MAS Financial Services Limited
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Purpose Led. Progress Driven.

MFSL/SEC/EQ/2026/97 November 03, 2026

To,
The Manager,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

Scrip Code: **540749, 947381**

To,
General Manager
National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400051
Trading Symbol: **MASFIN**

Dear Sir,

Sub.: Transcript of Conference Call held in respect of the Unaudited Financial Results (Standalone & Consolidated) for the second quarter ended on September 30, 2026.

We wish to inform you that pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of conference call held on October 29, 2026 with respect to Unaudited Financial Results (Standalone & Consolidated) for the second quarter ended on September 30, 2026, is available on the Company's website at the link: https://mas.co.in/investors-corner/conference-call-transcripts/.

Please find enclosed the transcript for reference.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For, MAS Financial Services Limited
BHAYANI RIDDHI BHAVESHBHAI
Digitally signed by BHAYANI RIDDHI BHAVESHBHAI
Date: 2026.11.03 18:01:05 +05'30'
Riddhi Bhaveshbhai Bhayani
(Company Secretary & Chief Compliance Officer)
Membership No.: A41206

Encl.: as above

Great Place To Work. Certified JAN 2025–JAN 2026 INDIA

"MAS Financial Services Limited

Q2 & H1 FY27 Earnings Conference Call"

October 29, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on October 29, 2026, will prevail.

MANAGEMENT: **MR. KAMLESH GANDHI – CHAIRMAN AND MANAGING DIRECTOR – MAS FINANCIAL SERVICES LIMITED**
MRS. DARSHANA PANDYA – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAS FINANCIAL SERVICES LIMITED
MR. DHVANIL GANDHI – EXECUTIVE DIRECTOR – MAS FINANCIAL SERVICES LIMITED
MR. ANKIT JAIN – CHIEF FINANCIAL OFFICER – MAS FINANCIAL SERVICES LIMITED

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

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

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

Shreepal Doshi: Thank you, Shiv. Good afternoon, everyone. We welcome you all to the Earnings Conference Call of MAS Financial Services to discuss the Q2 and H1 FY27 performance of the company.

To discuss the company's financial performance, we are pleased to welcome Mr. Kamlesh Gandhi, Chairman and Managing Director; Mrs. Darshana Pandya, Executive Director and CEO; Mr. Dhvanil Gandhi, Executive Director; Mr. Ankit Jain, Chief Financial Officer; and other senior management team members. On behalf of Equirus, we would like to thank the management of MAS Financial Services for giving us the opportunity to host this call.

I would now like to hand over the call to Mr. Kamlesh Gandhi, Chairman and Managing Director, for his opening remarks. Post which we can open the forum for question and answer. Over to you, sir.

Kamlesh Gandhi: Thank you so much, Shreepal, and good afternoon to all of you. I'm very happy to connect to all of you once again. I'll be briefing you about the 126th quarter result of this company. And while we have already put the results out on our website and the bourses, but just to give you the brief on how we performed this quarter and the half year, the AUM grew by 23%.

I'm talking about consolidated basis first. So the AUM grew by 23.31%. We crossed a very important milestone once again of INR 17,000 crores in consolidated AUM. We crossed INR 16,000 crores in consolidated AUM last quarter. It's INR 17,000 crores, INR 17,042 crores to be precise, this quarter, which translates into almost 23.5% of growth on a half-yearly basis, followed by a very robust profitability on a half-year basis of INR 225 crores, which is a growth of 26.54% over the corresponding period.

And if we look at the quarter profitability, it is INR115 crores on a consolidated basis, which is close to 26% over the corresponding quarter. So how we reckon this as a quality growth where the profitability is also robust along with the AUM growth. I'm very, very pleased to share with all of you that our subsidiary MAS Rural Housing and Mortgage Finance Limited has also crossed a very important milestone of INR1,000 crores in AUM this quarter.

And we are very optimistic about subsidiary creating a lot of value in near future once it gains traction in terms of further AUM. And our subsidiary registered a very robust profitability growth of 55% over the corresponding quarter with Net Stage 3 assets of less than 1%, 0.70% to be precise.

Even on the parent company, the quality of the assets were maintained at 1.70% net NPA and a gross NPA of around 2.63%, signifying a very stable asset quality. And if we talk in terms of the standalone profitability, it's INR110 crores, which is close to 23% rise over the corresponding quarter. And on a half-year basis, on a standalone basis, it is INR214 crores.

So, friends, in short, the performance is well on lines of our expectation. We have always been sharing with all of you that this company will grow anywhere between 20% to 25% depending upon the opportunities we get in the market from time to time, prioritizing risk and profitability. We stick to that, and we have done this over last 126 quarters, and we'll be continuing to do the same going forward.

A very brief on how we do our business, starting from what matters a lot in the lending business, is the capital adequacy. We have a capital adequacy of more than 22% giving us sufficient room to grow further. And as we have always maintained that we have a self-propelling model, we don't have to raise capital very frequently.

