July 23, 2026

BSE Limited
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Mumbai - 400 001.
BSE Scrip Code: 524000

National Stock Exchange of India Limited
The Listing Department,
Exchange Plaza,
Bandra- Kurla Complex, Bandra (East), Mumbai - 400 051.
NSE Symbol: POONAWALLA

Dear Sir / Madam,

Subject: Transcript of Earning/quarterly conference call held to discuss Unaudited financial results for quarter ended June 30, 2026 – Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Reference: Regulation 46(2)(oa) of the SEBI Listing Regulations

This is in continuation of our earlier letters dated July 08, 2026 and July 17, 2026 and pursuant to Regulation 30 and 46(2)(oa) of the SEBI Listing Regulations, we hereby providing the link of the transcript of Company's Analysts (earning/quarterly) conference call for Q1 FY 2026-27 held on July 17, 2026.

The transcript of the Conference Call can be accessed at:-

https://poonawallafincorp.com/documents/20121/0/Q1FY27-Earnings-Call-Transcript.pdf/1c4f010c-ea80-b87f-7cd8-49e3bf199750

Kindly take the above intimation on record.

Thanking You,

Yours faithfully,
For **Poonawalla Fincorp Limited**

Shabnum Zaman
Digitally signed by Shabnum Zaman
Date: 2026.07.23 19:10:18 +05'30'

Shabnum Zaman
Company Secretary
ACS-13918

Poonawalla Fincorp Limited Q1FY26-27 Earnings Conference Call

July 17, 2026

MANAGEMENT: **MR. ARVIND KAPIL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. SUNIL SAMDANI – EXECUTIVE DIRECTOR
MR. SHRIRAM IYER – CHIEF CREDIT AND ANALYTICS OFFICER
MR. SANJAY MIRANKA – CHIEF FINANCIAL OFFICER
MR. HARSH KUMAR – HEAD OF ARTIFICIAL INTELLIGENCE AND CHIEF HUMAN RESOURCES OFFICER
MS. SHABNUM ZAMAN – COMPANY SECRETARY

Moderator: Ladies and gentlemen, good day, and welcome to Poonawalla Fincorp Limited Q1 FY26-27 Earnings Conference Call. We have with us today on the call Mr. Arvind Kapil - Managing Director and Chief Executive Officer, Mr. Sunil Samdani - Executive Director, Mr. Shriram Iyer - Chief Credit and Analytics Officer, Mr. Harsh Kumar - Head, Artificial Intelligence and CCHRO, and other senior management officials.

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 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 Ms. Shabnum Zaman, Company Secretary of Poonawalla Fincorp Limited. Thank you, and over to you, ma'am.

Shabnum Zaman: Thank you. In line with good corporate governance practices, please note this presentation may contain forward-looking statements regarding the company's future business prospects, strategies, estimates and profitability. But it is important to note that these statements are based on certain expectations, assumptions, anticipated developments and are subject to various risks and uncertainties. The actual results may differ significantly from what is stated in these forward-looking statements.

Risks and uncertainties related to these statements include fluctuation in earnings, our ability to manage growth, competition, economic conditions in India and abroad, changes in law, rules and regulations relating to any aspect of the company's business operations, general economic, market and business conditions, attracting and retaining skilled professionals as well as government policies and actions.

Now I would like to hand over to Mr. Arvind Kapil, Managing Director and Chief Executive Officer of the company.

Arvind Kapil: Thank you, Shabnum. Good evening, everyone, and thank you for joining us.

I hope you all are enjoying the thrilling Football World Cup and are looking forward to an exciting final. Before we get to our results, I thought it might be opportune to share with you and I think we all should draw some inspiration from this - an island nation called Cabo Verde. With just about 0.5 million people, it walked into first-ever World Cup appearance, walks into a tournament, holds Spain to a draw and fought back twice against defending champions, Argentina, an extra time and became the smallest country ever to reach a World Cup knockout round. They didn't have any star players on the pitch. What they had was preparedness, a game plan built for opponents twice their size, discipline, a defensive shape that never broke under pressure, agility, adjusting tactics match-after-match, and solid determination, twice coming from behind against the best teams in the world. Preparedness, discipline, agility and determination, these are the qualities that inspire us, and I truly believe on behalf of my team that they are our DNA, and we strive to live by them every day.

Now on to our quarter numbers and performance.

- AUM at the end of Q1FY27 stands at ₹67,054 crores. This reflects a quarter-on-quarter growth of 11%.
- The new products we've launched contributed to 26% disbursement in this quarter versus 24% in the previous quarter, i.e. Q4FY26, and 20% the quarter before. They have achieved sufficient traction and required scale to deliver predictable earnings in the future.

As mentioned in my previous call, we believe growth isn't just about adding volume, It's about raising the margin per unit. As a result, we track 6 performance vectors very closely internally, and they continue to follow a sustainable upward trajectory firmly in line with our expectations and our internal plans. Let me begin.

