SURYODAY
A BANK OF SMILES

**July 29, 2026**

**Ref.: SSFB/CS/42/2026-27**

**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**

Dear Sir/Madam,

**Sub: Submission of the Transcript of the Conference Call held on July 24, 2026, on the Unaudited Financial Results of Suryoday Small Finance Bank Limited (the "Bank") for the Quarter (Q-1) ended June 30, 2026**

**Ref.: Our Letter No. SSFB/CS/34/2026-27 dated July 15, 2026, and SSFB/CS/40/2026-27 dated July 24, 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-1) ended June 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 July 24, 2026, on the Unaudited Financial Results of the Bank for the Quarter (Q-1) ended June 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-sfb-q1FY27-conference-call-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**

KRISHNA KANT CHATURVEDI
Digitally signed by KRISHNA KANT CHATURVEDI
Date: 2026.07.29 19:22:38 +05'30'

**Krishna Kant Chaturvedi**
**Company Secretary & Compliance Officer**

“Suryoday Small Finance Bank Limited

Q1 FY27 Earnings Conference Call”

July 24, 2026

| | |
|---|---|
| **MANAGEMENT:** | **MR. BASKAR BABU RAMACHANDRAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**<br>**MR. KANISHKA CHAUDHARY – CHIEF FINANCIAL OFFICER**<br>**MR. SENTHIL KUMAR – CHIEF BUSINESS OFFICER, INCLUSIVE FINANCE AND WHEELS**<br>**MR. SASIDHAR VAVILALA – EXECUTIVE VICE PRESIDENT, BUSINESS INTELLIGENCE AND ANALYTICS**<br>**MR. HIMADRI DAS – HEAD INVESTOR RELATIONS** |
| **MODERATOR:** | **MR. SHAILESH KANANI – ASIAN MARKET SECURITIES** |

**Moderator:** Ladies and gentlemen, good day, and welcome to the Suryoday Small Finance Bank Limited Q1 FY27 Earnings Conference Call hosted by Asian Market Securities. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Shailesh Kanani from Asian Market Securities for opening remarks. Thank you, and over to you.

**Shailesh Kanani:** Thanks, Ryan. Hello, and good morning, everyone. On behalf of the Asian Market Securities, I thank you all for joining into Q1 FY27 Earnings Conference Call of Suryoday Small Finance Bank. Today from the management, we have Mr. Baskar Babu Ramachandran, MD and CEO; Mr. Kanishka Chaudhary, Chief Financial Officer; Mr. Himadri Das, Investor Relationship Head.

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

**Baskar Babu R.:** Thank you, Shailesh. Good morning, everybody. Thank you for joining us for Suryoday Small Finance Bank Limited Q1 FY27 Earnings Conference Call. On behalf the entire Suryoday team, I extend my best wishes to all of you and sincerely appreciate your continued support and engagement with our bank. Our financial results and investor presentation is available on the stock exchanges and on our website. And I trust you have had an opportunity to go through this.

I'll take you through our bank's performance for Q1 FY27. The first quarter of FY27 has been a period of continued progress, with our bank building on the stabilization achieved over the past few quarters while maintaining a disciplined approach towards growth, portfolio quality and sustainable profitability.

The broader microfinance industry has started regaining momentum with improving borrower behavior and gradual recovery in business activity. However, we remain cautious and continue to focus on strengthening collection efficiency and asset quality to enhance central monitoring, technology-led intervention and a more efficient operating model with optimized dependency on manpower-intensive processes.

At Suryoday, our strategic transition from traditional JLG model towards individual loans, Vikas Loan continues to gain traction. Importantly, our customers are returning to the normal borrowing behavior reflecting improved confidence and stability within the portfolio. The CGFMU framework continues to provide significant support to balance sheet with a largely covered inclusive finance portfolio, successful claim settlement and improved provisioning discipline, the bank has further strengthened its provision coverage ratio backed by INR 386 crores of CGFMU claims received, thereby enhancing resilience against potential asset quality risks.

On the secured retail asset side, we continue to witness healthy momentum across commercial vehicles and mortgages. Our strategy remains focused on calibrated growth in secured lending segments supported by cash flow-based underwriting and deeper customer relationships. We continue to selectively expand our presence in commercial vehicles including construction equipment financing, we are maintaining prudent risk management practices. On our liability side, our focus remains on building a granular and sustainable deposit franchise.

Retail deposits continue to be a key area of focus supported by improving customer engagement, digital acquisition channels and our expanding product ecosystem. Digital continues to remain a key strategic pillar for our bank. Our investments in technology infrastructure, digital journeys and data capabilities, are helping us improve customer acquisition, enhance operational efficiency and create scalable banking solutions.

Products such as credit line and UPI, secured credit cards, digital MSME loans and digital deposits are enabling us to engage with customers across their functional life cycle. The prequalified customer base created through these digital platforms provides the strong opportunity for future and deeper customer relationships. Now phygital customer base acquired through digital deposits and other digital products stands at approximately 1 million customers having a good credit record.

Coming now to our performance of Q1 FY27, I'll touch upon only the key highlights, while the detailed financials are available in our investor presentation uploaded on the stock exchanges.

