4 August 2026

To, The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001	To, The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1 Block G Bandra - Kurla Complex, Bandra (East) Mumbai - 400 051
BSE Code: 544252	**NSE Code: BAJAJHFL - EQ**

Dear Sir/Madam,

Sub: Transcript of earnings conference call held in respect of the financial results for the quarter ended 30 June 2026

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') r/w Clause 15 of Part A of Schedule III to the SEBI Listing Regulations

In furtherance of our letter dated 13 July 2026, informing the Exchanges regarding earnings conference call in respect of the financial results of the Company for the quarter ended 30 June 2026, the transcript of Q1 FY2027 earnings conference call held on 29 July 2026 at 6:30 p.m. (IST) has been uploaded on the website of the Company and is available at https://www.bajajhousingfinance.in/investor-presentation.

Also, enclosed is the transcript (pdf) as attachment for ease of reference.

We request you to kindly take the same on record.

Thanking you,

Yours Faithfully,
For **Bajaj Housing Finance Limited**

ATUL PATNI
Digitally signed by ATUL PATNI
Date: 2026.08.04 19:46:22 +05'30'

Atul Patni
Company Secretary
Email id:- bhflinvestor.service@bajajhousing.co.in

“Bajaj Housing Finance Limited

Q1 FY27 Earnings Conference Call”

July 29, 2026

MANAGEMENT: MR. ATUL JAIN – MANAGING DIRECTOR – BAJAJ HOUSING FINANCE LIMITED
MR. GAURAV KALANI – CHIEF FINANCIAL OFFICER – BAJAJ HOUSING FINANCE LIMITED

MODERATOR: MR. RENISH BHUVA – ICICI SECURITIES LIMITED

Disclaimer: This transcript is edited for factual errors and does not purport to be a verbatim record of the proceedings. The reader is also requested to refer to audio recording of the call uploaded on the company website on 29th Jul 2026. In case of discrepancy, the audio recordings will prevail. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Bajaj Housing Finance Limited.

Moderator: Ladies and gentlemen, good day and welcome to Bajaj Housing Finance Limited Q1 FY27 Earnings Conference Call hosted by ICICI Securities Limited. 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 Mr. Renish Bhuva from ICICI Securities. Thank you and over to Mr. Bhuva.

Renish Bhuva: Thank you, Nirav. Hi, good evening everyone and welcome to Bajaj Housing Q1 FY27 Earnings Call. On behalf of ICICI Securities, I would like to thank Bajaj Housing management team for giving us the opportunity to host this call.

Today we have with us the entire top management team of Bajaj Housing represented by Mr. Atul Jain, Managing Director; Mr. Gaurav Kalani, CFO; and senior management team. I will now hand over the call to Mr. Atul for his opening remarks and then we will open the floor for Q&A. Over to you, sir.

Atul Jain: Thank you, Renish and ICICI Securities team. A very good evening to all the participants and welcome to BHFL Q1 FY27 Earnings Call. I have the entire senior management team with me. I hope you got the chance to go through the investor deck which we have uploaded on our website as well as both stock exchanges. We also just concluded our Annual General Meeting some time back and shareholders' presentation is also now available on the website for you to refer.

I will quickly cover key updates of the quarter and management assessment, which should take close to 10-12 minutes and then we will open forum to address questions. On the presentation, I am straight on the Panel 3. Overall strong quarter across metrics with highest ever quarterly AUM growth and quarterly disbursement in last quarter.

Disbursements grew 33% and AUM was up 24% during the quarter, with PAT growth of 23% on Y-o-Y basis. On return metrics, annualized ROA was stable at 2.3% and ROE improved to 12.5%. Opex to net income improved from 21.2% in Q1 FY26 to 19.6% in Q1 FY27 and asset quality was also resilient during the quarter. Annualized credit costs were 5 bps for the quarter.

GNPA stood at 29 bps and NNPA at 12 bps. For principal business criteria, the total number stood at 61.46% against regulatory requirement of 60% and capital adequacy ratio of the company stood at 21.59%, both above regulatory limits. The company geographical coverage remains across 224 branches and 182 locations.

I am moving to the next panel, which is of quarterly financial indicators. Overall AUM was a tad below INR1.5 lakh crores and stood at INR1.496 lakh crores in Q1 FY27. This was highest ever quarterly AUM growth, which we called out, INR8,918 crores compared to INR5,736 crores for Q1 FY26.

Overall AUM as well as product level growth were good during the quarter. While home loans growth improved to 20%, LAP grew 22%, LRD grew 41% and developer finance grew 19% and portfolio composition also remained well diversified with home loan mix at 54.1%, LAP at 10.3%, LRD at 23.1% and developer finance at 11.4%.

