about 12%, 12.5%. That is coming under pressure. And gold, we will try and see how the competition operates with a combination of LTV and yield. So individual products will have to behave particularly in those geographies. So I don't see a mix issue coming in, more of a product-related play, which will happen in Q1 and Q2. Q1, we have held it, as we had promised in Q4 that we will hold the yields. Q2, it will be the operating dynamics, which will play, and we'll have to see how each product behaves. But as a mix wise, there won't be any challenges what we feel.

Renish: Got it. So just a shift from, let's say, 3 months, 6 months loan to 1-month loan will not have a material impact on assets is what you're right?

Parvez Mulla: Correct. Thank you, Renish.

Moderator: The next question is from the line of Rahul Kumar from Vaikarya Fund.

Rahul Kumar: Just on the ST LAP segment or the mortgage actually, can you just help us understand the flow to stress for this quarter versus the previous quarter?

Parvez Mulla: After the slippages in this quarter also have been quite similar to the earlier quarter as a percentage of the old book. So we have an old book, which is behaving in a particular manner and that old book keeps shrinking on a quarter-on-quarter basis, and we monitor that percentage. And that percentage is similar or it is going in the expected trend. So we are not seeing any adverse movement in terms of the slippages quarter-on-quarter. Whenever there has been any adverse movement, we have been the first to call it out and tell you that there have been extra slippages on the small ticket LAP, but we have not observed it.

The old book is behaving in a particular manner, which we have guided you. And the new book is behaving much, much, much better and better delinquencies and as the composition of the new book improves, we should benefit from it. So answering your question, straightaway there is no adverse movement on as far as the ST LAP flows are concern.

Rahul Kumar: Okay. And if you can help us understand the guidance on the opex to assets or opex to income, which you guide for this FY '27?

Parvez Mulla: What we have guided, Rahul, for the year FY '27 start, I had guided that we will expand the ROA by about 20 to 30 bps over the average ROA, that we had given last year. Last year, FY '26, we had given an average ROA of about 2.4%. So we had guided that we will do average ROA much better.

That is the 20 to 30 bps expansion. And that 20 to 30 bps expansion will happen with a combination of credit cost and cost to average assets. These are the two levers, which will play out. They might not play out quarter-to-quarter. There might be aberrations within the quarter. But on a yearly basis, that's how you will see it play out. So it could be a combination of 10 bps here and 20 bps into the other element, and that is where we are seeing and that is how our ROA has been moving.

Moderator: Rahul Kumar, I will request you to rejoin the queue. The next question is from the line of Yash Dantewadia from Dante.

Yash Dantewadia: Congratulations on a great set of numbers. So, I brought this question last time also, on the AUM expansion in terms of segment. So for this financial year for the next 3 quarters, where are we seeing our gold AUM versus the rest of the AUM? Like where are we seeing ourselves grow and where are we seeing the AUM reach?

Parvez Mulla: So if the price doesn't move, then we are expecting the gold AUM on a base of March '26, the gold AUM should grow by about 25% to 30%. And at an entity level, we are expecting to grow about 20% to 22%. And the mortgage AUM will grow between 15% to 20%.

Yash Dantewadia: No, I meant gold AUM as a percentage of your total book. That's what I meant.

Parvez Mulla: Okay. Yes. So that mix will arithmetic be slightly higher. If gold is growing higher, that mix will be higher.

Yash Dantewadia: If it stays stagnant then?

Parvez Mulla: No, the mix gold percentage will be higher.

Yash Dantewadia: Right. But can you quantify higher, just assume gold does not move from here?

Parvez Mulla: See, we track it as a percentage of our AUM, it is about 51.4%. I will just have to do the arithmetic. If gold is growing at 2%, 3% higher than the other one, and that is 50% of the book. So maybe it will add another 2, 3 percentage point there.

Yash Dantewadia: Right. And there is some stress on small ticket size LAP, right, in this quarter? Could you tell me where our focus is in terms of mortgage loans or LAP loans? And what kind of loans are we focusing on? And what is our yields there exactly? And when you said 18% growth in LAP loans, I'm assuming we are focusing on particular segments within LAP, but could you just elaborate more on that and elaborate on the yields too?