- Disbursement yield, which I believe is a key driver of our future NIMs, has expanded by approximately 50 basis points over Q4FY26. This has been primarily driven by our product mix, adding to the structural strength of our future construct.
- Q1FY27 NIMs, a key indicator for us, holds ground at 9.10%, up from 9.05%.
- Our credit cost has declined by 11 basis points quarter-on-quarter, from 2.51% to 2.4%.
- Our GNPA, which in finance companies, we do believe is a lead indicator, the GNPA for Q1 FY27 stands at 1.37% versus 1.44% in Q4FY27. What gives me a lot of confidence is the quality of our incremental cohorts, which will have a downward bias on our future credit costs.
- The 6 MoB 30+ of the most recent cohort is approximately 0.64%, which is 41 basis points lower than the previous quarter's origination, which we had shared, which is itself approximately 30 basis points lower than the previous one.
- We continue to drive efficiency across the organization as well as benefit from operating leverage. Our opex to AUM has already declined year-on-year from 4.76% in Q4FY25 to 4.13% at the end of Q4FY26. We have achieved a further reduction of 7 basis points to 4.06% in Q1FY27. This is a function of improving digital share of our businesses, embedded AI into our processes and realization of operating leverage, most important.
- As highlighted in my last earnings call, while the internal benchmark is close to FY27 at its lower opex to AUM ratios, you may see fluctuation quarter-on-quarter of 10 to 25 basis points based on our investment strategies and clustering of branch openings of the gold branches, which is generally an advice we will always like to park. As a result, we have achieved ₹308 crores in profit after tax, recording a 20.8% growth quarter-on-quarter, and a 391.5% growth year-on-year.
- Our ROA, which I believe is an important metric, for us internally has moved up to 1.98%, reflecting a 17 basis point improvement over the previous quarter and 130 basis point improvement over Q1FY26. But more importantly, quarter-on-quarter, I think it's showing strength, and it's more structural in nature in my assessment.

Let me now give you a brief update on the key products, to give you a sense.

Prime personal loan continues to demonstrate strong momentum, market acceptance. We ended the quarter with monthly disbursements of ₹537 crores compared to probably ₹440-odd crores in Q4 on a monthly level. In Q1, there's a 38% of disbursements that are processed through a fully straight-through digital processing, that's on the rise, it's increased from 33% in Q4 previous quarter and before that, the same figure was approximately 28%.

If I take **Gold Loans.** We've delivered Q1FY27 disbursements of approximately ₹875 crores compared to ₹890 crores in the previous quarter. We currently stand at a total of 460 branches now. Going forward, we're expanding into new states, including Uttar Pradesh, Andhra Pradesh, Telangana and Madhya Pradesh, while strengthening our presence in existing branches.

We plan to add similar number of approximately 400-odd branches during FY27, largely in Tier 2, Tier 3 locations. We are on a track to achieve the same, just the way we did last financial year. These branches are increasingly becoming hubs, enabling cross-sell of multiple other products as well, while the focus is clearly on gold loans.

On Consumer Durable, we are scaling efficiently with Q1FY27 disbursements of ₹433 crores. We have onboarded over 17,300 retail outlets across 339 locations on June quarter end. Our digital capabilities are driving execution excellence with over 58,000-plus cases disbursed in a single month. That is the strength we've started developing on consumer durable.

The PFIN EMI card is seeing strong acceptance with presence across all touch points, including our website is becoming a key driver of repeat usage and customer stickiness with times to come.

Commercial vehicle, to give you a sense, we're scaling well. Despite the macro environment of the fuel prices, we ended June with a monthly disbursement of around ₹104 crores. On the distribution side, we've scaled up over 1,100 channel partners, up from 900 in the earlier quarter and expanded our geographical footprint to 70-plus locations across 30 states. This gives us a strong foundation for continued growth in this segment.

Both Consumer Durable and Commercial Vehicles are doing on a pretty good wicket even on the initial trends of credit.

Education loan. Within 1 year of launch, we are excited that we've delivered 55% quarter-on-quarter disbursement in Q1 with average monthly disbursement reaching ₹144 crores. We've significantly strengthened our origination capabilities, expanding from 25 to 50 locations, building a consultant network of over 600 partners. Our instant sanction platforms continue to drive digital adoption with around 30% of sanctions processed digitally. We have fairly decent strength emerging on all aspects of education loan, including the processing time.

Before we go into our detailed performance numbers, I want to spend a few minutes on the nature of the institution we have built over the last 2 years.

I believe it is the single most important aspect to understand about our company. Two years ago, we set out to build not just a book but a long-term sustainable franchise with sustainable profits with a simple conviction: Lasting franchises are built by carefully calibrating risk-first approach. Today, that conviction is visible in our numbers.

Our book has grown to approximately ₹67,000 crores of AUM at a GNPA of 1.37% through deliberate and well-placed expansion and every new business we launched in the spirits has found its footing, achieving the momentum and traction it needs to scale. We did not just launch 6 businesses. We built 6 growth engines mounted on a single chassis. That's important. That's the distinction that matters.

I want to explain 3 key differentiators in our approach, which I believe are important at this junction.

First, we have built a solid talent, at least 2 levels deep, which all of you are aware. The traditional approach to enter a new lending business is by hiring one business head and asking them to build the team. We did something fundamentally different. In each of our businesses, we brought in a proven leader from the industry, people who have built these exact loan books and went to 2 levels deep. The business has an entire leadership layer beneath them carrying the same pedigree. Why does this matter? Because learning time collapses. They arrived with playbook tested across multiple credit cycles. They know what origination looks like at scale and more importantly, they know what goes wrong when the cycle turns because they have collected through the down cycles. It's not just about originating through the up cycles. It is this depth of bench that gave us the confidence to launch multiple business simultaneously.

We have systematically converted individual expertise, which I truly believe, into institutional muscle memory of this organization. I think this is, in my limited view, very important I sense to believe is what we have achieved over the last 2 years. Financial metrics is much an outcome of this. Every credit policy, every risk framework, every underwriting and collection process has been documented, qualified, embedded into how we operate, framed by leaders who manage the portfolio through multiple financial cycles.