Disbursement growth, as called out, was strong during the quarter at INR19,509 crores against INR14,651 crores in Q1 FY26. Last quarter growth was highest ever quarterly disbursement, which grew 11% on sequential basis as against 6% quarter-on-quarter in Q4 FY26.

I will move to Panel number 5. Cost of funds moderation of 7 bps on sequential basis from 7.3% in Q4 to 7.2% in Q1. Overall borrowing mix was well diversified with higher composition of money market at 52%, followed by bank borrowings at 38% and NHB refinance at 10%.

Gross spread was stable at 1.7% in Q1, while NIM dropped by 14 bps from 3.8% to 3.7% in Q1 due to net income moderation. I have talked about operating efficiency improvement on the previous panel, which stood at 19.6% in the last quarter.

Moving to the next panel. Healthy asset quality during the quarter with GNPA at 29 bps, NNPA at 12 bps, annualized credit cost at 5 bps against 15 bps in Q1 last year. Profitability, PAT grew 23% Y-o-Y from INR583 crores to INR715 crores. Annualized ROA stable at 2.3% and ROE improved to 12.5% compared to 11.6% in Q1 FY26.

I will now go straight to Panel number 17, which is a new panel. We have added this new panel in the deck to share an update on few AI initiatives which have been deployed by the company to improve internal controllership and efficiencies on one side and customer experience on the other.

We are largely a tech-enabled company and continue to deploy multiple digital initiatives for seamless mortgage journey for our customers, which are being further enhanced through AI initiatives with core focus on improving customer experience, delivering seamless process and most importantly, improving controllership.

We are implementing these initiatives across the loan life cycle, that is for origination, underwriting and collateral assessment and then customer service as well as in our internal customer processes, that is for our employees.

Some of the major initiatives are voice agent for lead generation, credit personal discussion call intelligence, collateral assessment intelligence and geo-analytics, AI customer assist platform, training platform and AI interview agent for frontline hiring. Now all this should improve conversion, evidence-based underwriting, reduce collateral risk and provide round-the-clock self-service support and enhance capability building for the company.

I will move to Panel number 22, which is the quarterly performance financial metric. A majority of the metrics have been covered earlier in the first panel. Other metrics like net total income grew 16% to INR1,175 crores in Q1 and profit before tax increased by 23% from INR757 crores to INR929 crores.

Moving to Panel 24. Portfolio yield stood at 8.9% in Q1 FY27 while cost of funds was 7.2% in Q1 FY27. Overall gross spread was flat at 1.7%. Other metrics have been covered on the previous panel.

I will move to the next panel, which is on the treasury side. Well-diversified borrowing mix across instruments with relationship backed by 18 banks. NCD mix improved on sequential basis by 2.6%, ICD by 10 bps with offsetting moderation in bank borrowings to the extent of 2.5% and NHB refinance by 20 bps.

I will move to Panel number 30. Portfolio mix remains well diversified with sequential movement of LRD increment by 70 bps, offsetting reduction of 50 bps in LAP and 10 bps in DF. Home loans remained by and large sequentially stable.

Moving to Panel 32. Now this is an update on the Sambhav Housing. From last quarter onwards, we have started updating the analyst call on the Sambhav Housing.

Business continues to progress well on the quarterly basis. For Q1, our monthly disbursement run rate was close to INR450 to INR465 crores. This was INR410 to INR425 crores in Q4, which traditionally is a better for the industry, so we have sequentially grown from INR410 to INR425 crores on an average to INR450 to INR465 crores.

Average ticket size remains stable. Around 65% of the customers in this segment also continue to have bureau score of greater than 750. Business is operational now at 73 urban locations and 72 rural locations. Salaried mix was stable at 68% in the last quarter and business is on track to achieve our disbursement target of INR600 crores plus in the next 9 months, because that's what we called out during last quarter saying that in next 12 months our target is to cross INR600 crores, so that remains on track.

Moving to Panel number 37. Stage 1 assets improved by 2 bps sequentially from 99.37% in Q4 last year to 99.39% in Q1. Stage 2 assets also improved from 0.36% in Q4 to 0.32%. Stage 3 from a sequential basis moved up by 2 bps from 27 bps to 29 bps. Provisioning coverage ratio for Stage 3 stood at 58.5% during Q1 FY27, largely stable over last 3-4 quarters.

I'll move to the next panel. Our provisioning coverage ratio was healthy across products. In terms of product level GNPA, home loans moderated by 1 bps sequentially to 34 bps. LAP inched up from 46 bps to 62 bps in Q1 due to movement of one week account, excluding which the asset quality continued to be fine.