Our gross advances stood at INR14,376 crores, registering a year-on-year growth of 32.5%. Our deposit base stood at INR14,634 crores, reflecting a year-on-year growth of 29.4%. The share of retail deposits stood at 87.3% as of June 2026, supported by both our branch network and our digital sourcing channels.

Our CASA ratio stood at 21%, and we continue to focus on granular CASA over the coming quarters. Within our inclusive finance portfolio, current bucket collection efficiencies to 99.2%, and the current bucket collection efficiency of the more recent portfolio continues to remain healthy at 99.4%, reflecting the benefits of our strengthened underwriting and collection framework.

On asset quality, our GNPA stood at 6.5% and NNPA at 1.2% as of June 2026. In absolute terms, GNPA stood at INR 931 crores and NNPA at INR170 crores against which INR134 crores is receivable under the CGFMU scheme. Adjusted for this receivable, the GNPA and NNPA stands at 2.9% and 0.3%.

Our bank continues to maintain prudent provisioning and together with the CGFMU receivable, our overall coverage on the stressed portfolio remains comfortable. Our digital businesses continued to make encouraging progress for the quarter. Deposits sourced to our digital channel stands at INR 2,222 crores with an average daily accretion of INR 6 crores. Credit on UPI customer crossed 9 lakhs, reflecting a seamless onboarding journey through VKYC and higher customer engagement through a product-driven approach.

We also continued to strengthen our digital MSME loan with disbursements of INR59 crores during the quarter, supporting faster customer acquisition and improved service delivery across our retail franchise through our branch network. We remain committed to delivering consistent performance across all our key business parameters. Our focus continues to be on sustainable growth, strengthening asset quality, expanding our liability franchise and enhancing customer experience through responsible banking practices.

As we move forward, we remain confident that our strategic initiatives undertaken over the past few years will continue to drive sustainable growth, strengthen our institution for the long term and create enduring value for all our stakeholders and remaining committed to our vision of financial inclusion. Thank you for your continued trust and support.

With this, I conclude my opening remarks. I'm happy to take your questions. Thank you.

**Moderator:** We take the first question from the line of Sucrit D Patil, from Eyesight Fintrade Private Limited.

**Sucrit D. Patil:** I have two questions. My first question for Mr. Ramachandran is beyond the regular outlook, what are the top 2 to 3 execution priorities you are focusing on in the next few quarters? And alongside that, what do you see as the biggest risk in customer demand or competitive pressure? And how are you preparing manage them while strengthening the company's position in small finance banking? That's my first question. I'll ask the second question after this.

**Baskar Babu R.:** Our key focus continues on strengthening the inclusive finance portfolio, which is our backbone and our core focus area. We have moved, as you know, to individual loans, which enables us an opportunity to directly engage with the customer and assess not just their credit needs, but their overall banking needs.

The secured assets are focused on commercial vehicle and mortgages, which are having good traction, and we continue to focus in terms of having a growth rate probably which will be higher than the inclusive finance growth in this portfolio.

Digital channels have worked out pretty well, and it took quite a bit of time in terms of putting the layers. And as you would see, both our digital deposits on the deposit side and the other credit line on UPI customers, which is small ticket, but transacting customers are increasing, probably on a month-on-month basis by around 5% to 10%. These are the focus areas. We'll remain focused on this while testing or innovating on the other product lines.

The risks, obviously, are in terms of as I said, we continue to be cautious while the microfinance cycle has turned, mainly because of weeding out of the customers who did not have a good track record either circumstantially or otherwise. It is extremely important that we do not really take this as a reveal of the cycle and go aggressive. So we'll continue to be prudent on our growth. The competition will be intense and that is where probably our digital play will be coming to play in creating that customer experience.

**Sucrit D. Patil:** My second question to Mr. Kanishka is, again, along the similar lines, from a financial point of view, what the risk or challenges do you anticipate in the coming quarters? And what specific measures have we taken to manage margins, cash flow and balance sheet strength, especially in areas like credit risk, borrower repayment cycles or any regulatory compliance?

**Kanishka Chaudhary:** I think the good part to note is that if you look at our MFI businesses, our slippages have moderated significantly. Our slippages on a monthly basis are less than INR20 crores a month. So that's one discipline that we should continue to focus on. The other will be that if you may have looked that assets have started growing at a faster pace as compared to the deposits, which is a good sign.

So there's a demand in the market for loans. So our focus will be to ensuring that we build up our deposit engine further, make it grow faster and continue to tap our refinancing lines as and when required.

A couple of things, which have improved in this quarter, for example, is that with the improvement in the MFI book, the IBPC market has opened up for us again. We took an IBPC funding at around 5%, a little less than 5%. So we are exploring all the funding options and with the improvement in the MFI book, the funding options only increase. So those will be the 2-3 focus areas for us for the rest of the 3 quarters.

**Moderator:** We take the next question from the line of Harshit from Robo Capital.

**Harshit:** You generated an other income component of around INR147 crores in this quarter, which looks too high. So what is the steady state other income we can assume for FY27 for modeling purpose?

**Kanishka Chaudhary:** So the other income this time you had about INR90-odd crores on account of PSL income. I think for the next 2 quarters, you can expect that our PSL income will be around INR15-odd crores -- INR10 crores to INR15-odd crores And Q4 may be somewhere around INR20-odd crores.