Second important point quickly, our businesses are digital and AI native by birth. Sales, underwriting, collection servicing, all of it was architected digital first with AI embedded on day 1, not bolted on later. Technology has been pursued with the same intent. For us, AI is a data advantage. We've used it to create proprietary data assets and to identify accurate entirely new customer cohorts, which we can now underwrite with confidence.

For us, this means unit economics that improves naturally with scale rather than requiring a costly transformation to unlock. As a finance company, we believe that this combination, business cycle-tested leadership running businesses that are AI native from inception is a foundational strength.

Third, we have architected a portfolio that draws strength from more than just traditional secured and unsecured access. Our portfolio is deliberately constructed so that each product is exposed to a distinct macro driver, a distinct borrower segment and a distinct collateral profile. This is important to understand. Commercial vehicle, gold, LAP, business loan, education loans, CD and Prime PL, don't rise and fall together. So, blending them smoothens the group's credit losses across time. Let me give you that structure.

Commercial vehicles, for example, in an economy driven by impact from freight demand, infrastructure activity, food prices, good movement. If you see business loans and SME is driven purely by small business cash flows. Personal loan is driven by salaried income stability and employment. Gold, driven by gold prices, is effectively counter cyclical; education, driven by long horizon human capital returns and family commitment. You can see loans against property driven by real estate values and secured borrowing. CD is driven by household discretionary spending appetite.

Similarly, if you carefully see the tenor and duration, gold and personal loans are shorter, while LAP and education are longer tenure, stable, sticky. Shorter books let you respond faster and longer tenor books give you earnings stability. Thus, this balanced diversification for us is not a hedge. It's an active lever for strategy. That's important to understand.

To summarize, this quarter marks another first step in our journey towards sustained, predictable profitability. ROA has strengthened quarter-on-quarter and asset quality has improved across products with both credit cost and GNPA moving favorably on an already solid pace.

Our investment in new business are translating into strong traction with every business we have launched now scaled to healthy levels. Disbursement yields are on a positive trajectory, reinforcing the strength of our model designed for the future. Our AI brain has moved from build to execution and is beginning to deliver structural opex efficiencies. Each of these vectors is improving structurally and not cyclically, underscoring the durability of our earnings trajectory. We are firmly on plan and confident of delivering our predictable sustained profit creation.

With that, let me hand over to Shriram to walk you through our credit performance and trajectory.

Shriram Iyer: Thank you. Thank you, Arvind. Good evening, everyone.

Retail loan exposure at the industry level expanded by more than 16% year-on-year as of March 2026, primarily driven by growth in gold loans, unsecured personal loans and consumer durable financing. Despite prevailing global uncertainties and concerns around crude oil supply, cumulative GST collections for Q1FY27 increased by 8.4% year-on-year, underscoring the resilience of formal economic activity, sustained consumer demand and robust business momentum. These indicators further reinforce the strength of the underlying economic environment.

For Poonawalla Fincorp, the combination of supportive market dynamics, disciplined execution and a risk-first approach have translated into higher quality book additions, reduced portfolio volatility and consistently improving collection performance across the credit cycle.

Focusing on asset quality, let me highlight the key trends.

The GNPA has shown a sequential improvement to 1.37% in Q1FY27 versus 1.44% in Q4FY26. NNPA has also improved to 0.70% in Q1 FY27 versus 0.74% in Q4 FY26. Improving trajectory continues quarter-on-quarter in Stage 1, Stage 2 and Stage 3 composition of assets, emphasizing our calibrated approach to portfolio expansion and strengthened debt management practices.

Stage 1 composition of Q1 FY27 is at 97.6% versus 97.5% in Q4 FY26. Stage 2 composition in Q1 FY27 is at 1% versus 1.01% in Q4 FY26. Stage 3 composition in Q1 FY27 is at 1.37% versus 1.44% in Q4 FY26. There has been continued improvement across all the stages, Stage 1, 2 and 3.

Sequential improvement in the 6-MoB-30+ for the last 4 quarters is a testimony of the risk-first framework designed for better quality originations. Our 6-MoB-30-plus for sourcing of Q1 FY27 is down to 0.64% versus Q4 FY26 at 1.05% versus Q3 FY25, which was at 1.66%. The quarterly credit cost has improved to 2.4% for Q1 FY27 versus 2.51% for Q4 FY26 versus 2.62% for Q3 FY26. The above is a structural improvement and gives us the confidence on healthy improvement from here on.

The convergence of disciplined cohort selection, sustained collection efficiency gains, and evolving analytic capabilities continue to strengthen our ability to identify, manage and mitigate risk across the credit life cycle. Our portfolio of strategic focus on lower risk salaried customer segments and secured products is increasingly reflected in the sustained improvement of early risk indicator as 6-MoB-30+, which I had already stated about.

Through deliberate product mix choices and disciplined risk calibration, we continue to prioritize customer segments characterized by lower risk and more stable repayment behavior. PFL's risk management framework continues to be in alignment with banking standards as reflected in our 30-plus delinquencies, which benchmarks us favorably against peers. Collection efficiency through the credit cycle is a key focus area for us.

I would like to share a few performance stats that will give you a glimpse of the impact.

Our current bucket flow has shown 15% improvement in Q1 FY27 versus Q4 FY26. Stage 1 slippage ratio has improved by 5% in Q1 FY27 versus Q4 FY26 and Stage 3 slippage ratio has improved by 13% in Q1 FY27 versus Q4 FY26. Slippage ratios have improved due to portfolio calibration and improved collection efficiency across product categories. As a concept, we are strengthening the feedback loop through analytics between collections and calibration.

