SATIN

SATIN CREDITCARE NETWORK LTD.

Reaching out!

August 3, 2026

To,

The Manager,
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra East, Mumbai-400051

Symbol: SATIN

The Manager,
BSE Limited,
25th Floor, P. J. Towers,
Dalal Street,
Mumbai-400001

Scrip Code: 539404

Sub: Transcript of Earnings Call on Financial Results & Future Outlook of M/s Satin Creditcare Network Limited (“**the Company**”)

Dear Sir/Madam,

With reference to our earlier intimations dated July 30, 2026 and July 31, 2026 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, as amended, please find enclosed Transcript of Q1 FY27 Financial Results Earnings call of the Company held on Friday, July 31, 2026.

The link to access Transcript of Earnings call is JMFIS-SatinCredit-Jul31-2026-Final.pdf.

This is for your information and record.

Thanking you.

Yours faithfully,
For **Satin Creditcare Network Limited**

VIKAS GUPTA
Digitally signed by VIKAS GUPTA
Date: 2026.08.03 17:42:35 +05'30'

(Vikas Gupta)
Company Secretary & Chief Compliance Officer

Encl: A/a

"Satin Creditcare Network Limited

Q1 FY27 Earnings Conference Call"

July 31, 2026

MANAGEMENT:	**MR. H.P. SINGH – CHAIRMAN AND MANAGING DIRECTOR – SATIN CREDITCARE NETWORK LIMITED** **MR. JUGAL KATARIA – GROUP CONTROLLER – SATIN CREDITCARE NETWORK LIMITED** **MS. ADITI SINGH – CHIEF STRATEGY OFFICER – SATIN CREDITCARE NETWORK LIMITED**
MODERATOR:	**MR. PRATIK MATKAR – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Satin Creditcare Q1 FY27 Earnings Conference Call hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listening only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pratik Matkar. Thank you, and over to you.

Pratik Matkar: Welcome to the Q1FY27 Earnings Conference Call of Satin Creditcare Network Limited. First of all, I would like to thank the management of Satin Creditcare for giving us the opportunity to host this call. From management team, we have Dr. H.P. Singh, Chairman and Managing Director; and senior management team.

I would like -- I would now like to hand over the call to Dr. H.P. Singh for his opening remarks, post which we can open the floor for Q&A. Thank you, and over to you, sir.

H.P. Singh: Thank you, Pratik, and good morning to everyone. It is a pleasure to be back with you to discuss Satin's performance for the first quarter of FY26-'27 after sharing with you all our great performance in the earlier quarters. During our last earnings call in May, we said that FY26 had tested the sector, and in doing so, has separated the institutions that were structurally sound from those that were not. That test is now behind us.

The question that matters from here is a different one, which is, who is positioned to grow and to grow in a way that holds up when the next cycle turns? Q1 is our first answer to that question, and we are particularly pleased to share that this quarter marks our 20th consecutive profitable quarter and our strongest first quarter performance in the last 8 years, underscoring the resilience of our business model and the disciplined execution of our strategy.

The Q1 FY27 performance is not merely an outcome of riding the tide, but it reflects the philosophy that has long guided Satin, that we have now formally adopted as our identity: Dream big, deliver bigger. This is not a mere tagline for the sake of saying.

It captures the way we have built and grown the organization over the years, whether it is innovation, developing strong teams, maintaining credit discipline or delivering 20 consecutive profitable quarters despite challenging industry conditions, we have consistently backed our ambition with execution.

Dream big, deliver bigger represents both who we are and the standard we continue to set for ourselves as we take Satin into its next phase of growth. As for the sector, we can say with confidence that the industry has moved from repair to expansion.

Gross loan portfolio stabilized at INR3.31 lakh crores in March '26 after 8 consecutive quarters of decline. Portfolio at risk for loans overdue between 31 and 180 days improved to 2.6% in March '26 from 4.4% in December '25. 95% of industry exposure now sits with borrowers who have 3 or fewer active lenders. The guardrails have done what they were designed to do.

There is a structural shift underneath this that we want to flag. Bank's share of outstanding microfinance loans has fallen to 26.4% from 32.6% a year ago, while NBFC MFIs have risen to 43.7% from 38.9%.