Parvez Mulla: Yash. We are not seeing any stress on the LAP segment. We have not mentioned any stress on the LAP.

Yash Dantewadia: No, I'm seeing as a sector, on small LAP loans, there is some stress this quarter?

Parvez Mulla: See, you will have to look at the ticket size, which particular ticket size is being called small. We operate in a ticket size between 7 lakhs to 35 lakhs, as a small ticket LAP. There could have been stressed at below 7 lakhs. The segment that we operate between 7 lakhs to 35 lakhs has not seen stress in this quarter. There is another segment, which is medium ticket LAP, we operate between 35 lakhs to 3 crores. That has also not seen stress. The small ticket LAP business, we operate at a yield of about 16%. And the medium ticket LAP, we operate at a yield of about 12% to 12.5%.

Yash Dantewadia: Right. So on the 18% growth, where is this going to come from? What's going to drive this growth? And are we looking to enter new segments?

Parvez Mulla: The AUM growth, which I said at an entity level will be 50% of my gold book will grow at about 25% to 30%. And my LAP book, which comprises of my medium ticket LAP and small ticket LAP will grow by 15% to 20%.

Yash Dantewadia: Yes. And so in the LAP segment, what's going to drive your growth, whether it's small or medium and -- or you're saying both are going to be equally contributing and within LAP, are we looking to enter prime luxury and ultra luxury segment is obviously outperforming, I'm pretty sure you're aware, the segment above 5 crores is going exceedingly well. So are we looking to enter that segment too?

Parvez Mulla: See, right now, no, because it operates at a different yield and we are operating the segments, and we are decently positioned to grow the segments that we are operating in. And the medium ticket LAP and the small ticket LAP, we will look at the quarter two and quarter three. Alternatively, we could grow either segment. I mean, it could depend on the market.

And as I have always said, growth is an outcome for us. We will look at the quality that is coming in and decide the growth where we want to push, which particular distribution. So it could be medium ticket LAP or small ticket LAP and depending on the yield combination and the overall portfolio yield that we want to maintain.

So it could be a combination, and it could be also in the vernacular markets that we operate. The small ticket LAP business operates in Tier 3 and Tier 4 locations and the medium ticket LAP operates between the Tier 1 locations. So we also have to look at how these 2 locations are playing out when we look at distribution of these products. So it will play out. But overall level, I'm giving you a guidance that we'll grow both these segments together at an entity level. These two segments will grow at about 15% to 20%.

Moderator: The next question is from the line of Devansh Dhruv from Equentis.

Devansh Dhruv: Congratulations on a great set of numbers. My question was regarding our branch expansion strategy. So I think we have guided for opening around 200-odd branches for the full year. And I think we haven't added any branch this quarter. So are we still sticking to our guidance? Or -- and what would be the reason why we haven't expanded our branches in Q1?

Parvez Mulla: So Devansh, thank you so much. That's a good question. Last year, we added about 150 branches. This year, we plan to add 200 branches. Our guidance remains, we have not changed our guidance. We will continue to add 200 branches Q1, we identified the premises. We did all the work, but we've not opened them.

So there are unfinished branches, which are across the country. There were new territories we were getting into. And those openings could not be done. That is why we couldn't disclose the number. So you will hear us disclosing the number in Q2, but that has happened in Q1. So, the opening has not happened, however, the investment and the identification and the work on the premises, everything has happened.

Devansh Dhruv: Okay. so, historically, we have on a maximum basis open around 50, 60 branches. So around the 70 branch run rate, can we do that? And the branches that you are saying that haven't been opened, but have been identified. And so how many that would be? So will that spillover effect be in Q2 or later on?

Parvez Mulla: Yes. It should be -- you should see the spillover effect in Q2, yes.

Devansh Dhruv: Okay. So our guidance remains for 200 branches, right?

Parvez Mulla: Yes, sir.