Our continued investments in AI, GenAI and intelligent automation has transformed our collection operations, driving higher productivity, efficiency and scalability. On account of AI-led customer prioritization, digital-first collections and automated workflows, workforce capacity has been optimized. AI-driven pre-due collection led to 15% cost saves, while our post-due collection transformation led to 27% cost efficiencies through improved workforce productivity and automation.

Our GenAI-powered 'Pay Easy bot' engages customers immediately after payment failures, achieving a 42% recovery rate with significantly reducing manual effort and field visit dependencies. Advanced AI capabilities, including automated dispositions, next best action campaigns and personalized digital engagement are driving higher productivity and improved customer outcomes. In addition, our in-house direct collection agent models reduced collection operating costs by nearly 26%.

Collectively, these initiatives are strengthening operational resilience, improving customer outcomes and creating sustainable operating leverage through a scalable technology-enabled collection platform.

Risk management today is increasingly a question of speed. With models deployed across the full credit life cycle, we have moved from quarterly and semiannual validation cycles to monthly model monitoring, catching early signs of performance drift and recalibration in weeks rather than quarters.

The next frontier is building strength to anticipate and improve our capability before it shows up in repayment behavior. 'Data lens' now in development use AI to emulate the judgment of our most experienced underwriters, flagging cohorts that look healthy on paper, but carry early signals of stream. In parallel, we are closing the loop between collections and credit, live collection trends and AI-driven propensity signals, will feel directly into underwriting, sharpening risk differentiation at the point of decision.

Every stage of the credit life cycle now strengthens the next. Systematically strengthening every stage of the credit life cycle from disciplined origination and proactive in-book risk management to efficient collection, the organization is creating a virtuous cycle of sustainable improvement characterized by cleaner cohorts, lower productive product portfolio volatility and enduring gains in collection efficiency.

Thank you and wishing you all a great weekend. I now hand over to Harsh Kumar.

Harsh Kumar: Thank you, Shriram. Good evening, everyone.

My name is Harsh. I Head, Artificial Intelligence and Human Resources at Poonawalla Fincorp. Today, I'm excited to report continued momentum in our enterprise AI program and the simplest way to describe what we are building is that we are building an AI brain for the enterprise. Not a portfolio of disconnected tools, but a single governed intelligence layer, specialized agents as its skills, master orchestrator agents as its executive function and our governance framework as its nervous system. Every project adds a new capability to the brain. That is why our AI capability compounds rather than fragments. Everything that follows is that brain getting smarter.

In our current state of AI portfolio, as we speak, our AI agenda has expanded substantially. Total AI projects grew by over 30% to 101 projects spanning 21 departments, of which 50 are deployed and 51 are in pipeline.

The agent-driven operating model as we speak, is transitioned from isolated AI use case to an agent-driven operating model, the architecture of the AI brain we are building. This ecosystem has reached significant scale, approximately 130 smart agents live in production, automating business processes, enhancing employee productivity, improving decision support and accelerating operational workflows because every agent plugs into the same broader orchestrator framework, each new agent now adds capability to the broader system, not just to its own function. This is the flywheel underneath the program. Every department produces 3 reusable assets, a domain skill, a governance pattern that makes the next approval faster and an organizational trust that accelerates the next adoption. Each turn of the wheel lowers the cost and time of the next.

Now let me come to our guardrails.

First, of course, is the economic discipline at scale. Our monthly token consumption increased by approximately 18% compared to last quarter, while operating costs remained largely stable. Put simply, the brain is doing 18% more thinking at broadly the same cost. The result of disciplined model selection, infrastructure utilization and workload orchestration with cost monitoring at levels at every session flagging outlier patterns in token consumption and spend. So we are now tracking token at a session level itself.

Second, our governance layer, the nervous system, as we speak, again, governance strength, risk, enforces control, keeps every action within safe, auditable bounds. All our AI projects operate inside RBI 7-sutra governance framework and our AI governance and security framework operates across 3 layers.

Pre-deployment RED team. So, we have now a RED team, which actually figures out vulnerability, stress test, considers attack scenarios, security and data risk and business continuity so that system are resilient and production ready from inception itself.

InfoSec-compliant deployment, comprehensive security checks, regulatory and legal adherence, data privacy and protection controls with governance checkpoint embedded directly into deployment work.

And third is the continuous monitoring. Post deployment, we track performance, uptime, utilization and emerging vulnerabilities in real time on a transactional basis with automated incident response and AI agents that monitor AI itself. On top of this, it's a dedicated hallucination containment framework, adversarial input testing, secure data sourcing protocols and robust inference control, ensuring AI-generated output, meet enterprise standards for accuracy, security and compliance.

I want to also take you through the key deployment last quarter.

Each deployment is a new skill added to the brain as we speak. In journey conversation, video agents to improve funnel conversion. This has been done for instant and Prime PL. To address drop-off in our digital loan journey, we have built 2 agents that interact with customers. They simulate EMIs, answer queries, generate personalized video that simplify their offers. When a customer begins to show idle behavior or disengagement, the agent kicks in to engage them, built completely in-house on our Agentic AI platform with right guardrails, knowledge base and journey analytics. We expect on the fence customer to improve offer uptake and lift our disbursement throughput ratio by 5% to 10%. We would be adding another agent this quarter, which should further increase and enhance our throughput and conversion ratios.