We were INR10,000 crores when we last raised our capital. We are already INR17,000 crores and we don't see raising capital in near future. So capital adequacy remains very strong. The quality of the assets remains very strong, consistent to our belief of extending credit where it is due. And we continue to pursue the same assets which we are doing it. MSME remains our flagship, that is MEL, that is the micro-enterprise loans, that is loans of smaller ticket size to individual borrowers having small establishments, and that we have been doing since many, many decades now. And the SME loans, which are higher in ticket size, where we lend right up to INR 5 crores along with the collateral taken. And that also contributes very significantly to the overall assets.

We are also there into wheels. As far as the wheels' portfolio is concerned, our two-wheeler registered a decent growth while we continue to be very cautious on our commercial vehicle growth. While the market grew at a brisk pace, but we are in process of setting our own distribution and manpower at all the places of our operations, and we see that picking up in the next two to three quarters.

The Salaried Personal Loan, as we have shared earlier, we don't intend to have it more than 10% of our total asset size. So that is around 9%. So this contributes the diversified asset basket along with our housing finance company at more than INR1,000 crores with very robust quality, and that company having a very strong capitalization of more than 34% of capital adequacy as I talked to you. So this was on the asset side, friends.

Quickly on the distribution. As you know that we are a multi-distribution company. The test of the distribution is the result it can produce for the company in terms of the quality of the assets

and in terms of the profitability it can generate over a period of time. Since last 15 years, we have been pursuing a dual distribution.

Our direct distribution is around 68% of our assets. Our distribution through NBFC is around 32% of the assets, while maintaining strong quality in both the type of distribution. We increased our number of centres reach this year by sweating our branches.

If you have seen that we are not increasing our branches very rapidly, because what we are doing is that, that we are trying to expand the reach of each and every branch sufficiently before we incur the additional expenditure.

This is in lines of the company's policy over decades of not to substantially upfront expenditure for expansion. But nevertheless, we have shown a very robust growth in our asset under management of close to 23.5%, in lines with our policy of growing between anywhere between 20% to 25%.

A brief on liabilities, while Ankit will take you in detail. Because of our track record and a very strong fundamental, we have always been ahead of the curve as far as raising liability is concerned, ahead of the time, rather. And it's no different this quarter also.

We are almost tied up for the whole year. The only challenge is that that how we navigate through the various rate hikes. So that was on the liability side. On the operations side, we continue to pursue the tech part of it very vigorously. We are in process of having senior management recruits in our digital transformation strategy.

While we have gained a lot of traction in our loan origination system which is accompanied by BRE, which is helping us a lot as far as our internal customer, that is FOS, are concerned, and thus providing better services to the borrowers while reducing the operations and the origination cost. We will continue to focus on the same, and that should yield better results as we go ahead. So that was on the operational side.

On the HR side, because of the use of technology, the headcount is reducing. But nonetheless, we consider HR as one of the most important assets that creates the balance sheet. Might not show in the balance sheet, but that creates the balance sheet. We are aware of how to have the right set of talents, how to train them, how to retain them. A constant effort is there to do the same, and we see building a team which can continuously contribute to the efficiencies of this organization.

Friends, as you know that we have a very strong second line and a core team with the company since 18 years to 20 years. But in the same vein, as we grow, we will require a lot of induction of lateral talent also. And that has been done in a calibrated way so as not to increase the cost. And at the same time, we see to that that the organization does not suffer because of the lack of expertise and experience.

So, the right combination has been worked out, and that should start yielding results in promoting various products even at scale. So, we are now at a striking distance away from INR 20,000 crores. As I talk to you, by the year end we'll be a striking distance away from INR 20,000 crores.

So, as we grow, there will be different sort of challenges, and let me share with you that we are all ready and prepared to face that and face that very valiantly and successfully. I think there might be questions pertaining to that, but I would like to cover this in the opening remarks.

Two very major headwinds that are perceived to be there in the lending industry in special. Number one is that how will the rate hike cycle work for us? Now, just to give you the perspective on it, around 70% to 75% of our borrowing is either fixed or MCLR-linked, majority being MCLR-linked anywhere between six months to twelve months. So, there will not be an immediate rise in the borrowing cost on that part of the borrowing. Even on the repo-based borrowing, we take a reset every 3 months, so we also get some time to readjust our borrowings there also.

On the asset side, in the equivalent proportion, around 65% to 70% of our assets are fixed, and the rest are on the floating rates. But the advantage what we have on the fixed assets, and that we have experienced in the past and we have demonstrated in the past, that since the tenure is less, we get the opportunity to reprice. And the borrowers whom we serve are well aware and at the same time are not that rate sensitive of 0.25% to 0.5% that might affect our growth substantially. So, in short, very difficult to predict the exact implication and exact impact on profitability and NIMs.

Suffice to say that in past we have navigated this successfully without having substantial impact on NIMs and the growth, and we would, endeavor on the same lines this time also, and we hope to achieve the same results what we have achieved in the past. The second is the El Nino and the drought impact. Let me share with you that with all the states that are declared under drought, around 10% of our portfolio is there, but with a very strong caveat that we don't do direct agri. Each and every of our borrower has an allied income.