**Harshit:** Okay. And sir, what is the credit cost guidance for FY27?

**Kanishka Chaudhary:** So for this quarter, the credit cost is at 0.8%. And like we had indicated at the start of the year, our guidance is that we will be somewhere between to 0.8 to 1.00%, and we stay by that guidance.

**Moderator:** We take the next question from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** Sir, just wanted to understand, and not dwell more on that other income. So PSLC income in this quarter was INR90 crores, so your net of PSLC income, the other income was close to about INR55 crores, INR57 crores, right?

**Kanishka Chaudhary:** No, no. My PSL income for this quarter was around INR46 crores. We sold INR1,600 crores of PSL certificates, right? And which is the reason you see that there is almost INR45 crores uptick in the other income.

**Deepak Poddar:** Okay. Okay. So your other income was INR90 crores plus INR46 crores of your PSLC?

**Kanishka Chaudhary:** Yes. Absolutely. Correct.

**Deepak Poddar:** Okay. And that INR46 crores you expect to be INR15 crores for the next 2 quarters and then maybe INR20 crores, INR25 crores in the fourth quarter, right?

**Kanishka Chaudhary:** Yes, somewhere around INR15 crores to INR20 crores for the last quarter. Yes.

**Deepak Poddar:** Okay. Okay. I got it. And sir, on the cost of fund, can you throw some light, I mean, are we seeing any pressure on cost of fund? And accordingly, how should we look at NIM for the company?

**Kanishka Chaudhary:** Yes. So if you look on a quarter-on-quarter basis, our cost of funds have reduced by around INR 0.08. We continue to see a pressure in the rates for fixed deposits. They have not really come down. What we have done as a bank is that we have optimized our rates in the savings account across bucket. So that's the kind of focus that we will have for funding. We will be selective in our bulk deposit mobilization. We'll continue to focus on raising granular SA. And we will continue to focus on raising anywhere between 2, 2.5 year FD money. And like I said, on top of that, with the MFI portfolio quality improving, we will be going in for IBPCs as and where possible.

**Deepak Poddar:** Okay. So, sir, accordingly, what does it mean for NIMs? I mean do you expect cost of fund to remain stable or you expect it to increase?

**Kanishka Chaudhary:** Yes. You can expect the cost of fund to be at around 7.5% for the rest of the year.

**Deepak Poddar:** Okay. Okay. And what does it mean for NIMs, considering our secured book will keep on increasing? I mean we expect the NIMs to be stable at the current level?

**Kanishka Chaudhary:** Yes, yes, very similar to what we are having at the end of Q1.

**Deepak Poddar:** Okay. Okay. And we maintain the guidance for fourth quarter 1.6% kind of ROA that you have mentioned earlier?

**Kanishka Chaudhary:** Yes. There is no change in the guidance from what we had indicated at the start of the year.

**Moderator:** We take the next question from the line of Rahul Kumar from Vaikarya Investment Management.

**Rahul Kumar:** Sir, is there any one-off in the other expense line item? It has increased 20% quarter-on-quarter.

**Kanishka Chaudhary:** Yes. So just a clarification on that. So our CLOU business has really picked up in a big way. In this particular quarter, our convenience fee income from the CLOU business has moved to INR18 crores for the quarter. And there is a corresponding increase in the CLOU-related expenses by around INR13-odd crores, and which is the reason you see that there is an uptick in the expenses. Apart from that, there have been some additional expenses in the technology infra, but the main driver is the CLOU-related expenses.

**Rahul Kumar:** Okay. So basically, according to the growth in this CLOU business, you'll see a proportionate increase in the other income and other expense as well?

**Kanishka Chaudhary:** Absolutely correct. Yes, please.

**Rahul Kumar:** Yes. Okay. Second point, there is a slide on the yield on non-NPA advances. There seems to have some change in quarter 1 versus quarter 4. Can you just help us understand what has changed?

**Kanishka Chaudhary:** Yes. So if you note what we have indicated is that the yield has moved from 17.2% to 16.1%. So there are 2 components to that. One is that the share of IF business has been reduced by 4% from 48% to 44%. So that has about a INR0.75 impact. And in Q4, we had a better recovery from our MFI assets leading to higher income recognition as compared to Q1. But on that count, I think as we see it, we will be able to go back to our previous levels in terms of recoveries from IF NPLs.

**Rahul Kumar:** Okay. Okay. But going forward, we do expect the yields to be stable around these levels?

**Kanishka Chaudhary:** Yes, we will be going back to around 17%.

**Moderator:** We take the next question from the line of Saumil Shah from Paras Investment.

**Saumil Shah:** Congratulations on a very good set of number. I wanted to know on the JLG model. So how is it shaping up? So customer behavior, is it improving Q-o-Q? And are we looking to increase of our JLG share? Or are we moving more towards individual lending only?

**Senthil Kumar:** I'm Senthil here. So I think over a period of last 2-3 years, we have been slowly and consciously moving out of this JLG model and moving into individual loans. To that extent that individual loans contribute around 80% of our monthly onboarding. I think we will continue maintaining that ratio going forward and probably over a period of next 1 year, 1.5 years, we are trying to reduce our JLG exposure and move into individual loans.