AI cross-sell intent, this is processed across all voice channels with horizontal capabilities across all products. A significant amount of context is lost in unstructured call recording across services and sales channels by collaborating with our vendor partners. We have built scalable pipeline processing over 10,000 calls a day to generate over 40 intent signals. We can now identify early predictors of customer dissatisfaction, near-term purchase inflation, income profile and occupation, signals that digital journeys may not capture. These insights will power our customer-centric recommendation engine, improving both customer satisfaction and product per customer metric.

Another project is 'ContextIQ', our centralized document intelligence solution, which uses vision language, AI models to extract, classify structure information from complex enterprise documents, scan files, PDF images with human-in-loop validation substantially reducing manual processing effort and turnaround time.

Last quarter, I had also spoken about 'MyBot', our agentic DIY bot builder. This is where the flywheel closes its loop. The brain now grows its own new skills. Every business need addressed through 'MyBot' adds a reusable agent to the ecosystem, making the next build faster. A key success is 'Ask PFL Guru', an intelligent cross-sell support agent, assisting teams with policy guidance and sales enablement.

'CompStrat' is our AI-driven compensation intelligence and benchmarking platform, which combines external market data, internal workforce information and organizational policy framework, which enables HR teams to retrieve insights and generate policy recommendation dynamically through a conversational agent.

One of the bigger pieces has been AI-powered marketing transformation. So our AI content factory produced 1,843 marketing assets between April and till date, which covers creatives, ad copy, blog translation, images and video. These are supported by 14 specialized marketing agents, further powering several thousand customer engagement and to cover some bit of outcome, 22% growth in content reads, which is about 7 million-plus reads, 43% growth in clicks, that's about 3,46,000 clicks and a 5% CTR across AI-driven campaigns and a cost save of more than 60% compared to traditional agency approach.

Personalization is compounding these results further with 2x higher click-through rates and on AI-personalized WhatsApp campaign, 7.5x growth in content inventory versus agency-led production models and more than 15 lakh leads per month supported through improved campaign conversion.

Broadly speaking, together, these deployments demonstrate how our agent-driven AI strategy has moved beyond experimentation to deliver tangible business value, which Arvind also had covered. This further enhances our productivity, improves customer engagement, increases revenue opportunity and substantially improves operational efficiency. I look forward to reporting further progress next quarter.

And I would like to hand over to Mr. Sunil Samdani, our Executive Director. Thank you.

Sunil Samdani: Thank you, Harsh, and good evening, everyone.

Let me quickly take you all through the financial highlights for the quarter.

- The Assets under management stood at ₹67,054 crores, reporting a strong growth of 11.1% quarter-on-quarter, driven by continued momentum in retail products.
- On the liability side, as part of our debt strategy and in line with our projected AUM growth, we continue to diversify our liability book, focusing on long-term borrowings. Hence, the share of long-term borrowings has gone up by approximately 2%, from 86.5% to 88.5% quarter-on-quarter. This number was 75.2% in Q1 of FY26.
- Our net interest income, including the fees and other income continues to grow healthy, standing at ₹1,415 crores for Q1 of FY27, which is up 10.9% quarter-on-quarter and 84.3% year-on-year.
- The cost of borrowing for the quarter stood at 7.72% versus 7.63% in the previous quarter.
- Our opex-to-average AUM at 4.06% is showing resilience despite ongoing investments in collections, tech infrastructure and branch network.
- The pre-provisioning operating profit during the quarter was ₹785 crores, a 12.9% growth quarter-on-quarter.
- Asset quality continues to improve sequentially with GNPA declining further by 7 bps, standing at 1.37%, which is a reduction of 47 bps year-on-year and a net NPA at 0.70%, a reduction of 4 bps quarter-on-quarter and 15 bps year-on-year.
- Our provisioning coverage ratio stood at 49.11%.
- Our profit after tax stood at ₹308 crores during the quarter, which is a 20.8% growth quarter-on-quarter.
- The debt-equity ratio stood at 3.82x at the end of the quarter following the capital raise of ₹2,500 crores through QIP in April of 2026.
- The capital adequacy ratio continues to remain healthy and comfortably above the regulatory requirements at 19.46%, of which the Tier 1 capital is at 18.37%. This gives us enough headroom for growth.
- The liquidity coverage ratio stood at 199.62% as of June 30, 2026.
- On the liquidity front, a surplus liquidity of ₹4,012 crores as on June 30, 2026, keeps us in comfortable position.

Thank you and now I would like to open the floor for question-and-answer session.

Moderator: Thank you very much. The first question is from the line of Chintan Shah from ICICI Securities. Please go ahead.

Chintan Shah: Congratulations on another strong quarter. So sir, firstly, on the ROA. So, ROA has kind of moved around 130 bps year-on-year from 0.68% to 1.98% currently, the growth has been kind of quite phenomenal. So, which is largely we can attribute to opex-to-AUM and the credit cost moderation. But now opex-to-AUM also seems to be around now 4%, which is largely where most of the diversified players are here and there. So now what are the kind of ROA levers going ahead, which I was just trying to understand that. So credit cost, probably how much delta is there? Or if you have to move from 2% to 3%, what could be the incremental ROA levers from that? That was the question.

Arvind Kapil: Thanks, Chintan, the most important is NIM. If you see last 12 months, the NIM has moved a substantial level. That's point number one.

Second important point, Chintan, I would urge to look at is disbursement yield. Last quarter, over the previous quarter, we had grown, I think, if I'm not mistaken, by around 40 basis points in the disbursement yield due to product mix. Over that, our disbursement yield has moved by approximately 50 basis points. Now when you look at the ROAs of the future, you look at our portfolio yield has moved up by probably 17 or 19 basis points and if you look at our disbursement yield is moving up at a very healthy rate. So structurally, you are in a sweet spot in terms of if I were to assess the future NIMs, purely as a strength of interest income increase. That's the fundamentally first point.