Historically as well, LAP GNPA had remained in corridor of 50 to 70 bps with Q4 being an exception. DF GNPA stood at 12 bps due to movement of one account from Stage 2 to Stage 3 where necessary resolution efforts are being undertaken. Overall NNPA inched up by 1 bps sequentially to 12 bps.

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Now I will go straight to Panel number 41, which is a management assessment for the current financial year. From last year, we had been sharing the management assessment for the year along with the Q1 results. That's where we are sharing the assessment. We have seen various geopolitical factors which have played during last 3-4 months and also a bit of a macro outlook which has been uncertain due to the various geopolitical factors, inflation impact is yet to be assessed and volatile borrowing cost movement have been there in the money market in the quarter 1.

Now given, home loan industry grew by 9.4% in FY26, assuming that the growth rate remains in the corridor of a 9% to 10% or a 10.5% for home loan industry, that is where we are projecting the FY27 assessment also in the range of what we did the last year.

While in Q1 there has been some moderation in the BT-out pressure on the home loan side, but we are right now cautiously watching whether it is a trend or we estimated it to go down from Q1 FY27. As of now in Q1, it is looking at. it is moderated a bit from Q4, but we will watch for one more quarter for us to see that it is a trend which can then result into a higher AUM growth.

Now considering stable interest rate regime which limits upward repricing opportunity because there is a stable interest rate regime. Now the old portfolio which is going out is a higher IRR portfolio while the new portfolio which is coming in because of a competitive intensity remains the same in the way it was in Q4 and there is a little pricing movement in the acquisition side. The NIM is expected to moderate by 20-25 bps during FY27 from what it was in FY26.

Operating efficiency shall continue to improve. We are estimating it to be 19% to 20%, which was broadly in line with what we achieved at the end of the quarter, but we will expect a bit of a movement in the positive side. No deterioration seen in the credit behavior across our products and hence asset quality is expected to remain healthy with GNPA of 30-35 bps and credit costs of 10-15 bps.

Provisioning coverage as per our normal guidance shall remain in between 50% to 60% on the GNPA. On a profitability, ROA is again assessed to be in the range of 2.1% to 2.3% for the year. Leverage levels are likely to fluctuate between 5.8 to 6.3 times. We are already at close to 5.8, so we are likely maybe end of the year at 6.1 or so. So accordingly, ROA is expected to be in the range of between 12.5% to 13% for FY27.

Now that's all from my end on the quarter updates and full year assessment. I along with senior management team are happy to take any questions from your side. Back to you, Renish.

Moderator: Thank you very much. The first question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Yeah. Good evening sir and thank you for taking my question. So the first question is around this NIM guidance that we put out for FY27. We have said that we expect NIM to moderate by 20 to 25 basis points. So within that, I'm just trying to understand what part of this compression you foresee coming from the pressure on cost of borrowings?

We all know incremental cost of borrowings have been moving up for the last 2 quarters. So some color around has there been some respite over the last 1 and1.5 months on that front? And the other thing is I'm just referring to Panel 41 where you said that there are limited upward repricing opportunities given the stable interest rate regime. But I think, correct me if I'm wrong, but what is also true is that MCLR of banks have gone up by 5-10 basis points.

We've heard that PLR of NHB has also gone up and NCD borrowings themselves have actually been coming in higher at higher cost. So is there a case for increasing the PLR from here or what you've shared in the past, large HFCs like us have to remain price takers given that banks are the price setters? So just trying to put this puzzle together if you could help us on this front.

Atul Jain: Thanks, Abhijit. So Abhijit, your first question was on the NIM moderation 20-25 bps what we are calling out, largely coming from the yield part, because like I called out, what happens both the answers, the second question what you had said, limited upward pricing and the yield. Because in the stable interest rate regime which we are expecting now, stable interest rate regime I am talking from the point of view the acquisition pricing in the market, which is by and large stable now for quite some time at the range what it is there in the prime housing space.

Now in the stable interest regime, whatever book is attriting, that book attrites at largely a historical book which is at a higher yield than what the book is coming. So a natural process in the stable regime is that your book what gets replaced is of a lower acquisition IRR than the portfolio until and unless you change the mix dramatically. Change the mix dramatically where the business -- from where the incremental business is coming is different and the same business if your asset mix is going to remain largely stable from the composition point of view, then in a stable interest regime, the pressure on the NIM will come from the yield compression assuming that the acquisition pricing in the market remains in the range where it stands. That's on your question one.