**Saumil Shah:** Okay. So basically, are we still seeing stress in JLG model?

**Senthil Kumar:** Not exactly. In the sense, markets have improved over a period of last 6 to 8 months. So in that way, I don't think any stress is expected in the next 6 months at least, actually, at least in the foreseeable future. We'll have to wait and see.

**Saumil Shah:** Okay. And in the previous quarter, I think we received claims worth INR385-odd crores. So how much claim are still expecting in the current quarter?

**Kanishka Chaudhary:** No. So we have a very small cohort left to be claimed in the current financial year. It will be somewhere around INR13 crores to INR15 crores. That's one of the oldest and the first cohort that we had but the large chunk of the claim has now been made in this financial year.

**Saumil Shah:** Okay. So you mean for the current year, only a small cohort of INR15 crores to INR20 crores is left?

**Kanishka Chaudhary:** Yes, that's about it. Yes.

**Saumil Shah:** Okay. Okay. Because if I remember correctly, last quarter, you said around INR450-odd crores, we were going to claim this year, INR450 crores to INR470 crores.

**Kanishka Chaudhary:** Yes. So that was depending on the time of the claim, right, whether we made it in Q1 or end of Q2. So we decided to make the claim in Q1 itself because it was a substantial amount. So that would mean that as of Q1, we make INR387 crores, and there's another INR15 crores to INR20-odd crores for the oldest cohort.

**Saumil Shah:** Okay. Okay. And my final question is, I think last quarter, we said that the current quarter, our ROA should be close to 1.2%, and we may gradually increase towards 1.6% by Q4. And current quarter itself, we have achieved 1.6% ROA. So can we assume that this 1.6%, we can gradually increase towards maybe 1.8% or 1.9% by Q4?

**Kanishka Chaudhary:** We need to be cognizant of the fact that we had INR40 crores of PSL income and in the next 2 quarters, we won't have that kind of PSL opportunities. So, yes.

**Moderator:** We take the next question from the line of Sonal Minhas from Prescient Capital.

**Sonal Minhas:** This is Sonal. I was just trying to, I think, think together your numbers on the slippage for this quarter, which is INR92 crores. And also the corresponding net provision after removing CGFMU. Are we seeing any times of slowdown in recovery? Because I think similar numbers are also visible in your PAR 30-90 and PAR 90+. So any subjective guidance on that part that you would like to share?

**Kanishka Chaudhary:** So at a bank level, if you look at our slippages, we have improved from INR106 crores to INR92 crores on a quarter-on-quarter basis. And similarly, for the MFI business, our slippages have improved from INR73 crores to INR53 crores. We have had a couple of slippages in our mortgage business and which we are working on for resolution through legal process. The point to note is that in these cases, we are well collateralized. The collaterals are well identified and quite liquid in the market. So we will try to complete the resolution process in the coming quarter.

**Sonal Minhas:** Okay. So this should come down or normalizes in the coming quarter or thereafter basically?

**Kanishka Chaudhary:** Yes, that's what we are working at. Yes, we should be able to bring it down.

**Moderator:** We take the next question from the line of Keshav Karwa from White Pine Investment Management Private Limited.

**Keshav Karwa:** Just wanted to know how are you seeing the collection efficiency trend in your MFI book for July month? And further, are you seeing any stress in any of the geographies?

**Senthil Kumar:** See, the collection efficiency has been largely stable over the last quarter, and we expect it to be -- though there has been a bit of increase in inflation, et cetera, in the last quarter to -- I mean, for the reasons we are all aware. But I think the collection efficiency is expected to be stable. So I don't see any stress going forward.

**Baskar Babu R.:** We are not certainly seeing 99.9%, it's a real portfolio. So to that extent, it will not -- in a period like this. We may not see anywhere closer to 99.9%. We are comfortable in terms of clocking around 99.5%, 99.6%. I think we are very close to July, as you know, June -- the first quarter at a couple of months, do not really go back to the same levels as Q4. Sadly, we're happy that it's stabilizing at 99.3%, 99.5%.

**Moderator:** We take the next question from the line of Shailesh Kanani from Asian Market Securities.

**Shailesh Kanani:** Congratulations, first of all, for the great set of numbers, sir. So my first question is on a steady-state basis. What kind of ROE we can deliver considering the current trends what we have and the portfolio performance? What is the steady-state ROE as a bank we are targeting?

**Kanishka Chaudhary:** Yes. So as we had indicated in our guidance at the start of the year, Shailesh, we will be in the range of 1.3% to 1.4% and we continue with that guidance at the end of the first quarter.

**Shailesh Kanani:** So this year, I'm sure first quarter performance has been a little bit positive surprise for not only us, for the whole industry as such. So any uptick on that, that you think it is possible? Any upward bias over there?

**Baskar Babu R.:** Shailesh, I think what we're really looking at is that we are kind of investments and the process improvement that we did in the last quarter is seeming to be paying off. Our focus in terms of ensuring that what we have is sustained and obviously look forward for marginal but sustainable improvements quarter-on-quarter. It may not necessarily happen Q2 will better than Q1 and so on, consistently across parameters. But over a period of time, while we end up 13% to 14%, the clear endeavor is that we can really inch it up by meaningful and sustainable 0.5% to 1% in terms of ROE year-on-year for the next couple of years and then learn what it takes to deliver consistent performance.