Second is credit cost is presently declining, but it's reached 2.4%. We see that structurally improving quarter-on-quarter for a couple of quarters. Let me park it there for you. And that confidence of our customer cohorts and our collection strength is giving us a fair amount of confidence there.

As far as opex-to-AUM concerned, I have actually said that you should be prepared for a 15 to 25 basis point upside as well. But despite that, we are confident of ROAs moving structurally strength-to-strength and the increase in opex-to-AUM, we might see if at all, we club in a few branches growth in a certain quarter, which is also something as a precaution I'd like to give. I also gave it last quarter, but you saw finally, we improved by 7 basis points. So, I would rather approach it conservatively and over deliver.

But I think there is enough structural strength for a company of our type, which is growing a disbursal yield where there's a pricing power and the product mix are fairly visible on one side, and you've got a credit cost, which has a fairly decent runway for structural improvement and if I take a year's time, our guidance is that structurally opex costs will come down. So, if I take a 2-year window, I think we should be structurally giving enough confidence now that if you see our guidance, we have given a guidance of probably June exit of 2028, which is 2 years from now, and you're already at 1.98%. So I think it should inspire adequate structural strength and confidence from now on.

Chintan Shah: Sure. So just tapping on the margins part, which you mentioned, margins will be structurally improved. But if you look at the secured and unsecured mix, so which is like currently secured is 53%, and I think we have guided 50-50 would be the ratio for secured, unsecured. So in terms of mix, we are largely done. So probably it is just that we are probably moving into more-yielding segment. I mean, what is driving the rise in the disbursement yield, yes?

Arvind Kapil: So, see, ROAs, by the way, If you see our business loan, we are actually not growing more than probably 15%, 16%. But if you see our PL Prime, which is the top corporate of India, if you see carefully the devil is in the detail, we're already 36% or 38% digital now, which is growing every quarter for the last 2 quarters and the digital is very fairly priced. People pay for convenience. It's 24/7. It's adding a lot of structural strength to us, both from vendors and our website.

So, I think even if you take products like education loans, gold; gold, we launched 400 branches. If you see our portfolio yields, it's moving at a very healthy level of that. I think the portfolio yield must be close to ₹1,800 crores, ₹1,900 crores already, if I'm not mistaken and it should command a healthy probably anything in the range of ₹1,700-plus already. So, there's a fair amount of strength on all businesses and the yields which could be going up and remember one thing, even if you take our unsecured, our bias would be within unsecured higher to Prime PL and Education. So it is more structural to moderate risk. So, it is every single thing, even this time when I spoke, I explained why multiple products will give us a structural strength versus probably what we have seen across the industry, is because you have multiple businesses which take care of different economic cycles. So as a company, we are probably on a much solid foundation on each of the businesses and the combined strength actually smoothens out any cyclical risk that you land up seeing.

Chintan Shah: Sure. And just one last thing on the capital front. So, we have kind of taken the approval for ₹5,500 crores against which there is a raise of ₹2,500 crores. So are we building in any further capital raise in this year? Or we are largely done, yes?

Arvind Kapil: I think we raised ₹2,500 crores in the 1st week of April or 2nd week of April and we are pretty much comfortable for the next 4 to 5 quarters, and we'll see as we go along. We are more focusing on more structural strengths of all the vectors and as you can see that the business is moving into a much more solid phase.

Moderator: Next question is from the line of Abhijit Tibrewal from Motilal Oswal.

Abhijit Tibrewal: Congrats on a good quarter. I just wanted to understand, asset quality for us continues to improve, which I think is impressive. But can you share some early delinquency trends across some of the key products like PL, business loans, LAPs and commercial vehicles? Just trying to understand is there any segment where you are still exercising caution. Now the reason I ask this is, only yesterday, one of the peer NBFC shared that they have started seeing some early trends of higher bounces coming from salaried customers, salaried customers in the IT sector in Southern India. So are there any such trends that you are seeing in any of your product segments? That's the first question.

Arvind Kapil: First of all, thanks a lot. I think before I hand over to Shriram to give you a first-hand sense across products between calibration, collections, on IT sector because you specifically said, outside IT sectors on salaried, there is absolutely no reason for us to worry at all. As a matter of fact, I have already in my first answer and in my brief, given a guidance, not a guidance, but probably given you a sense that from the lens today, if you look at it, internally, we see a lot of strength in our quality of calibration.

You can see the numbers. These numbers are our facts and we don't see any emerging trends of any nature on these stuff at all. And if you see our 6-MoB, that's a good early indicator, it's gone down to 0.64% from approximately I think, 1.05%. If you see carefully the minute details of Stage 2, Stage 1 and if you see GNP; GNPA is a pretty decent indicator of how you could see the future from here. That's the Stage 3, it can't be a better indicator for any company than the GNPA levels. So, from all perspectives, from our lens, I think if anything calibrated well, there's absolutely no reason to worry.

But Shriram, do you want to add anything that I'm missing?

Shriram Iyer: To add to what the MD spoke about, even as I told, the slippage ratios have improved by around 5% in Q1 FY27 and Stage 3 slippage ratios have also improved by around 13% and you kind of look at every quarter, we have been improving even on the slippage ratio. That also kind of gives you a sense on how the portfolio is trending.