Devansh Dhruv: Okay, okay. And my second question would be what are our 1 plus DPD, 30-plus DPD and 60-plus DPD numbers for the quarter?

Parvez Mulla: See, the 1-plus numbers right now are looking different, because of the gold loan this thing, the 1 plus and 30 plus for the mortgages is same as we had given last year -- last quarter. The 1 plus is right now for because of the gold piece is looking slightly higher. And it could be about 200 to 300 bps higher on the entity level.

CV Ganesh: I'll just maybe add to that. See, I think in the new construct, the delinquency numbers from a 1 plus, 30 plus may not be comparable because of the new structure in which gold loans will operate, which is why we would urge not to read too much into that number.

Moderator: Mr. Devansh Dhruv, I would request to please rejoin the queue for a follow-up questions. The next question is from the line of Mohit M from Manglani Investments Private Limited.

Mohit M: Firstly, many congratulations on this earnings. I just wanted some guidance broadly that, are there any pockets of stress emerging due to macroeconomic conditions?

Parvez Mulla: Mohit, right now we are not seeing anything. Maybe it will come in Q2 or Q3, maybe after the monsoon plays out. But as of now, we are not seeing anything and we have not declared any stress on, because of the macroeconomic environment.

Mohit M: All right. Thank you so much.

Moderator: Thank you. The next question is from the line of Dinesh Loni from SHPL.

Dinesh Loni: Many congratulation to the team. I just want to ask Mr. Parvez, where are we planning to do expansion in India, in new territories? And what are the growth plans for, let's say, 3 to 4 years?

Parvez Mulla: As far as expansion is concerned, we are present in about 18 states and so our penetration, our expansion is decent enough. We will continue with our extra penetration. That means if we have entered one particular territory with one or two branches, we might add more branches there. There is the territories of Orissa, which is a wide space for us. So, we might expand there this year. But there are other territories in the north where we could expand within the territory where we have already been there. The growth plans are definitely there. Last year, we put 150 branches. This year, we are putting 200 branches, and we'll continue to put more branches. We believe our distribution capabilities and our branch expansion is very, very important to our growth strategy, and we will continue to do that, sir.

Moderator: Mr. Dinesh Lohani, I would request you to rejoin the queue for a follow-up question. The next question is from the line of Pawan Kumar from Edelweiss.

Pawan Kumar: Mostly around some of the numbers. Like the provisions have gone down by 40 crores on GS 3 assets, right? And it seems like there was a large write-off of 75 crores. That's one part of the question. Second part is there's also fair value loss on loans, like 585 crores, which is mentioned in other comprehensive income. And again, from the financials, on the INR589 crores LAP assignment that you have done, there is a loss of 12 to 15 crores. Can you please explain these 3 like what led to this -- like what -- am I looking at the numbers correctly, what is it?

Parvez Mulla: Yes. So Pawan, first of all, the number that you have quoted on write-off is not the correct number. It is much lower than that. The write-off is somewhere close to about 51 crores and we request CVG to reconcile it for you.

C.V. Ganesh: Thank you, Parvez. Pawan, the credit cost during the year, it has provisioning across all stages. So I think the mathematics cannot be done that way. So, as I had explained in my commentary, our normative GNPA continued to be same as March, which is 1.87%.

We wrote off a little above 50 crores. which resulted in a 30-bps reduction in the GNPA. So that's where that is there. Now the FVOCI number you see, okay? There, what we have done is, in terms of the change of classification of certain assets from FVOCI to an amortized cost basis. When we do fair valuation, there is a derecognition of ECL on that. When we have classified it back into amortized cost, there is a re-recognition of the ECL provision. So which is what has also resulted in addition to the PCR and it has also resulted in the number you mentioned in the P&L. Okay. So it's a very normal thing. Now the last question was on some net DA gain. So just say that again, what was the last question, Pawan. I'm sorry, I missed that.

Pawan Kumar: So you have done INR589 crores of LAP DA, right? This is all in your book. You mentioned on the closure.