**Shailesh Kanani:** Fair enough. My second question was wanted to understand in terms of profile and quality, how is the current book different from the past cycle? Like what are the key changes we have done in terms of underwriting or customer selection just to improve our performance vis-a-vis the next cycle vis-a-vis the last cycle?

**Sasidhar Vavilala** Shailesh, Sasidhar here. So a couple of things we have changed almost 2 years back since November 2024 onwards. So besides the standard 2 lenders, 3 lenders filters, we also started focusing on the unsecured loans as a basket and the recency of unsecured loans and the heating factor on unsecured loan and our honest payment behavior. So basis combination of it, we have fundamentally redone our profiling. So we have categorized customers in the A, B, C, D, E and we focus on A, B and C. In a good market, we can do more C and D. But at the moment, market also gets tougher, then we focus more and more on A and B. So we do an internal segmentation of customers. and it is significantly across we tested it for 3 different time frames cohorts, and it's holding good. So we should continue to scale on this.

**Shailesh Kanani:** So this profiling will be predominantly for the IL customer, right?

**Sasidhar Vavilala:** So largely for the micro banking customers that includes MSME and individual loans.

**Shailesh Kanani:** Okay. Okay. Fair enough. I just have one last question from my side. In terms of growth drivers for secured book, right, we have been growing at a very fast pace over year. And I think there are hardly branch additions for same. So if you can just throw some light on what are the drivers and how do we see this move going ahead?

**Baskar Babu R.:** We will be adding around closer to 50 branches in this quarter and next quarter. But more importantly, not all our products are available in all our present locations. One key thing would be micro mortgages and then expanding even CV to the other branches where we are not present at this point of time. So we have a large opportunity in terms of expanding to existing locations and branches in the retail secured products, and we'll be adding 50 primarily in terms of focus in terms of inclusive finance and commercial vehicles.

Mortgages will follow generally wherever we already have a setup in terms of expanding their geographical presence. Probably we are present in no more than 25% of our current branches in terms of mortgage business. Intent would be to take it to at least 40% to 45% towards the end of the year.

**Shailesh Kanani:** So is it fair to assume that the secured book will kind of continue the current momentum?

**Baskar Babu R.:** Yes. Also as you can keep saying, considering that our base is not very large and it's not too small as well, the ability to little higher growth on that continues to be good as we see for the next quite a bit of a few quarters.

**Moderator:** We take the next question from the line of Ashlesh Sonje from Kotak Securities.

**Ashlesh Sonje:** A few questions from my side. Firstly, on the CASA deposits that has grown quite well over the last year at better than 50% Y-o-Y. Firstly, do you expect this growth to continue here on? Secondly, what is the blended cost of SA deposits and term deposits separately?

**Kanishka Chaudhary:** Yes. So insofar as the growth is concerned, yes, I mean, that is what we are working at. We will -- we expect to see a similar kind of growth for this CASA numbers. We are currently focusing more on SA. Over time, we will also start focusing on our current account product features and proposition. In terms of the aggregated cost. If you look at SA, last quarter, our SA had a cost of fund of about 5.7%, which we have been able to bring it down to 5.5%. And insofar our fixed deposit costs are concerned, it is about 8.1%.

**Ashlesh Sonje:** Understood. Sir, secondly, as you grow by, let's say, 30%, 35% as you have guided in FY27, what is the kind of opex that you have budgeted for this year?

**Kanishka Chaudhary:** Yes. So I think if you look at our opex, the kind of target that we have assumed for ourselves to be in the range of around 67% to 70%. This is a full stack cost, including our investments in technology, branch expansion, branch-led personnel and all of that together.

**Ashlesh Sonje:** Understood. Sir, and just lastly, on the CLOU business, if you can just confirm the numbers you mentioned, what does the convenience fee income in this quarter and the corresponding expense?

**Kanishka Chaudhary:** We made around INR18 crores of convenience fee income, and our proportionate cost was INR13-odd crores.

**Ashlesh Sonje:** Okay. This was not the increase in cost Q-o-Q, right? This was the absolute cost?

**Kanishka Chaudhary:** Absolute numbers. Yes.

**Ashlesh Sonje:** If you can also share the corresponding numbers last year? Is that possible?

**Baskar Babu R.:** So this is a product which is scaling up month-on-month. We started only last year. So currently, we have around closer to 6 lakh customers who are utilising it and around 9 lakh to 10 lakh customers who have been approved. Every month, probably we are onboard around closer to 1.5 lakh to 2 lakh customers.

In terms of going to the pipe, assuming that around 70% - 60% gets approved at around 1.5 lakh and around 1 lakh when we start placing it. This is monthly as of now, as we speak, very, very small EMI product. It gets extinguished at the end of the month and the remit starts again.

As the continued usage happens, we will have a better visibility. But as a sense, it's scaling up closer to probably 5%, 10% on a month-on-month basis, what we are really focusing on is in terms of ensuring that we are really kind of doing the business with credit costs which are much lesser than what we have programmed for. That could be small.The average is around less than INR5,000 at this point of time.

**Ashlesh Sonje:** Understood. Sir, do you have any sense about what can be the eventual customer base that you can reach out using this product?

**Baskar Babu R.:** High potential. So as when we started, we obviously didn't think that we will have our capabilities in terms of customers even may come in, but VKYC becomes an extremely important capability that we will have to develop. We have been able to kind of scale it at this point of time and look forward to scale it at least for doubling or tripling the capacity.