Bounce rate has been stable or it's also coming down, which in turn, you can see that in even your 6-MoB. That's a kind of a correlation. If you try to correlate your 6 MoB, it can give you a sense that bounce rate versus my collection efficiency, which you can see in the deck, which is around 99.6%. If you try and look at each of these from a lens, then I don't see any stress building up. In fact, the portfolio is as per our expectations because all of this, we have kind of engineered at almost 2 years in advance in terms of how we are building a portfolio and calibrating it.

Abhijit Tibrewal: Question I had is for Arvind sir. Sir, just trying to understand,

Moderator: Abhijit, sorry to interrupt you, we lost your audio in between. Can I request you repeat your question once again?

Arvind Kapil : Can you be a little louder. Your voice is a little unclear, but if you can be a little louder, I think one can hear you.

Abhijit Tibrewal: Sure. I'll try. So, the second question that I had was, I was just trying to understand that among these 6 newer businesses that you have launched over the last 18-24 months, is there any business which has positively surprised you? Or is there any business which has taken longer than expected to scale? And if that's the case, has your strategy changed in any of these businesses?

Arvind Kapil: I think the only one which we probably did not accelerate is the Shopkeeper loans, which we came across in the earnings call in the first one and I shared with you. And right now, that we're not accelerating and for all our decision basis is between credit cost environment and also on the ROA. but every other business, gold is a fantastic 400 branches launched. We're already 60 branches up this financial year. We are moving on course to probably 400 and maybe more depending on how it goes.

Our yields are going pretty good. Productivity per branch is moving very well. If you look at PL Prime, our digital was our strong construct from 28% two quarters back, probably it's down to 38% approximately and that is structurally moving very well. We are able to price the best quality customers. If you look at Consumer Durable, I shared with you, we are approximately 50,000 customers a month capacity to process. The number of customer franchise that is increasing is moving very well.

You'll be surprised that commercial vehicles and CD loans, we have trends of people who have launched historically, and we have a very positive portfolio performance in the first 12 months, substantially better than probably historical data indicate. That's just because you ask me, I'm giving a sense. I think, on every single business, education loans reaching ₹144 crores and ₹180 crores, somewhere in that trajectory. This quarter is a season of education. If you check in the market, we are pretty much the second name that's moving on education loans.

So, I think the reason why you find our strike rate has low errors and it's consistently building strength-on-strength because nothing we launch is not adequately designed, planned and executed. We don't do anything which is off the cuff. People who are handling have seen price cycles. We only keep match winners in adequate quantity with every business. Otherwise, I don't launch a business. So, some of these are very fundamental to our DNA and that's why you see clinically in an engineering step, step-by-step, we'll move forward. Risk is something which we are very, very proud of and extremely important for us. But our abilities to calibrate, our abilities to back test, our abilities for analytics to use for risk management. Even I mentioned for AI, our biggest gain is not about the cost efficiencies, not just the opex part, that's a low-hanging one. Actually, the biggest gain on AI is finding the customer cohorts with accuracy. It's not the quantum of customers. It's the accuracy of customers that you can strike. So, there are many moving parts, which are structurally designed with all our experiences and we clinically sticking to plan, which is why you see outcomes could be substantially looking more robust because it's in line with the engineering plan that you will find us clinically going one after the other.

And on the credit cost, I can assure you that we are looking on a very decent and solid wicket. Our seasoned data internally is also showing a fair amount of positive strengths.

Abhijit Tibrewal: Got it, sir. That's useful. And I just wanted to squeeze in one last question. This quarter, when we look at cost of borrowings for the NBFC reported, we see mix trends. Some of them have actually been able to keep the cost of borrowing stable. For someone like us, it's gone up about 9 basis points thereabouts. It is not really an aberration given how bond yields works, given how the cost of borrowings trended, given the geopolitical environment. But from here, would we expect stability or would we expect cost of borrowings to inch up a little further in the coming quarters?

Arvind Kapil: Yes. I think cost of borrowing of 9 basis, 5 basis or 7 basis or 10 basis, I wouldn't be too worried. I think for me, having NCDs at anything in the range of 25% to 30% and a diversified borrowing, I think what we've achieved, which we shared in the last 2 earnings is the most structural strength. And if you see carefully, our disbursal yields are going up so substantially in terms of the construct that originally we had planned.

Of course, we have not declared or given guidance around it, which I respect, but it's moving clinically as per plan. And that, I think, has enough and more strength. I mean just this quarter has gone up by 50 basis points. Last quarter went up by 40 basis points over the previous quarter. I think we could be very comfortably NIM accretive and if you look at the way we've raised NCDs and the term loans from wider spectrum of participants, we have a substantial strength of long-term funding that we have raised, and that is the strength this company has. So I wouldn't be too worried on the net trade-off. It should be comfortable for the year.

Moderator: Next question is from the line of Pranay Mehta from Investec.

Pranay Mehta: Congratulations on a robust set of numbers and always delivering above promise. I wanted to check on 2 quick questions. One was in terms of growth and profitability for the next maybe 8, 10 quarters going forward as well as any more new products coming? yes, if we can take this for now and then I can come back with one more question.

Arvind Kapil: Pranay, if you see 8 quarters, that's 2 years from now, we've given an exit of June 2028 at a 3%, 3.5% ROA. That itself could give you a sense of where we are today of 1.98%. So I think across products, our yields are moving up. Our credit cost by design has 2 aspects; One is our calibration is rich, our collection strength is moving surmountedly better than our internal plans, and our strength of product mix of better-quality products and the yields going up is also adding value to it. So, I think from a profitability, we could be very excited from here on. That's the only kind of confidence that I can share with you. I mean if you look at every word of what I have said in the last 2 years where we kind of were faced with substantially more uncertain times, I can assure you from here, it looks much more predictable and sustainable, our profit trajectory, which I can see.