C.V. Ganesh: I got -- so basically, the DA numbers there now we have started doing DAs and gold also. Okay.

Pawan Kumar: Okay. But these are 37 months of outstanding maturity. So that means it is likely all LAP, right?

C.V. Ganesh: Just 1 second. I'm a little unsure, you're looking at the LODR, is it?

Pawan Kumar: I'm looking at Page 7 of the quarterly numbers? Not the presentation, sir, I mean the quarterly financial results. Details of transfer through assignment, 489 crores that you have transferred out, they have 37 months of outstanding maturity?

C.V. Ganesh: So that would be an average across the gold loan and the LAP. So the LAP would have an average tenure of about 10 to 15 years. And the gold loan would have a month. So it may not be indicative. We had done -- out of the 500 and whatever number you mentioned of DA, we had done about a little over 300 crores of gold loan DA, right and which doesn't result in too much of an upfront gain, right.

Pawan Kumar: We had a loss on DA this quarter, right?

C.V. Ganesh: That is correct. The way the accounting for DA works is that the unwinding effect of the DAs, we have done in the past. The negative number represents is that the income booked on the new DAs is lesser than the unwinding effect of the past years. And that is exactly why we are getting this and decelerating the DA, because this is something which results in a negative income going forward,

Pawan Kumar: Got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Ghansham Joshi from GJ's Techno Funda. Please go ahead.

Ghansham Joshi: Yes. Am I audible?

Management: Yes.

Ghansham Joshi: Yes. Thank you for giving me the opportunity. Prime Facie numbers are very good. Congratulation for the good numbers. My question is related to mortgage…

Moderator: Sorry to interrupt you, sir, your voice is breaking.

Ghansham Joshi: The next 3 percentage from mortgage.

Moderator: Mr. Ghansham Joshi your voice is breaking.

Ghansham Joshi: Hello.

Moderator: Hello. Sir, your voice is breaking can you please repeat your question?

Ghansham Joshi: Am I audible now?

Moderator: Yes, sir. It's better.

Ghansham Joshi: Yes. So, the net percentage -- net Stage 3 percentage of mortgage that is increasing quarter-on-quarter and year-on-year. How we are going to tackle this in future?

C.V. Ganesh: In the last call, the March call, we had mentioned that we have significantly beefed up the collections team. The intensity on the ground is very high in terms of collection effort. Now there are multiple conversations happening with some of our delinquent customers. Wherever there is a property involved and where the ability to enforce SARFAESI is a little limited. So it's a very lengthened process. So it takes time for resolution. We have a lot of people legal, technical. We have a lot of collection people on the ground working on that number. Now we are going for the long haul. And the idea is to successfully resolve all of these cases, keeping in mind the RBI regulations around collection and recovery efforts, the attempt will be to resolve all of these successfully over a period of time.

Ghansham Joshi: Okay. Thanks for the reply and…

Moderator: Sorry to interrupt you, sir. Ghansham Joshi, sir your voice is breaking.

Ghansham Joshi: While publishing the results while taking by when you are publishing that can it be possible you do convert the files in PDF and digital sign and the results?

C.V. Ganesh: Okay. Your suggestion is we converted into PDF and do a digital signature, okay, we'll examine that, noted.

Moderator: This was the last question of today. I now hand the conference over to the management for closing comments.

Parvez Mulla: Thank you so much. It was an interesting quarter. I repeat there is a regulation change and I think the industry will manoeuvre with this regulation change, there will be a new normal, which will come because of this regulation. We've had a very, very decent AUM growth. The operating profit has grown healthily. The PAT has grown healthily. The mortgage growth has shown about 15%, Y-o-Y. And we continue with our old guidances. So we have not changed any of our guidances. Our ROA guidance, our credit cost guidance, our growth guidance remains the same. Quarter-on-quarter, you will see us sticking to the number that we have promised and these businesses wherever things have not worked well. We are the first people to come and tell you. So thank you so much for joining us and thank you so much for supporting us in rebuilding your company. Thank you.

Moderator: On behalf of Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.