Specialist lenders are carrying more of this market than at any point in recent memory. This is an opportunity for institutions with underwriting depth. It is also a responsibility because the quality of the cycle now depends far more on how firms like ours behave than it did in the last one.

Two things we are watching and we would rather name them. The revised monsoon outlook warrants caution on rural cash flows over the next 2 to 3 months. The West Asia situation has had no discernible impact on our business to date. Neither has touched our book. However, both are reasons we have chosen to strengthen our buffers this quarter rather than release them, and we will come to that shortly.

Consolidated AUM reached INR15,935 crores, growing 27% year-on-year and 5% sequentially. Stand-alone AUM stood at INR13,312 crores, up 22% year-on-year. Consolidated disbursements were INR3,495 crores, up 56% year-on-year, with stand-alone disbursements at INR3,008 crores, up 46% year-on-year. We would ask you to weigh these disbursement numbers against the fact that the first quarter is seasonally our softest. This is the highest first quarter disbursement in the company's history.

Consolidated total income was INR827 crores, up 22% year-on-year and stand-alone total income INR734 crores, up 21%. Consolidated profit after tax was INR123 crores, up 172% year-on-year and stand-alone profit after tax was INR120 crores, up 182% year-on-year. Consolidated PPOP grew 33% to INR267 crores and stand-alone PPOP 36% to INR258 crores.

On margins and efficiency, stand-alone NIM improved to 14.36% from 13.16% on gross yield of 22.44% against a cost of funds of 8.08%. Our operating expense ratio improved to 6.33% from 6.98% in Q4 as the 392 branches added last year begin to season.

Cost to income improved to 44.49% from 48.91% year-on-year. AUM per loan officer rose 29% year-on-year. These are the operating leverage numbers we recommend you track, because this is where the branch investment of FY26 starts paying back. Stand-alone return on assets was 3.55% and return on equity was 15.10%. Stand-alone GNPA improved to 2.2% from 3.7% a year ago and 3.1% in March -- sorry, and 3.1% in March.

Net NPA stands at 0.3%, down from 0.9% a year ago. GNPA in absolute numbers is INR219 crores. X-bucket collection efficiency was 99.9% and every one of our top states is at 99.6% or better. Stage 3 coverage improved sharply to 85% from 73% in March. Our overall provision coverage ratio now stands at 115%.

Now talking about credit cost. Our reported credit cost for the quarter was 3.06%, an improvement of over 175 basis points year-on-year and within our guided range of 3% to 3.5%. That reported figure includes a management overlay of INR36 crores. Excluding the overlay, our credit cost for the quarter was 1.97%.

Let me spend a minute on what we have done here and why because it materially affects how you return -- how you read our return ratios. We aim to deliver a consistent performance, which is cycle-proof and hence, creating a buffer during the up cycle is important to provide a cushion against impending shocks.

For instance, Assam, one of our key states, where portfolio exposure is currently experiencing severe floods, while 3 districts, Jorhat, Sivasagar, and Charaideo have been impacted. The financial impact on our portfolio is significantly mitigated through our nat cat insurance coverage.

Around 44,000 borrowers representing a portfolio outstanding of about INR149.83 crores have been affected, of which INR96.95 crores is covered under nat cat insurance. While it is expected that many borrowers will bounce back once flood recede, however, any residual stress will be further supported by our prudent management overlay, providing an additional buffer to absorb potential losses.

Our reported ROA of 3.55% and ROE of 15.10% are after absorbing that INR36 crores buffer. Adjusted for it, ROA for the quarter was 4.34% and ROE 18.46%. We could have reported those numbers, but we chose not to.

We chose not to because we have just come through a cycle in which returns across the sector swung violently and we don't want to be among those who report their best numbers at the top and having nothing left when the turn comes.

The first measure will always be our exceptional underwriting skills and further strength which shall come from the buffer. Our on-book provision stands at INR250 crores against an RBI requirement of INR152 crores. That gap is deliberate.

We intend to keep building this buffer through the good quarters. This is not conservative for its own sake. It is that the return profile we want to be just on is a cycle-proof one, and ROA and ROE that are consistent across good years and difficult ones rather than spectacular in one and negative in the next.