The direct agri is even less than 1%, and accompanied by our stringent underwriting standards that I have always shared, and if all of you remember that the worst time for any asset is the best time when it is going through. And being a 30-year-old company, we have understood that very thoroughly. So, given our stringent underwriting standards and the nature of the business what we are into, and the time -- and the amount of the business which falls under this El Nino effect declared states and areas, we don't foresee any stress on the quality of the assets.

While going forward, we will, as we do usually, we'll be factoring all this impact for our credit delivery and we'll be extending credit where it is due while endeavoring to maintain a 20% to 25% growth. So, friends, this is an overall summary of what we did in H1, what we intend to do going forward.

And briefly, my colleagues Darshana Ben and Ankit will take you through the detailing on the numbers, and then we will be open for your queries. Over to you, Darshana Ben.

Darshana Pandya: Thank you, sir. Good afternoon, everyone. So, as sir covered in his opening comments, this quarter, we have crossed three more milestones in our journey of AUM. So, housing book crossed INR 1,000 crores mark, MFSL book crossed INR 16,000 crores mark on standalone basis, and consolidated we have crossed INR 17,000 crores AUM mark. So, that has resulted

into a robust growth of 23% in AUM. Accordingly, PAT has also grown on consolidated basis, 26% to INR115 crores for the quarter.

On standalone basis, there is a growth of portfolio of 23.17% from INR 12999.44 crores to INR 16011.38 crores. Total income, there is a growth of around 21.94% from INR 459.49 crores to INR 560.29 crores. Profit before tax, there is a growth of around 22.58% from INR 120.23 crores to INR 147.38 crores, and profit after tax for the quarter has grown by around 22.69% from INR 89.70 crores to INR 110.05 crores. This was about the quarter from Q2FY26 to Q2FY27. Now, coming to half-yearly results, our total income, there is a growth of around 20.86% from INR 902.38 crores to INR 1,090.61 crores. Profit before tax, there is a growth of 23.63% from INR 232.66 crores to INR 287.63 crores. Profit after tax, there is a growth of 23.65% from INR 173.60 crores to INR 214.65 crores. Here also, in MFSL, we have maintained our quality of the portfolio as our focus is always on first on the quality of the portfolio. So, the gross Stage 3 asset is 2.63% and net Stage 3 asset is 1.70% as compared to 2.58% gross Stage 3 and 1.70% net Stage 3 in June quarter. And management overlay of INR 17 crores, we have not netted off from the net Stage 3 asset.

Regarding MAS Rural Housing, there is a growth of around 25.53% in the portfolio from INR 821.70 crores to INR 1,031.47 crores. Total income, there is a growth of around 22.57% from INR 24.92 crores to INR 30.54 crores. Profit before tax grew by around 52.34% from INR 3.90 crores to INR 5.94 crores. Profit after tax, there is a growth of 54.71% from INR 2.99 crores to INR 4.62 crores. About half year, there is a growth of 25.53% in total income from INR 47.91 crores to INR 60.40 crores. Profit before tax, there is a growth of 56.75% from INR 7.43 crores to INR 11.64 crores. And profit after tax also grew by 54.79% from INR 5.74 crores to INR 8.89 crores. Regarding the quality of the portfolio, it is below 1%. Gross Stage 3 asset is 0.99% as compared to 0.98% in June quarter, and Net Stage 3 asset is 0.70% as compared to 0.68% in June quarter.

Here also we are carrying INR 3.69 crores as management overlay, which has not been netted off from the Net Stage 3 assets. So, as mentioned, we'll continue to grow at 20% to 25% going forward.

And with this positive note, now I'll request Ankit to give us the detail about the liability management.

Ankit Jain: Thank you, ma'am. Good afternoon to all. To elaborate on the capital and liability management, which is in the current quarter, through a strong liquidity profile, we were able to maintain an average liquidity on balance sheet of around INR 1,000 crores. As of 30th September, we're already tied up for the whole year and the sanction on hand is in excess of INR 2,500 crores.

During the quarter, we executed direct assignment transactions aggregating to approximately INR 850 crore. In addition, we have sanctions on hand of around INR 850 crores which we expect to utilize during the current quarter. Currently the off-book composition is 17% to 83%

in terms of off-book and on-book. And as a strategy objective, we are committed to maintain it between 20% to 25% as off-book through direct assignment and other off-book transactions.

We have a cash credit facility of approximately INR 1,500 crores spread across 12 banking partners. We maintain average utilization level of around 80% to 85% during the quarter by keeping the unutilized portion as liquidity buffer.

On the long-term borrowing front, we raised around INR 1,195 crores through term loans, NCD and ECBs during the quarter with an average maturity of 3 years to 5 years. –Out of which around INR 1,195 is term loan and INR 575 crores was through NCD, which was through mutual funds, retail participants, and wealth houses. We also raised ECB of USD 25 million during the quarter.