So the potential on this considering it is a small ticket and instantaneous, and it gives us a large base on which we have to build other digital products and even probably other secured asset products. So, we will be comfortable if we are able to achieve double the customer count during this financial year from closer to 6 lakh users probably to around 12 lakh users.

That is a conservative number. And also, there is limit to which we can really kind of look at it in terms of scale on a particular single product, even from risk management, but very comfortable for CRS as well.

**Ashlesh Sonje:** Sir, now that you have kind of built the stack for this product, do you see a potential to also partner with other players in the market for this product?

**Baskar Babu R.:** Of course. So our current partner is Paytm. They'll be expanding their kind of the partnership and we will be. So that's an understanding. And usually, the very question asked is that who owns the customers? Actually, both own the customer. Customer is owned by none of the customers have a single relationship, they have a relationship with multi-financial service providers.

So whoever provides best of customer experience and product feature for that particular product tends to kind of win. Our partnership with Paytm will continue to grow strong, but we'll also be kind of onboarding a few more partners.

**Moderator:** We take the next question from the line of Avnish Tiwari from Vaikarya Investment Management.

**Avnish Tiwari:** Can you explain this yield on non-NPA advances, if it's currently running at about 17.4%. And if you're expecting overall yield at what level? Is it like the assumption of non-NPA book significantly reducing or non-paid book reducing and coming to 17%? Because you also increased your secured mix which is at a much lower yield.

So just help us understand where you see the field going? Are you taking any pricing action because the cost of funds are tightening. So what are -- what is in your mind when you look at this fiscal year?

**Himadri Das:** I will take the first part and then maybe I'll hand over for whether we are taking any price correction. I'll give it to KC. So, on yield, I think our stabilized yield would be in the range of like KC was mentioning will be in the range of 17.2% to 17.5% kind of a thing.

That's our stabilized yield even if we go – higher share even if it goes to 45%, which is currently it is. So stabilized yield on advances would be 17.2% to 17.5% because our secured asset also, our yield is nearly 12%. So, on a mix basis, 17.2% to 17.5% is the comfortable range. On whether we are considering any prices, I would request KC to take that.

**Kanishka Chaudhary:** Yes. At this particular point in time, we don't foresee an immediate change in pricing across products. We continue to evaluate our pricing across all products but also especially MFI, given that we have moved on to individual loans. We have a single price that is offered across but our customer stratification has increased. So we will keep evaluating. But at this particular point in time, in this quarter, we don't quite foresee us changing our price.

**Avnish Tiwari:** And roughly, what's the yield you are getting on individual book, which is on a blended basis currently in terms either disbursements or outstanding book?

**Baskar Babu R.:** On VL it is around 25%, 25.25%. So we play in that range. The intent is that how we can really substantially optimize as we go more in terms of individual customers should it really operate in the same JLG model of each relationship officer owning only 400, 500. Meaningfully using technology can kind of increase that capacity.

So probably 600, 700 and probably more, closer to 70% of the customer as we see today, are making that payment without reaching out to them because it over phone, it's through other channels like WhatApp. When they come to the branch or through digital and make the payment before the due date which is currently for majority of the customer 7th of the month. That's I think is more focused in terms of passing on the increased cost to -- by increasing the yield specifically in the IF portfolio.

**Avnish Tiwari:** Great. Just last two questions. One is what kind of growth you look at microbanking business? And second, in terms of capital planning, any thoughts you have during the course of this year?

**Kanishka Chaudhary:** Yes. So at this particular point in time, our capital adequacy fee is 20%. We have a Tier 2, which will be expiring next year. So we are out in the market, evaluating our proposals for raising fresh Tier 2. We hope all things going well. We hope to close something this quarter. But at this particular point in time, I think in terms of our capital adequacy from where it stands today, we will increase it marginally. But yes, I mean 20% to 22% is where we would ideally want to be given the kind of growth that we are having.

**Avnish Tiwari:** And the growth in micro banking, what level of growth you're expecting any plan for the Tier 1?

**Kanishka Chaudhary:** So I will put it a little differently. I think so far as microbanking is concerned, we would like to keep to a 48, 52 kind of a mix, right? That is something that we have had for some time for most of last year. And that's the kind of a mix that we would continue to have.

**Avnish Tiwari:** And on Tier 1?

**Kanishka Chaudhary:** Tier 1, yes, I mean, we have a resolution going into the AGM. We are evaluating at this particular point in time in terms of what would be the right time to raise Tier 1. Nothing finalized as of now.

**Avnish Tiwari:** Congratulations for the great results.

**Moderator:** We take the next question from the line of Tanay Jain from Centrum Broking.

**Tanay Jain:** Yes. So congrats on a good set of numbers. So actually, most of my questions have been answered. I have one question though. So your vehicle finance PAR stands at 11.5%. It was 10.1% in the last quarter. It's still relatively elevated. So could you elaborate something on that stress pockets within the CV portfolio? Are used CV loans exhibiting like a higher delinquency trend versus new CV. Can you throw some light on that?

**Senthil Kumar:** Yes. See, we have around 75% -80% of book is in used CV. So as such, the PAR has been slightly elevated in the last quarter more because of the fuel prices increase and also in terms of load availability due to the crisis in Middle East. Hopefully, I think we are past that. So I think this quarter, we should be able to settle down.