Building the cushion, while credit experience is benign in how an institution gets there. We will continue to disclose both the reported and the adjusted numbers every quarter so that you understand our vision clearly.

On diversification, non-MFI portfolio now stands at 99 -- sorry, 19% of consolidated AUM against 14% a year ago and a target of 30% by 2030. Satin Finserv was a standout with AUM of INR1,360 crores, up 134% year-on-year and 29% sequentially across 121 branches in 14 states.

CRAR is 27.1%. The green finance book reached INR624 crores with INR294 crores disbursed across 50 loans in this quarter alone and around 45% of the sustainable and emerging businesses portfolio aligned to clean mobility and renewable energy.

Satin Housing Finance stands at INR1,263 crores, up 31% year-on-year with CRAR at 59.8% across 57 branches in 22 states. Satin Technologies had its first quarter with paying HRMS customers and QTrino Labs achieved its first customer revenue milestone. Our core banking platform has completed development and moved into customer UAT with go-live targeted for Q2 FY27, after which we expand into loan management and loan origination for NBFCs.

Satin Growth Alternatives is progressing towards the first close of its Category 2 AIF and its first deployment in the coming quarter with institutional LPs being onboarded against a strong deal pipeline. On diversification, there is one point we want to make, because it is the question we are asked most often, which is what all of this does to our returns. Our subsidiaries are today all in the scale building phase.

SFL and SHFL have only recently crossed INR1,200 crores each. Each is at its own growth curve, carrying its own fixed cost base against a portfolio that has not yet reached efficient size. As those books scale towards the 30% mix we have targeted, the operating leverage within them will be substantial.

Satin Technology is a 2-year-old business and a growing share of that income is going to be fee-based and not proportionately capital hungry. So the consolidated return profile you see today is not the steady-state, it is the investment phase of it with the capital invested in these businesses still not yielding the returns it potentially can. That is a significant part of why we are comfortable talking about consistent returns throughout the cycle rather than exceptional returns in a single quarter.

We raised approximately INR3,000 crores during the quarter through diversified instruments, including INR285 crores of subordinated debt, which took our subordinated liabilities to INR497 crores and supported a capital adequacy ratio of 26.74%, up from 25.39% in March. We hold undrawn sanctions of INR2,600 crores.

We secured a INR2,000 crores direct assignment sanction limit from a public sector bank through its first-ever digital direct assignment. Marginal cost of borrowing reduced 37 basis points year-on-year to 10.52%. We now have 77 active lenders with our top 10 accounting for just 52% of borrowing and net worth of INR3,243 crores.

Shareholders have approved the promoter infusion of INR100 crores at approximately a 17% premium to the minimum issue price under SEBI regulation. We mentioned the premium deliberately because that is the part that matters our confidence in the business. That is not a technical compliance with the pricing formula.

Guidance for FY27. Our guidance for FY27 is consolidated AUM growth of 20% to 25%, implying INR18,200 crores to INR18,900 crores by March '27. Stand-alone credit cost of 3% to 3.5% on a reported basis. That is inclusive of any buffer we choose to build. And stand-alone return on assets of 3.5% to 4%, again on a reported basis.

We have begun the year ahead of that AUM range at 27% and our reported ROA at 3.55% sits at the lower end of the return range. Both are exactly where we would want to be after 1 quarter. We are growing faster than guided with reported returns in the guided range, because we are putting the difference into the balance sheet rather into the profit and loss account.

We will review guidance at the half year once we have seen how the monsoon plays out. Our long-term target of INR32,000 crores of consolidated AUM by 2030 with 30% from non-microfinance business is unchanged. We serve 34 lakh clients across 2,041 branches and 3.9 lakh centers through 18,518 employees.

In June, we commenced operations in Kerala, strengthening our South India presence alongside Tamil Nadu, Karnataka, Andhra Pradesh and Telangana, and we added 41 branches at the stand-alone level during the quarter.

Our confidence is underpinned by strong execution capability with a presence across more than 112,000 villages and nearly 590 districts and experienced field force and technology-enabled operating platform, we are well positioned to scale efficiently while maintaining operational discipline.

As always, our priorities remain unchanged. We will continue to focus on profitable growth rather than growth at any cost, further strengthen portfolio quality, expand our diversified lending business, improve operating efficiency and deliver sustainable long-term returns to our shareholders.