Additionally, we have sanctioned borrowing lines of around INR 1,500 crores in terms of long-term borrowing. As of September 30th, the company remains well positioned in terms of structural liquidity and with positive cumulative cash flows across all the maturity buckets. In terms of capital adequacy ratio, we we remain strong at 22.12%, with Tier 1 capital at 20.82%, and debt-to-equity ratio at 3.50x.

The average cost of borrowing during the quarter was 9.19%, reflecting a reduction of 43 basis points if we compare with the corresponding period last year. And in the last quarter it was 9.25%, which is a reduction of 6 basis points.

With the current 25 basis point increase in repo rate by RBI and an expected further increase of 25 basis points during the year, we expect cost of borrowing to increase by 20 basis points to 25 basis points. Despite of this increase, we are confident enough to minimize the impact of this cost of borrowing increase on ROA and to maintain it at the targeted level.

Overall, we remain adequately capitalized, well-funded, and comfortably positioned to support our business growth while maintaining prudent liquidity, comfortable leverage, and diversified liability profile. So, this was on the capital and liability management, and now we are open for Q&A. Thank you.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Abhijit Tibrewal with Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Yeah. Good afternoon, sir. Thank you for taking my question. Sir, I mean, a lot of things which are seen as headwinds for the NBFC sector, you covered them in your opening remarks. But I think one thing what I wanted to understand from you is that we are living in a very evolving time. Like you rightly said during your opening remarks, that we are not directly lending to agri-income customers, customers who are directly having agri-linkages.

So, what I'm trying to understand is, at an industry level, are you seeing that this year the fact that rainfall has been deficient, and by extension of it, we have seen droughts in at least five, six states. Are those states where in the SMEs we are starting to see some problems, some cash flow mismatches?

Kamlesh Gandhi: As far as our SME borrowers are concerned, we are not seeing any stress there because we continuously get the demand from them, and their financials are evaluated from time to time, and as of now, we are not seeing any stress there. And secondly, to answer your question, on the industry level, it all depends upon the asset profile of the NBFCs. If you are working directly with the agri-related borrowers, definitely there can be some stress. And if the underwriting is little flexible or aggressive, that can also create stress.

That is what we have seen in past also, that a particular headwind have different impact on different NBFCs. It is not symmetrical across the players. So, it will depend upon their working, upon the type of the assets they have created in terms of the income profile. All these things will determine the quality of the assets. As far as we are concerned, as I shared, we have less than 1% of the people only dependent on agri-income, while overall portfolio which is declared as drought-hit is around 10%. So, a combination of all these things, the impact will not be that substantial.

Abhijit Tibrewal: Got it. That's good to hear, sir. The second thing is, sir, in your opening remarks you mentioned 75% of our borrowings are either fixed rate or linked to MCLR where we are not expecting interest rates to go up immediately. Can you please bifurcate this into how much is fixed rate, pure fixed rate, and how much is MCLR-linked?

Ankit Jain: Yeah. So, this is Ankit. So, around 20% is fixed rate. So, majorly capital market borrowing and some of the term loans is fixed rate. And apart from that, 50% will be MCLR-linked.

Abhijit Tibrewal: Got it. And here, Ankit sir, most of them are in the nature of, you would say 6-month to 12-month MCLR, or they are at the shorter end?

Ankit Jain: It is majorly 1-year MCLR, but some of them will be linked to 6 months also.

Abhijit Tibrewal: Got it. And then the last question that I had is, again, in your opening remarks you said that while there might be some margin headwinds given that a good proportion of our book is fixed rate in nature, and I remember Kamlesh sir sharing that given these are shorter tenure products, the ability to reprice them is there.

But in the very near-term, given that there can be some margin pressure, I think you also shared that we still remain very confident of maintaining whatever ROA guidance that we've given out, and ROA should remain around these levels. So, what will be the key levers which can offset some of the margin headwinds to deliver ROAs which broadly remain at the same current levels?

Kamlesh Gandhi: So, that is, as shared with you, more structurally, because our rates are not going to increase immediately. Even on the repo rate linked borrowing, there also, we get a 3-month time if at all there is an increase.

There will be an opportunity for us given our track record to bargain with the banks on the spread, they keep over the benchmark rates and our capability to increase the rate in some of the assets which is floating, which is around 30%, and the shorter tenure loans where the new disbursments can be done at marginally higher rates. So, combination of all these things together should keep our margin more or less intact.

Abhijit Tibrewal: Got it, sir. And sir, one last question here is that in the past we've seen whenever there have been tough times for the industry or there is some stress that starts building up, we've typically gone a little slow rather than pursuing aggressive growth. Suffice to say that sitting today towards the end of October, we are not seeing anything today in the industry which would make us to go slow. I mean, the kind of momentum that we have seen in the first half should continue in the second half as well.

Kamlesh Gandhi: Hopefully, yes. What has happened, Abhijit, is that the credit demand still remains very strong. The only thing is that, that how we do a forward-looking assessment of all these borrowers and how we are cautious in lending to them given the current situation and the vulnerability buckets they fall into. So, that might result into a lower sanction rate, which can be offset by higher credit demand. So, as I talk to you, I have reasons to believe that we'll be in a position to maintain the momentum.