This quarter and generally in the second quarter across the country when you have monsoon activated, the PAR is generally slightly elevated. But this being an earning asset, it goes back early around September or in that quarter, the third quarterly generally it grows back to the original level.

So I don't see much of a concern. And specifically for us, we focus more on used business, where the ticket sizes are much lower than compared to the new vehicles. So I don't see a great challenge. We have also had our focus or probably will be improving our focus on the light commercial vehicles and the small commercial vehicles. So in that way, I think we hopefully I think we should be able to maintain the PAR at the same level as the previous quarter.

**Sasidhar Vavilala:** Sasidhar here. Just to add a few things. Over the last 1.5 years, the CV market has been elevated across the industry. However, if we benchmark as a 1-year portfolio, 2-year portfolio, 3-year cohort portfolio, we are significantly outperformed the market by 2x, 2.5x on the credit quality.

**Tanay Jain:** Okay. That's fair. So there's no geographical impact, right? It's mainly the fuel prices and the load availability is what impacting and which will be normalized in the next quarter or so, right?

**Senthil Kumar:** Yes, exactly. We don't have any in that way geographical concentration also in this book. We are spread across Southwest and Northern markets. So I think next quarter, it should be back to normalcy, yes.

**Moderator:** We take the next question from the line of Deepak Agarwal from Param Capital.

**Deepak Agarwal:** Congratulation on great set of numbers. Sir, a couple of points. So one is in terms of -- I understand you've given FY27 guidance. Now one thing what investors will want to see is consistently -- so our numbers have been volatile in the past. Obviously, the cycles on the MFI side have been steeper. But considering practically the entire MFI portfolio is insured and secured largely should not see that kind of volatility. So looking in FY28, '29, do you think this time it will be far more stable in terms of the earnings?

**Baskar Babu R.:** Didn't get, Deepak.

**Deepak Agarwal:** Sir, I was saying, for FY27 largely will be closer to INR300 crores PAT and getting into it, if I look a little ahead for FY28, '29. So in terms of volatility, assuming whenever the next cycle comes, considering we are practically in short on the entire MFI book. So the volatility should be much lower in this cycle for us, sir, whenever this cycle comes?

**Baskar Babu R.:** Yes, Deepak, I think, in fact, if you look at it when the going was good is when we said that we will cover our portfolio. And obviously we thought that as a pure insurance, but it has certainly protected the balance sheet on the capital. As we enter into this, we are very clear that one, as Senthil mentioned, is that close to about 80% of our focus now is on individual loan.

Earlier, we had to necessarily get customers through the JLG pipe to graduate them to the individual. Now as we have our product in terms of new to bank, VL, as we call it NTB-VL, has picked up momentum across. Even in the new branches where we are opening up our focus now starts with NTBVL and VL rather than getting customers with JLG.

This gives a reasonably good view and now it needs far more discipline than just looking at the customer in terms of the number of lenders they have. What we're really building the engine now is more in terms of this where as we said. We are not really to kind of guiding higher ROE at this point of time.

The focus is at whatever we do, can every improvement be sustainable quarter-on-quarter? I mean, at least on a year-on-year basis rather than having the volatility, the model will ensure and we're kind of very, very clear in terms of looking at all the execution, not increasing our ticket raises in VL.

It can really be great operating level, both of profit as well as in terms of giving cushion. So we will build, as we kind of said, we're more one-to-one connect, understanding the customer better and having executors handle a lot more. And within VL and JLG, it is not one homogeneous. VL, we are trying to categorize at least into 6 or 7 segments and desire in terms of how much ratio can we have in each of those cohorts.

If the customer has not borrowed at any point of time, not now, at any point of time, no more than, say, 1 MFI loan or 2 unsecured loans and the spouse or herself has got a secured loan, good track record, gold loan, all of those combinations can really now go to a point where we will have minimum 40% in category A, 30% in category B. We are close to kind of getting there in terms of figuring out.

I think this year, we'll be in terms if building it saying that even in the entire cycle, what we saw, is that 75% to 80% of the customers continue to be very good, including in the cycle, it is at 20%. So what capabilities can you do rather than in terms of technology and AI, eliminating, getting this 20% into your book as a larger one. That's the focus. I'm fairly confident that we'll be able to not just deliver good numbers, but consistent numbers across all the coming quarters. That is visibility at least in terms of 4 to 6 quarters.

**Deepak Agarwal:** Sir, also 1 question which comes to everybody's mind is so like historically, when we were insuring under the CGFMU, majority of the industry was not. And now a lot many players are talking about taking the insurance the way we're happy to. So then one pushback come, if say, 30%, 40%, 50% of the industry starts ensuring and if an event were to happen a couple of years down the line.

In terms of getting that claim from the insurer perspective, does that become a challenge because then if we are talking about a very large number for them to pay out, right? Last cycle was because nobody or very few number of players are ensuring and hence, the number was much lower. But now even large universal banks have been talking about insuring the entire MFI portfolio or a very large percentage of the portfolio under the scheme. So your thoughts on how we should we look at it?