Before we conclude, let us leave you with one important statistic. Our field leadership team comprising around 200 regional managers, zonal managers, circle heads, and business heads have recorded zero attrition.

In a sector where field attrition has historically exacerbated credit cycles, field leadership stability provides strength and continuity to the business. It has been a key enabler of the strong collection performance and the operational execution we have delivered this quarter.

With that, we would like to thank all our investors, lenders, analysts, customers and employees for their continued trust and support. We look forward to another year of disciplined growth and sustainable value creation.

Thank you. I will now hand back to the moderator to open the floor for closing questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Many congratulations for a good set of numbers. Sir, just wanted to understand, first up, this INR36 crores management overlay, I mean, you mentioned that we'll keep building this buffer. So what's the extent of this buffer that we are looking to build on an annual or a quarterly basis?

H.P. Singh: See, Deepak, we are scientifically looking towards it basically based on the operational capabilities and the ecosystem, which actually runs through. Right now, we feel that -- yes, thank you. Is Deepak still there?

Deepak Poddar: Yes, sir. Yes, sir.

H.P. Singh: Yes. Sorry, Deepak.

Deepak Poddar: Yes. No problem.

H.P. Singh: Yes. So I told you, since we have scientifically looked at how we do the accretion, we are not actually committing a number to it. It will all depend on how the macroeconomics as well as the field level things pan out to be. It could possibly be there that we would not require maybe additional buffers to be put in, and this would be sufficient enough for us to take any kind of a cyclical distinct.

But what our idea is, we look at the complete ecosystem and the way how the field operations pan out to be, and that is the reason why we came out with this number and try and look at that and build that kind of a software. But the idea is always to probably have returns which are absolutely on the go, not to be very cyclical, so as that it affects to be very honest shareholders' perceptions as well as our own possibility of giving fair returns to everybody in the ecosystem.

Deepak Poddar: Okay. Understood. So I mean, it is also possible that you may not require additional buffer also. I mean, depending upon the macros. Because you already have a provision of INR250 crores and our gross NPA is close to INR219 crores, right?

H.P. Singh: Absolutely, Deepak. We will look at it from a very straight lens in how we really want to do it.

Deepak Poddar: Okay. Okay. Understood. And sir, just a clarification. When you say ROA of 3.5% to 4%, we are saying on a reported basis, right? It includes all management overlay that you might be doing, right?

H.P. Singh: Absolutely. Absolutely. Absolutely. Because that's why we said, if you exclude that, we are standing at an ROA of about 4.28%.

Deepak Poddar: Okay. And now regarding the infusion, I think the promoters are looking to infuse INR100 crores equity, right? So can you share some thought process on that? So what is the thought process behind that?

H.P. Singh: The thought process is that, we require that our subsidiaries are growing too fast. And that's for the reason why we wanted to infuse a little bit more of capital in it. So that -- see, our capital adequacy, if you really look at it, is standing at about 26.74%, which is fair enough for us. So we can do our internal growth of about 10% or 15%, 20% stand-alone based on our internal accruals.

But the subsidiaries do require some momentum in terms of capital, and that's the reason why we wanted to infuse some amount of capital to probably look at that. Because if you look at the growth of Satin Finserv, they've grown about 134% on a year-on-year basis. And they have targets to do much more than that. So it's growth of subsidiaries.

Deepak Poddar: Okay. Okay. Understood. And just a couple of small things more from my side. Our PAR 1 has been continuously improving, and it currently stands at about 3%, right? So what has been the normalized level? I mean, pre this MFI problem started and by when we expect this PAR 1 to reach the normalized level?

H.P. Singh: See, it is normalized. If you look at it, this has been the stable state practically across for the last, I can say, about 6 to 7 years before this whole crisis started. My sense is we are still working on the metrics where we are able to also bring it down. So ultimately, idea is, and I will not mince my words in saying it, could we probably be the same. We have still guided a 3% to 3.5% of credit cost.

We would like to outperform that. On a stable-state basis, we feel that about 2.5% to 3% is fair enough for this kind of an unsecured business, which is microfinance. We will tend to overbeat that in every possible quarter, and that's what our ultimate goal is. That's the reason why we said we point that fact, we dream big, but we want to deliver bigger.