Obviously can't predict. And at the same time, as you know, that we are open to reduce the rate of growth if we don't find sufficient good opportunities. So, on an optimistic note, because of the credit demand available right now we see this momentum to continue.

Abhijit Tibrewal: Got it, sir. That's all from my side. Thank you so much, and I wish you and team MAS the very best.

Kamlesh Gandhi: Thank you. Thank you so much.

Moderator: Thank you. The next question comes from the line of Deep Vakil with Bandhan AMC. Please go ahead. Mr. Deep, your line has been unmuted. Please go ahead with your question.

Deep Vakil: Hello?

Moderator: Yes, sir, please go ahead.

Deep Vakil: Sir, am I audible? Yeah. Congratulations, Kamlesh ji and team, for a good set of numbers. Sir, one thing I know you don't directly guide on credit cost or the unit economics, but you always adhere to your ROA guidance. As in, I mean, the yields or other things can be kind of maneuvered, but ROAs have broadly remained always in line to what you have guided.

So, sir, one quick thing considering all your opening remarks and everything, but sir, since last around 12-odd quarters, we have seen consistent rise in our GNPA and NNPA numbers. So, I understand, sir, I mean, we have been growing very rapidly. But any guidance, sir, where are we expecting the GNPA of 2.63% to stabilize, how are we navigating this?

Kamlesh Gandhi: The very purpose where we stick to the ultimate litmus test on profitability or ROA tree is the what ROE you generate, is because of the fact that we are a multi-product company and a multi-distribution company. And with a quarterly evaluation, no two quarters will be same. So, it all depends upon what type of products were doing good during a particular quarter and which were not doing that good in a particular quarter.

Good in terms of the disbursement growth. So that will impact the yields and all the corresponding ratios. But at the end of the day, we plan our activities in such a manner that we can maintain the ROAs between 2.75% to 3%. Coming to your question on steady rise in GNPA, there are two reasons.

Number first, our retail portfolio is now seasoning. As you know that we were once upon a time 40/60 combination to what we have brought to 30/68. So, the seasoning of the retail portfolio, the very nature of the retail portfolio, especially in the wheels, which is high yields and high credit losses, ultimately once again resulting into the same ROAs.

So, these are the main reasons behind it, accompanied by some continuous stress in MSME that we have been seeing since last 1- 1.5 years, which has stabilized somewhat in last year or in a quarter or two.

And I was talking to somebody in the morning that the industry where we serve the bottom of the pyramid, people with vulnerable incomes, a few basis points here and there is a natural way for the business to behave. 2.58% to 2.62% should not be reckoned as a deterioration in the quality, nor 2.62% to 2.55% should be considered as an improvement in the quality.

That is because of the very nature of the business that we are into. So, as you are right, ultimately, we focus on ROAs. This is what we call it as lenders we all focus on risk-adjusted returns. That if you are taking particular risk, if you are getting that yields, if it is compensating with the operational cost that we incur on it, and at the end of the day, do we meet our objective of 2.75% to 3% ROA? We continue to remain very stringent in terms of credit delivery. And we will follow that in future also.

Deep Vakil: Sure, sir. Sir, and in the last con call you mentioned in your housing finance subsidiary you were targeting Tamil Nadu and Karnataka to grow there. I mean, recruitment was happening. So, any change in strategy, sir, considering current dynamics in those states? Or we are all in those states in housing finance arm.

Dhvanil Gandhi: Yes, hi, Dhvanil here. So, the plan stands. No change per se because of the current macro environment. We anyways take a little bit of more time to develop the states. So, we want to enter these states with the right team, try to understand the geography and the demography both, and then slowly and gradually scale up the business there. So, the plan stands, and from Q4 onwards we will start seeing some numbers coming up over there. And eventually, for next financial year, hopefully we will be able to get a foothold in some of those states.

Deep Vakil: Sure, sir. All the best. Thank you.

Dhvanil Gandhi: Thank you.

Moderator: Thank you. The next question comes from the line of Ishank Gupta with Choice Institutional Equities. Please go ahead.

Ishank Gupta: Good afternoon. Congratulations for a good set of numbers. My first question is, where do we see the exit rate in terms of cost of funds, both in incremental and overall basis, for FY27 and FY28?

Ankit Jain: So,it will all depend on how the repo rate phases out. But as told, we expect that by this year there can be a 50 basis points rate hike including the current 25 basis. And as guided, we see a 20 basis points, 25 basis points rate cost of borrowing increase.

Ishank Gupta: So, is it expected in the range of 9.4% to 9.5%?

Ankit Jain: Yeah.

Ishank Gupta: Okay. And similarly, this quarter we have witnessed approx decline of 58 basis points in average yields on loan after an increase over the last two quarters. So, what was the trend driven by any particular segment, or where have we witnessed this compression?

Kamlesh Gandhi: See, as I answered in the earlier question that we are a multi-product company. Depending upon the contribution of each product in terms of disbursement from time to time, the yields might be a few basis points here or there. But once again, we stick to our ROA sanctity of maintaining ROAs anywhere between 2.75% to 3%.