**Baskar Babu R.:** We are not looking at it as a shield for doing business. So we'll have to know, I think, with the reasonable experience in terms of anywhere between at least at the industry level closer to around INR50,000 crores or INR3 lakh crores is in terms of INR180,000 crores plus, doesn't really include what our portfolio that has been written off during this period. So if you have to kind of think of a model where in an extreme scenario 2 SD, 3 SD, it's going to be around 12%, 14% portfolio kind of at risk.

Whatever insurance we are taking it as the kind of the last resort. If you had to do yourself, will be a business model able to sustain during that down cycle of 1 year, 1.5 years. That's the way we are looking at it. We have not -- never looked at it, not going to look at it, but the credit insurance, is going to be our license to do business in the manner that in which kind of gives us relax norms.

The norms will be far more tighter and probably the way we are looking at it maybe the premium we'll pay in the next couple of years, maybe will be higher than the claims that we'll make. I think that's the business model we want to do.

This we are looking to a resolution. I wouldn't be really able to comment in terms of overall, but the NCGTC as a corporation is very well funded. But what is really expected is that this insurance is for ensuring financial inclusion, not in terms of doing business as we want and taking it forward is our understanding.

**Moderator:** We take the next question from the line of Ankur Kumar from Alpha Capital.

**Ankur Kumar:** Congrats for a good set of numbers. Sir, in terms of insurance, can you tell how much we have claimed and how much we have received and how much are we expecting to receive in the coming quarters?

**Kanishka Chaudhary:** So like I indicated, we have made a claim of our biggest cohorts in this financial year. We are likely to make possibly one more claim sometime down the line. That will be of anywhere between INR15 crores to INR20-odd crores.

**Ankur Kumar:** And how much have we received in this quarter and how much are we likely to receive in the coming quarters?

**Kanishka Chaudhary:** That's what I said. So we received INR387 crores, right? We will make a claim of another INR15-odd INR20-odd crores, which we will receive. Apart from that, additional amount that we will be eligible to claim not this year, but subsequently, will be anywhere between INR135 crores to INR150 crores as things stand today.

**Ankur Kumar:** And all these INR387 crore we have received in this quarter?

**Kanishka Chaudhary:** Yes.

**Ankur Kumar:** Got it. And sir, on this PSL extra income, you said INR46 crores, we have raved in this quarter is extra, and we expect INR15 crores to INR20 crores in the coming quarters. So given there is like INR25 crores, INR30 crores reduction in Q2, Q3, which we expect to cover from our normal growth? Am I understanding right, sir?

**Kanishka Chaudhary:** Yes. Some part of it will be covered. For example, if you look at our MFI paying book, it has grown by about INR500-odd crores in one quarter. So we expect that, that kind of a growth momentum will be maintained by us. There will be some income uptake from our CLOU business as well. It's been growing exponentially. And so far as retail secured businesses are concerned, they have been growing anywhere between 30% to 35% on a year-on-year basis. So that will add to the growth momentum as well.

**Ankur Kumar:** Got it, sir. And sir, in terms of monsoon as well as war-related issues, are we seeing any issues in terms of our borrower mix?

**Baskar Babu R.:** Not really at this point of time. We will continue to be cautious. But as we have kind of well past it, this thing obviously as in the commercial vehicle little bit of the impact, as Senthil mentioned. But we are not seeing and we're not really into those segments, which are substantial and directly impacted by these events.

**Moderator:** We take the next question from the line of Vibhor Talreja from Nest Amplify.

**Vibhor Talreja:** Congratulations for a good set of results. Particularly receiving this large INR387 crores from CGFMU, which has changed your provision coverage to above 80% and net NPAs are now less than or around 1%. So from a business continuity perspective, I heard you saying that at our base, the growth of 30% is in our control and now with net NPAs of 1% will be credit cost should be under our control. So any risk you see to your guidance of INR300 crores plus PAT for this financial year?

**Baskar Babu R.:** As of now, no, we are kind of in a very focus in term of INR75 crores per quarter is what we are looking at. Maybe Q2 will be a little subdued because we said that we had in terms of the PSL income. But as KC mentioned, the paying book in terms of IF is growing at least INR120 crores, INR150 crores, which will really add to it. So balance sustained, can every quarter be at least much a little better is what we're looking at.

Deposits will -- may look like a challenge, but we are pretty clear that we have taken this early initiative. Retail -- pure retail, which is on average of around less than INR2 lakhs per customer to the digital channels across multiple platforms is what gives us a reasonable confidence that we're able to do. Some of the deposits, which will roll over will be at a rate probably lower than what we are ensuring.

So, to the extent that KC guided, intend is to really keep the cost of funds around at the same level certainly for Q2 and Q3. So that's one we'll have to really focus on in terms of deposits. It's not really kind of going to take it. That's 30% growth, including probably 20% growth to maintain the CASA ratio even at 21%. It will be challenging, and we'll have to very armor ourselves to ensure that.

**Moderator:** Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

**Baskar Babu R.:** Thank you very much for your continued support, as we really navigated the cycle down. We have been entirely able to focus in terms of what we needed to do to come out of the cycle fast successfully and focus in terms of delivering sustained performance across both our physical infrastructure as well as in terms of our digital infrastructure. We are confident in terms of delivering sustained growth in terms of building a very respectable bank who are focused in terms of excellent customer experience. Thank you for the continued support.

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