Deepak Poddar: Sure, sure. And just last thing on the surplus liquidity, we have got about 15%, right, about INR2,300 crores. So what has been the drag on NIM because of the surplus liquidity? And you did mention, I mean, we are keeping it because of this cautious approach on monsoon, right?

H.P. Singh: No. I think, see, Deepak, you will have to understand. We try our level best, but we got 77 lenders, sometimes it comes from outside. The ECB is there. Sometimes there's always an influx of maybe more capital coming in. But we are cognizant to the fact that it does affect our negative carry to a slight extent.

We are oblivious to that fact. We are looking at that fact, but sometimes it becomes practically impossible for us to do that. But we definitely are working towards it. And you'll probably see a far more better carrying in terms of the negative carry, which we have on our balance sheet.

Jugal Kataria: And sorry, just to add, these are quarter end numbers, which are slightly inflated because we get some money towards the quarter, half year end. So we do not maintain that for all 90 days, but yes, quarter end numbers are high.

Deepak Poddar: But in general, what is the negative carry that we generally carry in our balance sheet that we are comfortable with?

H.P. Singh: I think if you really look at it overall, Deepak, it does carry about a 20 basis point -- 0.20 basis point on the overall drag, I would say, 0.15 to 0.20 basis points, I think, is the maximum which it carries. But that -- as what Jugal mentioned, it is probably a little inflated towards the end of the quarter end because that's where all the money gets pumped in.

But during the whole course of 3 months, technically, the drag would be very lower as compared to what the 30th drag would be. So if I say that the 30th drag would be about 0.15 to 0.20 basis. During the entire quarter, it would be 0.05 -- 0.5 basis points as such. So that's the difference which comes in the last week.

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

Saumil Shah: Congratulations on a very good set of numbers. Sir, I wanted to know on the DA income, so there has been a lot of fluctuation quarterly. I think March quarter was somewhere around INR140 crores, and this quarter, it is at INR94 crores. So what is the kind of sustainable DA income for every quarter or maybe every year?

H.P. Singh: So we track on the overall AUM, our DA, this thing on a quarterly basis. So what has happened is, overall, we maintain close to about 20% -- the range is between 20% to 22% is where we maintain our DA book on the total consolidated AUM. It remains within that range. It could be probably be a slight deviation, which might happen according to quarters.

And if you would recollect and it happens across over there, the last quarter is always a very heavy quarter. So you would probably have small upticks on that. But maintaining that is probably more important. So it will be within the range of 20% to 22% on a yearly basis of the consolidated -- on the -- sorry, stand-alone AUM.

Saumil Shah: Okay. So this quarter was about INR94 crores. So maybe...

H.P. Singh: Yes, INR94 crores.

Saumil Shah: Second and third quarter should be within the similar range?

H.P. Singh: The fourth quarter is slightly heavy. The rest of the quarters will probably be on the same level as such.

Saumil Shah: Yes, similar range. Okay. And what was the gross slippages and write-off for the quarter?

Aditi Singh: The slippages were INR49 crores for the quarter. Write-off was INR127 crores. But if you look at the write-off, which looks higher, it is because the GNPA got down by 90

Saumil Shah: Sure. That's correct. Okay. And on a consolidated basis, our ROA for the quarter was 3.3 percentages. And typically, June being the weakest quarter for our industry and for us, so where do we see this ROA in the coming quarter? Can this 3.3% gradually increase quarter-on-quarter?

H.P. Singh: It will, Shah, it will increase. See, we are very conservative always in our guidance as we want to overachieve. That's what our motto is. So we definitely will try and beat that. And this is a conservative guidance which we've given across, but it will increase quarter-on-quarter. That's for sure.

Saumil Shah: Correct. And are we seeing any stress currently? I mean, monsoon-related or Assam-related?

H.P. Singh: Assam, we have covered to a very large extent. So we are not even a little bit of concern based on that. And Assam has got a very fantastic PAR history or repaying capacity. It's only a question of a couple of months before each of these borrowers will technically be back in this fold. But we are still covered by nat cat insurance, the natural calamity insurance we've been able to take.

Saumil Shah: So what percentage of our Assam portfolio would have been affected?