Dhvanil Gandhi: And Ishank, we'll just get back on the number to you offline also because we are not able to tally the 58 bps number, the decrease has not been to that level. I think, currently we are at 16.08, and I think last quarter. So Q1, we were at 16.17. So, there has been approximately a 9 bps decrease as attributed to the product configuration. But we will tally the number with you offline as well.

Ishank Gupta: Understood. My second question is that we have observed the uptick in 61 DPD to 90 DPD and 91 to 120 DPD bucket, and similarly higher provisions. So, was this led by a broad-based or any particular segment?

Kamlesh Gandhi: No, it was broad-based, led by our wheels' portfolio.

Ishank Gupta: Okay, and how do we see the trend going ahead in terms of delinquency?

Kamlesh Gandhi: See, as far as the 90 DPD is concerned, we continue to maintain that we'll be anywhere between 2.5% to 2.75%. If things are okay, we might even reduce it in coming quarters. And in net NPA, we'll be less than 2%.

Ishank Gupta: Got it. Thank you. All the best for the next quarter.

Kamlesh Gandhi: Thank you.

Moderator: Thank you. The next question comes from the line of Aditya with Securities Investment Management. Please go ahead.

Aditya: Yeah, hi sir, thanks for the opportunity. If I look at the last 4 years, 5 years when we had set out to increase our share of business from our own branches, so currently we have now reached 68% of our book coming from our own branches, which earlier used to be less than 50%. So, I wanted to understand, are we satisfied with the quality of book we have underwritten and the operating metrics of our branches, or you think there are still some improvements we need to make?

Because now this is the second year in a row where our new branch openings will be in single digits. So, any thoughts into the same?

Kamlesh Gandhi: As I shared in the opening remark, our distribution should not be judged by the number of branches but the number of centres we increase. Because our branch operates in 40 kilometers to 60 kilometers range depending upon the demography. So, we are in process of increasing our centres' reach rather than just increasing the branches and increasing the infrastructure cost.

In terms of improvement, definitely as we scale up, there are so many areas where we can improve, especially in how we transform ourselves digitally to reduce the operational cost, understand the demography better and spread the branches better in order to contain and curtail the operational cost.

So, because in our quest to increase retail, you must have seen that we have not increased our operational cost substantially, and to that extent which might harm our ROA. So, this room of improvement I think is always there. We are working on it, and we are focused on how to create the quality retail assets also, and we are confident of doing it.

Aditya: Understood, sir. And sir, secondly, how the operating metrics in our older geographies like Gujarat, Rajasthan, versus newer geographies, and now when you are looking to open newer branches, how are you looking at the mix between our core geography versus new geographies?

Kamlesh Gandhi: See, the incremental percentage of business will come more from the new geographies, whereas our old geographies will also be growing. And we have potentiality to grow in our existing geographies also across our products. But the incremental rise in terms of percentage, say for example, I was just INR100 crores in South, and if it is now INR150 crores, the percentage will look 50% higher.

So, in terms of percentage, the incremental geographies will contribute higher, but in terms of absolute numbers, still the existing geographies will dominate for still few quarters.

Aditya: Got it. And sir, in the opening remarks you had mentioned about lateral hiring. So, if you just talk a little bit about it, in which areas are you seeking lateral hiring? Where can we improve further? So how are you thinking about it? If you could just explain it a little bit more.

Dhvanil Gandhi: Hi, Dhvanil here. So, when we talk about lateral hiring, it is spread out all across. So more on sales, business development, and underwriting. That is where we are getting some senior talent from the peers and from the market which have operated at scale. =So now as we move from, say, INR 17,000 crores, INR 18,000 crores towards a midterm view of around INR 30,000 crores, INR 35,000 crores, we are trying to onboard people who have operated at scale and have seen this kind of scale and have the wherewithal to scale the business up.

So, business development, sale, credit and operations, and technology, all three are the major focus wherein we are doing the lateral hiring. And we have opened up slightly in terms of geography as well, wherein we have created certain hubs in Bombay and Delhi where lateral hires may sit out of there and may not necessarily have to sit out of the Ahmedabad, our HO as well. So that helps in attracting certain senior talent also from the market. So, these are the changes that we are doing.

Aditya: Got it. And would this also involve any new product, or no?

Dhvanil Gandhi: No, not any new product, but within the product segment only. Maybe within the product segment we may be operating certain different sub-products and we may get some senior talent to run those, but no new product line per se. The focus is on MEL, SME, and Wheels only.

Aditya: Got it, And I had a couple of questions on our SME book. So, we were looking to increase the ticket size of our SME book, and we had increased the same from early 20s to about INR 30 lakhs. But again, in the last three quarters, we have seen a decrease. So, any thoughts into the same?