Pranay Mehta: I know and I've been in touch and understand that you've come a long way, and congratulations on that again. Second question was in regard to the IT sector. I think some of the NBFCs are talking about a little bit of pain within that sector that they are seeing in regards to distribution there. Would you like to comment on that or have anything to say around that?

Arvind Kapil: See, Pranay, I think one of the things which I shared is that as a construct, we just didn't launch 6 businesses. We launched 6 different businesses, which different economic cycles get affected, whether it is business loans, whether it's commercial vehicles, whether it's gold, whether it's consumer durable, it's Prime PL. We also have the wisdom to go gradual on used cars and business loans to the level of 10% and 13%, 14% or 16% while we are probably growing well over 40%.

So I think the whole construct is fairly strong in terms of the whole robustness. As far as the industry is concerned, I think it's fair to be very, very watchful of the macro indicators. I can assure you that as management and as a finance company, we are fully cognizant that economic cycles and different challenges are constantly there, which is why your internal systems of very strong cohort groups are very important. It's very important to have product designs, which can handle and attract the right profiles, very important to have digital even if you do businesses, for example, we have structurally not touched the Agri products, just to give you some conviction. I mean, I have run these businesses in HDFC Bank when I was there. I've not touched maybe the microfinance. I mean nothing wrong with these businesses. It's just that some of these businesses could be bottom of the pyramid, gets affected substantially more with economic cycles and the best of underwriters, I don't think can control this across industry. Nothing wrong with it. I'm sure we respect all players who master this out. But I'm saying this is just to give you a color that everything that we've designed is adequately fleshed out, thought through and calibrated. So, we're using our experience to it, and we are very watchful of the environment. We have wisdom to slow down stuff. We've ourselves shared with repeated earnings calls that wherever I find a certain calibration level needs a certain growth rate, we have absolutely no qualms about going at a lower growth rate on certain products as the multiproduct scenario helps us with keeping the growth momentum.

Moderator: Next question is from the line of Nischint from Kotak Securities.

Nischint: I have two questions. First one was on the write-offs for the quarter?

Moderator: Nischint, sorry, but we are losing your audio. Can you please come in a better reception area?

Nischint: Okay, I'll just repeat myself. The current quarterly run rate of write-offs, which is around ₹280 crores or so, is this something which kind of is now recurring? Or is there a legacy element of it, which kind of went down and bring this number lower?

Arvind Kapil: Sure. Shriram?

Shriram Iyer: So write-offs have been reducing quarter-on-quarter and control over slippages because of the better collection efficiency. So I don't see write-offs going up from here on. Also coming to the point on the legacy portfolio, there is no materiality now because there's hardly anything left in that book. So, the legacy portfolio is behind us, you will not see write-offs coming in incrementally much. It would be a natural policy kind of write-off, which will happen. But with the increasing collection efficiency and my current bucket flows and containing my flows from Stage 1 to Stage 2 is also very encouraging. I don't see much in terms of the strength building up in the write-off stage.

Nischint: Yes, yes. So, these numbers are now sort of a more stable trend is what I think maybe last 2, 3 quarters of ₹275-280 crores are the run rate that I think I can assume, right?

Shriram Iyer: Yes, absolutely.

Nischint: Sure. And anything on the coverage ratios? I know your Stage 2 coverage has gone down to like 18% or Stage 1 is at 0.6%. So do you think this is kind of normalized? Or is there some element of legacy in this as well?

Shriram Iyer: See, as I said, PCR is a function of coverage ratio at a product level and the product mix, right? So PCR has declined because of the flows being contained at Stage 1, as I earlier said, due to improved collection efficiency and the portfolio calibration, which we have done across the portfolios, right? The legacy portfolio that historically carried higher expected credit losses that have gradually run off and the impact of ECL has reduced on account of that. So, it's purely the PCR is functional because of the product level and the product mix. That's what it is, and it will be range bound around this. And with products like gold loans and education loans, when their share increases in the overall AUM, you will see a change happening in the overall PCR because the credit cost of these products is much, much lesser than any other products in the industry at a portfolio level.

Nischint: Yes. Got it. Just a little bit on cost of funding. You've seen a small inch up. I know the liquidity and the interest rate environment is changing by the day. So any guidance that you would want to probably give for cost of funding for the year?

Sanjay Miranka: So, see, cost of borrowing, if you see the past trend also despite whatever increase which we had seen in the system, with dynamic treasury management and mix and the flexibility to move from one instrument to another. I think we have been able to contain our cost of borrowing and in future, yes, there can be basis the environment, basis the interest rate scenario, there can be a small uptick here and there. But like Arvind alluded earlier, the product mix is changing, our disbursement yield is changing, and we will more than be able to offset this impact. So we don't see any challenge at NIM level.

Arvind Kapil: I think on the NIM side, our strength of business that we had originally planned, which is probably more visible now is playing out strength-to-strength and quarter-to-quarter and that gives us substantial confidence as a trade-off. I mean, I think we should be fairly in a comfortable zone in line with our plans.

Nischint: Yes, yes, of course. And just the last one, LTV of gold loans, if you could share, if it's readily available?

Arvind Kapil: LTV of gold loans, you want to know what is the LTV?

Vikas Pandey: 75%.

Arvind Kapil: Yes, it is 75%, yes.

Moderator: Ladies and gentlemen, we will take that as our last question. With this, we conclude today's conference call. On behalf of Poonawalla Fincorp Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.