H.P. Singh: This would be about INR149 crores. It would be about...

Aditi Singh: Out of the entire 2,000.

H.P. Singh: It's about 5%.

Saumil Shah: 5% of the Assam portfolio. Okay. Okay.

H.P. Singh: Yes, of the Assam portfolio.

Saumil Shah: Okay. Got it, got it. Got it. And on the subsidiary, Satin Housing and Satin Finserv, so I think we are hardly making any profit which is affecting our return ratios if we see consolidated basis. So by when do we see this -- I mean, it will start contributing meaningfully to our bottom line?

H.P. Singh: It will -- I think they've started to contribute right now, and that's the reason why we said that this is -- these are babies which will probably be leveraging themselves in the future as such. And that's probably, I think if I give you the complete picture as such that these are lending businesses, 2 of them, which will probably be there. The AUMs are still small. But my sense is that you will see the benefits coming in quarter-by-quarter now from now onwards. It will be there now.

Moderator: We take the next question from the line of Manuj Oberoi from YES Securities.

Manuj Oberoi: Congratulations on the good set of numbers. Sir, I've got just one question. Am I audible, sir?

H.P. Singh: Yes. Yes, yes. We can hear you.

Manuj Oberoi: So sir, just wanted a sense on how exactly the collections are happening in Assam sir? I know there are 3 to 4 districts that have been impacted. And on the credit cost, you said in the opening remarks, that we'll see or review the situation in the second half. So how exactly are the collections panning out, sir?

H.P. Singh: So I told you 3 districts, which means that the collection in these districts, which are about 40,000-odd customers, the collections are not happening basically because they are right now under flood. Having said that, we made it abundantly clear that for us, out of INR149 crores of portfolio, close to about INR100 crores is all covered by nat cat insurance. So we don't have any kind of a problem in that.

The balance, which is there, we are adequately covered by our buffers, and that's the reason why we have been building these buffers up for ourselves. Even having said that, for us, collections across entire Assam, leaving these few districts, absolutely 100% on target. So what is an aberration, which is also very slight is only these 3 districts' collections.

If you term it, as I mentioned in the earlier answer to mine, this is practically 5% of our total Assam portfolio. Rest 95% is completely safe. There's absolutely no problem. Out of this 5% also, around 3.5% to 4% is adequately covered by the insurance. So our only ultimate distinct is about 1%, of the INR149 crores, which is hardly anything.

Moderator: We take the next question from the line of Giriraj Daga from Visaria Family Trust.

Giriraj Daga: Congratulations on good set of numbers. Sir, my query is like last quarter, when we spoke about the growth consol number, we mentioned 25%, 30%. This time, I think, in the -- I just referred the transcript again. And the number stand-alone, we said 15% to 20%, and consol, we mentioned 25% to 30%. I think are we conservative there also?

H.P. Singh: We are conservative every time. And you can see it from other things. So we've been able to do 27% and I didn't want to state that, that we give again 25% to 30%. Because in writing, when we give a guidance, basically, we want to always overachieve it. But our sense is we'll be able to achieve this also, this 20% to 25%, and that is where we are right now.

Giriraj Daga: Okay. And I think currently, environment is looking good, and I don't think there is a doubt there. But how should we look at FY28 now? Given the building blocks in place, we had a good branch expansion last about 12 months. So what would be an early indicator of FY28 numbers?

H.P. Singh: Giriraj, don't hold this against me basically because you can read transcripts better than my memory also. But I think what we are looking at as a stable state of 20% to 25% is what we are trying to look at across '28 also. But it's not a guidance. But having said that, we will probably be in the same bracket in the stable zone even in FY28.

Giriraj Daga: Okay. Just last thing on -- again, this growth side of it. How is the, let's say, environment on your side? So let's say, when we came out from the crisis, the thought was that probably we are one of the last man standing on the state given the state of the industry. And the thought was that probably we'll have a very clean slate where we can choose our growth.

If required, we can even grow 30% also. So let's say, what is the state of industry? If there's a need out there and there's good customer out there, probably we should have that number also. Is that the thought process right?

H.P. Singh: Giriraj, it's not like that. If I really want to, you can achieve 40% also. But you have to go with caution. The ultimate effect of the overall ecosystem is not just pure disbursement or growth. It is also based on your collection efficiencies as well as your capability of managing the entire portfolio.