Dhvanil Gandhi: So, nothing much to read into that. That again depends on the configuration as well, that if the inflow of business is on a certain ticket size level, then things can happen that way. If we may have put some restrictions on certain geographies or certain profiles up to a certain ticket size, that may also have an impact. But broadly, you will see that within a span of next 6 quarters to 12 quarters, this ticket size is around INR29 lakhs. It may stabilize at anywhere between INR 35 lakhs to INR 45 lakhs. That is where we expect to take it over a period of time. But we are happy with the ticket size currently. So even the change, say, from going from INR 35 lakh coming back to INR 29 lakh, we are not unduly reading much into that or worried. That is a normal course of business.

Aditya: Got it. And in the SME, the data book which you have shared this time, so there is a sharp increase in the GNPA for the SME book in the last three quarters, four quarters. So, if you could just help us understand what is leading to the same, or these are just quarterly variations?

Dhvanil Gandhi: So as mentioned earlier also that the book is now slightly maturing. Now, so if you see the growth also which has happened in the last six quarters, eight quarters in the SME book, so as the book matures, there will be some stress or some buildup which may come into it. But whatever the increase is, it is within our parameters and it is within the matrix that we had designed for the particular product. So, in terms of the return on asset, it will hold up. But yes, so there has been an increase, but again attributable to maturity of the product and such things.

Aditya: Got it. And lastly on the wheels business. So, in an environment where the end industry is doing pretty well, we are seeing a sort of a flattish growth in the wheels business. And we had mentioned previously that we were facing some, I think, asset quality issues over there. So, if you could just help us understand what is leading to this and how are you trying to rectify the same?

Kamlesh Gandhi: See, as far as wheels is concerned, to start with, we are very optimistic in the long run. In medium run term, we are trying to develop the right set of teams and the right set of processes and the

right set of technology to serve the individual borrowers, because these are both tech sensitive and flexibility of credit sensitive also that you need to create lesser friction for the borrowers.

And the way that right now the credit has been dispensed by various lenders, there are various pockets where we would not be in sync with those type of working. And hence we are trying to find the middle path as to where the customer service and TAT is not compromised, and at the same time the quality of the portfolio is maintained and the volumes are also gained.

So, for us, wheels will contribute and contribute meaningfully, but it will take some time before it can really translate into the numbers we want. And as we usually do, we don't chase numbers at any cost. We would like to set things right in a 360-degree pattern whereby the risk is well assessed, the team is well in sync, and the processes are also well observed. So, it will take some time, but quite optimistic given the size of the market.

Aditya: Got it. And lastly, assignment book has now gone below 20%, are we looking to increase the share of assignment?

Kamlesh Gandhi: It will vary from quarter to quarter, depending upon the opportunities we get. As you know that we are sufficiently capitalized, and hence we choose and pick the borrowing source of our liking. So, if in a particular quarter the sanctions are not as per our liking, it might reduce. But strategically, as we go ahead, you will see that anywhere hovering between 20% to 22%.

Aditya: Got it. All right, So, sir, thanks for answering my questions.

Moderator: Thank you. The next question comes from the line of Meghna Luthra with InCred Equities. Please go ahead.

Meghna Luthra: Yeah, thank you for the opportunity, sir. And a couple of questions taking forward the previous answer. Can you please highlight what are the restrictions in terms of ticket size or geographies that were implemented during the quarter in the SME book?

Dhvanil Gandhi: So, we are slightly cautious on the businesses which are dealing in import and export-related work. We are slightly cautious on the transportation businesses. And so, logistics and transportation, we are slightly cautious. And we have slightly become cautious on the certain metal-related businesses because of volatility in the prices and the payment schedules.

So not any major changes during the quarter. But slight tweakings that we do from time to time looking at all the data that comes in to us and our strong monitoring that we do from time to time. So, no major industry was curbed down or stopped or anything of that sort. We did incremental small changes that we do from time to time.

Meghna Luthra: Okay, good. And this would largely be Gujarat-focused, right? That's fair to assume.

Dhvanil Gandhi: No, it will be spread across. It will be spread across. So, we take a call on the geography based on the profile. So, it is possible that maybe something is done in Maharashtra but not done in Gujarat and vice versa. So, some of these are national-level changes and some of these are regional-level changes. So, depends on the geographical data.

Meghna Luthra: And as we expand the talent pool, is there any change in the branch addition strategy that we have?

Dhvanil Gandhi: The branch additions?

Meghna Luthra: Yeah, branch additions in the next few years. I think our branch addition has been slow even in recent quarters.

Dhvanil Gandhi: So, as we said that if you look at the data, we have increased the centres by almost 1,000 in the last four quarters to five quarters. So, we're expanding the ground presence, not showing up on the branch network per se, but the ground presence is increasing. And the medium to long-term guidance on the number of branches still stands.

So, over a period of next 2-odd years, we see this 210 number touching around 300 going forward. So, the medium-term stand is still there. And we plan to expand in north and south as well, as we have guided earlier.

Meghna Luthra: Got it. And lastly, what would be the key lead indicators that we could see which could hinder our growth or ROA guidance on a very broader level?

Dhvanil Gandhi: So, till now we are not seeing anything of that sort which can trigger, but if we see some early bouncing or if we see early delinquencies coming in or if we see any material deterioration in certain segments, say for example during January, February or beginning of the year, gas supply and petrol supply and all was taking a hit.