On the question second on the upward pricing portion, you have rightfully called out, banks might have increased MCLR and NCD borrowings in the market are priced higher specifically post -- from Q4 onwards, Q4 and Q1 largely were in the same range. Q4 was because of a liquidity and Q1 from the macro instability due to geopolitical factor.

But the pricing opportunities in terms of a market acquisition are linked to the market players' pricing, which you have rightfully called out, we have not seen any trend for large scale acquisition pricing upward movement, which that's why which we are not factoring in. So that's where we say the limited opportunities. To an extent, whatever opportunities are coming is because of a balanced mix like we had called out today we are 84:16 in our mix within home loan of a prime to Sambhav. By the time we exit the year, we will be 80:20.

Now there will be a uptick in the yield or the pricing in because of a change of a mix, but if we remain the same mix, but that opportunity is limited because prime is much larger in size compared to the Sambhav housing. Have I answered your questions, Abhijit?

Abhijit Tibrewal: Yes sir, that answers my question. Second question I had is this quarter we are seeing a lot of large HFCs including some of the smaller affordable HFCs moving to encashment basis of cheques. So just trying to understand, you'll recall almost 2 years back the regulator NHB had said that we should all move to cheque handover. So here, I mean, how do we recognize disbursements, say, an interest income?

Atul Jain: Abhijit, for a last...

Abhijit Tibrewal: The related question here, sorry, yes, sir.

Atul Jain: So, for last 6 years we had always been on encashment while regulator gave the guidance 2 years back. Whatever numbers are reported had always been reported even when we were unlisted company long back is always on encashment. We start charging interest only on encashment from last 6 years. There is no cheque handover interest start principle in BHFL since last 6 years.

Abhijit Tibrewal: Got it sir, that explains. Thank you. And lastly sir, on NHB, we keep hearing that there's a lot of reviews that keep happening, lot of thematic audits as well, like how do you compute the PLR and things like that. So again, regulator is the regulator, we understand, but just trying to understand are things there okay or as you'll recall maybe 2-3 years back there was lot of overbearing that came from the central bank, especially in the NBFC sector. Are we looking at something like that in the housing finance space now or are things the usual what they had been?

Atul Jain: So Abhijit, our stance has been slightly different earlier as well even if you call the earlier instances. We always believe regulators are there to improve the market or set right any, let us say any imperfections or any pattern what they see which is not in rightful interest of a long-term development of the market or in customer interest.

Now there are certain practices on which we or any other company can get impacted, but from the spirit of regulators whether earlier when what you are calling out or now, we don't disagree with the regulator spirit in terms of driving the practices what they want to drive.

I would not call it in any way impactful to the company, but rather it will help the sector in the long run to grow in more resilient manner and better manner. So we don't see any impact of these. And I think overbearing is probably a harsher word. I don't know there. At least to the best of our understanding, we have not experienced it.

Abhijit Tibrewal: Got it. And sir last question from my side, this quarter obviously credit costs have come in much lower, I think 5 basis points. So are there any one-offs there, because I see for the full year you still guiding for 10 to 15?

Atul Jain: Yeah. So this quarter we had done a assignment out of a close to INR2,300 odd crores. That is what the difference in AUM you look at. So that's why the Stage 1 provisioning is lower and which results into credit cost being lower. Second part also is there in the quarter 4 of last year, we had enhanced significantly our Stage 2 asset coverage because of a uncertainty due to macroeconomic factors and a Gulf war where we have not seen any impact now, so we have not done that similar accretion.

So there are 2 one-timers, one one-timer was in quarter 4 of last year when we did an acceleration. Second one-timer what you can call out is a much larger assignment out which results into your release of your Stage 1 provisioning to that extent. So that's why, for the year we are still guiding at 10-15 bps, which is the normal range for BHFL credit cost to be there. This is a one-off you can take it as a 5 bps.

Abhijit Tibrewal: Got it sir, that explains. Thank you so much for answering all my questions and I wish you and your team the very best.

Atul Jain: Thank you, Abhijit.

Moderator: Thank you very much. Next question is from the line of Gaurav Khandelwal from JP Morgan. Please go ahead.

Gaurav Khandelwal: Hi, good evening. Thanks for taking my questions. I've got two questions. One, when I look at the yields this quarter, so loan yields have been flat, cost of fund has been down 7 odd basis points, but how come is margin declining by 13-14 basis points while spreads are also flat? So can you just help me understand the mathematics behind all of these?

Atul Jain: Thanks Gaurav, so another Gaurav will explain you, Gaurav, on this.