So I think when we say that, that's the reason why we are always very conservative, that we will do what we can possibly look at amongst the whole thing, how we are able to achieve our portfolio quality to the best. And you can see it for sure. We've been able to maintain and get better on our GNPA front as well as on our credit cost and everything.

So it is not just a pure growth basis, but we've been able to do it. And if you look at it, for us, we brought in guardrails much before even this was brought in by the SRO. So we've always been very clear and very particular about our growth. It has to be a growth, but it has to be a growth with calibrated portfolio quality.

Moderator: We take the next question from the line of Shaju Paul from Growth Investor Private Limited.

Shaju Paul: Well done, sir, for the great set of numbers, and thanks for such guidance on the revenue. Sir, my question is about the financing margin. While revenues have been consistently growing with an exception that Q1 is to be a weak quarter. If you look at the financing margin, you see huge fluctuation, including during December '24 till September '25 quarters, which has been financing margin has been single-digit.

While this quarter, we have done exceptionally well as well as the last quarter. So this financing margin becomes pretty critical to understand the profitability aspect of it. So can you please provide some guidance on the financing margin aspect of your numbers?

H.P. Singh: I think, Shaju, you are talking about the NIM. So NIM has probably been stable across. If you look at it the last 4 quarters, I can probably say, we were at -- you can go to Page 13 of our investor presentation. It moved from 13.16% to 14.48%, then to 14.50%, then to 15.85%. Now 15.85% as compared to 14.50% is a slight aberration because the last quarter, as I always said, is probably the most heaviest quarter.

We did -- DA, in fact, had gone down before that. So we brought up DA to about 21% of our total AUM. And if you look at this quarter, this is now down to about 14.36%. Having said that, for us, NIM will remain stable between this range of about 14.35% to about 14.50%.

This is a stable state where it will be. Look at -- don't look at slight aberrations, which might come in quarter-by-quarter. But steady state, it's about 14.50%, what we will probably be aiming at, and that will remain over there.

Aditi Singh: Yes. So the lowest it has been in last 8-plus quarters is 13.5% and -- yes, that it has never been single-digit.

Shaju Paul: I was referring to financing margin percentage, not NIM. It's fine. Actually, you have answered it differently. So we have got the answer. I was referring to specific percentages in the financing margin, not NIM. But that's fine. You got -- you answered me indirectly.

Just one more last question, sir. You have been growing pretty fast in terms of branch expansion. Very glad to see that as a shareholder. I wish to understand typically how many months or years it takes to really turn around one new branch to be profitable?

Jugal Kataria: So thumb rule is a new branch gets profitable when we cross about 1,000 customers over there. So that's the thumb rule which we have overall.

Shaju Paul: Okay. On an average, typically how much time it takes to get 1,000 customers?

Jugal Kataria: 9 months.

Shaju Paul: 9 months. Okay.

Jugal Kataria: About 9 months.

Moderator: We take the next question from the line of Amit Mamodia from Ajit Investments.

Amit Mamodia Sir, can you please -- may you please update about CGFMU, what we have license we have applied for?

Jugal Kataria: The CGMFU, the credit guarantee scheme technically, we have not entered into that because we feel that if our GNPA technically crosses about 3.5%, 4%, then it becomes very relevant. Since our GNPA have dropped below 3%, in fact, it is about 2.18%, we don't feel that there is a need technically for any CGMFU scheme to probably be valid for us. I think, there's a call going on behind.

Aditi Singh: Yes, there is some background noise.

Moderator: Sorry to interrupt, Mr. Amit, I would request you to unmute when the management is -- please mute your line when the management is speaking.

Amit Mamodia: My question is answered. Thank you.

Moderator: We take the next question from the line of Vinay from Vriksha Capital.

Vinay: Congrats to the management on a good set of numbers. My first question is on the forex component in the interest expenses on the P&L, because in this quarter, it is sharply negative compared to the previous quarter. So can you please shed light on what is the source of the sharp reversal and how we should expect this line item to do going forward?

H.P. Singh: Sure, Vinay.