Thankfully it did not stay that way for long. If it would have stayed that way for long, then we would have to take some decisions across the board in terms of tightening the policy parameters. So, till now we are not seeing anything that can derail the growth guidance, but these are some of the things, early warning signals that we keep on tracking in terms of derogs

Dhvanil Gandhi: And any macro disruptions, logistics or energy. So, if we see something of that sort, we may take a cautious stand in terms of growth.

Moderator: Thank you, sir. Meghna ma'am, I'm sorry to interrupt. I would request you to please come back in the queue for further questions.

Meghna Luthra: Okay.

Moderator: Thank you. The next question comes from the line of Suraj Singhania with RatnaTraya Capital. Please go ahead.

Suraj Singhania: Yeah, hi sir, thank you for the opportunity. Most of my questions have been answered, just some data-keeping questions. One was on the insurance commission. So, in our current P&L, do we earn any insurance commission from our customers? And if yes, what would be the proportion of that?

Dhvanil Gandhi: So, it is a very immaterial amount currently, the insurance income that we have. So, we had just started rolling out for our products for loan protection, the credit life insurance, which is known.

We just started work on that. And earlier the focus was on protection of the loan and covering the customer rather than generating any fee-based income out of that.

The medium-term goal was to generate fee-based income, but then the first target was coverage. So, we were in that phase right now, and that is where this circular has come in. So, it is still at a proposal level, still it is a consultation paper, there is nothing concrete, but no material impact on P&L or no material premium income that comes in which can hamper.

Suraj Singhania: Got it. And sir, just on the wheels business, so harping on that point, but I just wanted to understand from the company's perspective how do we see the wheels business as a proportion of our AUM shaping up in the medium term, say in the three-year period, five- year period?

Kamlesh Gandhi: It will gradually increase. If you say right now it is close to 8% to 9%, it should increase 2% to 3% incrementally, ideally every year. So, within next 3 years to 5 years, you should see this hovering around, say, anywhere between 15% to 20%, or around, say, 15%. Difficult to predict, but this is what the end of this will be.

Suraj Singhania: Got it. Thank you. Just one last question was on the write-off. So, if you could spell out what was the write-off this quarter and write-off same quarter last year, that is Q2 FY26.

Kamlesh Gandhi: So that will be shared offline. You can be in touch with Meet, and he'll share it with you.

Suraj Singhania: Sure. Thank you.

Moderator: Thank you. The next question comes from the line of Sanjana Sivaram with DAM Capital. Please go ahead.

Sanjana Sivaram: Hi, am I audible?

Moderator: Yes, ma'am.

Sanjana Sivaram: Sir, thank you for taking my question. I just wanted to get some color around credit cost. So, if you see on a Y-o-Y basis, our asset quality looks much better Y-o-Y or broadly stable. But even from our guidance and the numbers we're delivering, we seem to sit at a much higher credit cost band. So, could you give some color around why we would be guiding higher, why we want to sit at a higher range? And is there a possibility to go back to that lower sort of band on credit cost?

Kamlesh Gandhi: If you see credit cost constituents are write-offs and provisioning both. So, as a prudent measure, we have opted for more provisioning in Stage 2 and Stage 3 assets this year. And if you remove that from the equation, it would have a very normalized or a lesser credit cost than what it would have been Y-o-Y. So, besides ECL, management has the room to give you a forward-looking guidance in terms of the estimated credit loss that can happen.

So, what we do as a prudent practice that if we have sufficient profitability at our stake, so we rather than showing extraordinary profits, we like to build up buffers. So that is where, if you see the provisioning in Stage 2 and Stage 3 assets, we have increased it. And that is what is

contributing to a mathematically higher percentage of credit cost without disturbing our ROA metrics.

Sanjana Sivaram: But in a scenario where there could be some NIM pressure, so credit cost would be a metric where we see some room for reduction. Would that be right?

Kamlesh Gandhi: Yeah, at that time we might not use the buffer the way we are using it right now. As I told you, that is the management discretions to create buffers. And at that time, if there are higher NIM pressures and situation not demanding, let me be very clear on that. While we are very conscious and where we are very concentrated on ROAs. But at the same time, we would like to strengthen the balance sheets also. So, we have nothing at the cost of the strength of the balance sheet.

So given a situation whereby the situation is absolutely normal, buffers are not required, and we did not do it in order to get the desired NIMs, the desired ROAs, we might do away with that. But in a case whereby it is warranted, we'll do it. Maybe some pressure on ROA is so big, but that are all temporary phenomenon. You go through this during the course of business.

Sanjana Sivaram: Thank you, sir. That's all from me.

Moderator: Okay, thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Kamlesh Gandhi: Thank you, and I thank all of you for sparing your valuable time. And as I said in my opening remarks, we remain committed for quality growth, and we are very confident for achieving that. And as all of you know, and what we have been very vocally sharing, is that our aim is to reach INR 1Lakh crore AUM by 2036. And as of now, we look well on track, and are confident to achieve it. Thank you, thank you so much.

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