Jugal Kataria: Sure. A couple of facts I want to highlight before I explain the accounting part of it. We have INR1,573 crores of ECB outstanding as on 30th June. 100% of all the transactions that we have done are fully hedged. So there is no, so to say, exchange rate risk in the balance sheet. These are accounting entry, which impacts different periods.

So the MTM gain or loss on the derivative contracts are booked through the income and while the exchange fluctuations are booked in the finance cost item. So it impacts during different period depending upon the exchange fluctuation. And that is why in our presentation to explain it, the margins better, we have knocked down the effect of change in forex from the revenue item.

So the total impact for this quarter is a negative of INR3 crores, while you can see huge numbers both in servicing income because all the transactions are fully hedged, the corresponding impact is there in the finance cost. So the net impact during the quarter is negative of INR3 crores, which is not major. I hope that explain this thing. But again, to reiterate, it has no impact because all the transactions are fully hedged.

Vinay: I see. Okay. That explains it. The second question I had was about the borrowing split. So between, if I get my dates right, December '24 and March '25, your share of commercial paper has shot up from 0.5% of your total borrowings to roughly 22.5% according to your presentation. And then it has roughly remained in the same range since. So was there a change in the strategy regarding borrowing sources for the company?

Aditi Singh: CPs have never been too high for us. They have always been 1%, 1.5% max. I mean, because short-term instrument, so -- yes.

Vinay: Sorry. But if I see the presentation, I'll just quickly pull up the page number because...

Jugal Kataria: Vinay, we've never taken.

Aditi Singh: In pie chart, 2 bars are very close to each other. Maybe that's why. CPs have never been high. They are like barely 1%.

Jugal Kataria: Sorry, in fact, it's 0.2%.

Aditi Singh: Not even 1%.

Jugal Kataria: Not even 1%. Yes.

Aditi Singh: So, which is why -- in the pie chart, it's very close to. Those are very adjacent.

Vinay: Right, right. So I guess the 21.5% is actually DA and not commercial paper. Is that right?

Aditi Singh: Yes, yes. That's correct.

Vinay: Okay. Perfect. Perfect. Sorry about that. And the last question I had was that if you look at the asset quality, the stresses have reduced substantially, but the credit costs have gone up, right?

So could you please explain what is causing kind of this divergence where your asset quality is constantly improving, but there's an uptick in credit cost?

Aditi Singh: Absolutely. So I'll just throw you 2 numbers. The slippages in last quarter were INR90 crores. The slippages in this quarter were INR49 crores. The GNPA for last quarter was 3.1%. The GNPA this quarter, 2.2%. The overlay last quarter was a little over INR20 crores. The overlay this quarter, INR36 crores.

Now if you add all of this, while incrementally my portfolio is behaving much better, the credit cost will increase because the GNPA got reduced by 90 bps, the buffer got increased, while my slippages were drastically reduced to half. I hope that answers.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question for the day. I would now like to hand the conference over to Ms. Aditi Singh for the closing comments. Over to you, ma'am.

Aditi Singh: Thank you, Anushka. So thank you, everyone, for taking time and coming on this call. 35 years in this business teaches you that the quarters which build an institution and the quarters which reveal it are really the same quarters. This was a revealing quarter.

What it revealed is a franchise growing so well ahead of its market with the best asset quality in its history, choosing to convert part of that outperformance into protection rather than into a headline or I would say, remarkable bottom line.

Let me close on where we are going, because that is part what matters to us and matters to you as stakeholders. 35 years ago, the idea that an institution can be built on the premise of serving the underserved and do it with the strength of technology-led underwriting was unheard of. Today, it is proved by 34 lakh customers, 5 businesses and a platform built for scale.

We are well-positioned to be a INR32,000 crores diversified financial services group by 2030, with a third of that book outside of microfinance. And we are building the balance sheet, the capital base and the businesses to carry it. Everything we do is measured against that end state rather than against any particular quarter.

Dream big, deliver bigger. It's the mantra which keeps us going. Thank you all for joining us, and we look forward to your questions. Should anyone want to discuss anything, they can get in touch with my colleague, Ms. Shilpa Bajaj or myself, Aditi Singh, or you can also get in touch with Valorem Advisors, our IR advisory. Thank you, everyone. Bye-bye, and have a good day.

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