Gaurav Kalani: So spreads are largely flat because the spreads are basically computed basis portfolio yields and cost of funds. So portfolio yield as on the quarter end versus what you see as cost of funds as on the quarter end or for the quarter. So that's the difference where we are. Spread predominantly flat, it's a 3-4 basis points movement, but that's why you're seeing 1.7 remaining 1.7.

Portfolio yields overall have come down because of the reasons which Atul had mentioned earlier, attrition and higher yield book going out, lower yield book coming in, etc. So that's where you'll see compression which has come in this quarter and some bit of it further expected through the year. That's where the guidance is on the yield compression.

Predominantly that is what will flow through on the NII and NTI compression as well, while some benefit will come from the cost of fund movement through the year, but largely it will still have compression because of the yields going down.

Gaurav Khandelwal: Thanks for that, Gaurav. On cost of funds, how are July cost of funds looking compared to the first quarter exit cost of fund yields rates?

Atul Jain: We'll be sideways, Gaurav, for the current quarter 2 in cost of funds with a tendency overall to be minus from what our cost of fund had been in Q1. So overall Q2 cost of fund would be sideways with a downward bias.

Gaurav Khandelwal: Got it. Just another one on the disbursement run rate at Sambhav, so INR450 crores to INR465 crores is and we've seen that pick up in the last few quarters. But when I look at the average ticket size at Sambhav, that's constant at INR28 lakhs in the last two -three quarters. So how is affordable within that progressing and once affordable becomes a bit more meaningful in the portfolio size, what should the average ticket size in Sambhav book look like?

Atul Jain: So the current mix of affordable within the Sambhav book is close to one-third, so that's what remains stable 33% to 36% is the mix of affordable within the Sambhav housing. Affordable ticket size is close to INR18 lakhs. We are generally not in the sub INR10 lakhs or a sub INR12 lakhs kind of a bracket because affordable also we are largely towards if we have to say there is, if there is any upper segment of affordable, then we are there and there our ticket sizes are generally between INR10 lakhs-INR12 lakhs to INR27 lakhs-INR28 lakhs in the affordable side, not from INR3 lakhs-INR4 lakhs-INR5 lakhs to INR15 lakhs-INR20 lakhs. That's where the average ticket size in affordable. As of for next six months to one year for the current purposes of current financial year, that's the segment largely we are going to be there in affordable.

So average ticket size of affordable should remain INR17 lakhs-INR18 lakhs. A bit of a bias going downward for overall Sambhav housing ticket size from INR28 lakhs in the current year to INR26 lakhs-INR27 lakhs because as we continue to grow more in the non-top markets because that's the geo-expansion is one of the strategies in the Sambhav housing.

So as we continue to grow more towards the non-metro and the next level of location in Sambhav, a ticket size reduction should come from there. Mix between near-prime and affordable should by and large remain the similar mix as we exit the year. Ticket sizes in both the segment in the same market should remain similar.

A bit of a negative bias or a downward bias on the average ticket size coming from a more contribution from a let us say Tier 2 or a Tier 3 locations as we go forward. But for the current year, you should assume the ticket sizes to be largely stable with a downward bias of INR1 lakhs-INR2 lakhs max as we exit the year.

Gaurav Khandelwal: Thanks, that's very clear. Thanks for those insights. The final one, sorry if I may, the construction finance asset quality NPAs have increased quarter-on-quarter. I think I missed your comments earlier. What are those? Is there something to worry about?

Atul Jain: No, this is only one account, Gaurav. This was Stage 2 account in the last quarter which has moved to Stage 3 where our teams are working to resolve that account. There is only one account. There is one account and which was Stage 2 part of Stage 2 last quarter.

Gaurav Khandelwal: Okay, got it. Thank you so much.

Moderator: Thank you. Next question is from the line of Kunal Shah from Citi Group. Please go ahead.

Kunal Shah: Yeah, so couple of questions. Firstly, with respect to the guidance on spread. So we are seeing it 20 bps-25 bps decline in terms of the margins from say the FY26 levels. So FY26 was 3.9 bps, we are already at 3.7 bps. So from current level, I don't think we are looking at much of a pressure through the year, maybe it's hardly stable to five odd basis point. Is that correct?

Atul Jain: Yeah. So from 25 bps, 20 bps-25 bps when we are saying we are calling out from the last year. In the first quarter there is a 14 bps decline, so you can say 6 bps to 10 bps of a further decline what we can we may envisage in Q2 and Q3.

Kunal Shah: Yeah, because average for last year is still 3.9, yeah, so maybe then not much in terms of this spread compression from the current level?

Atul Jain: Yes.

Kunal Shah: Less than 10-odd basis points.

Atul Jain: Yes.

Kunal Shah: Yeah. And the second question is we have seen movement happening from Stage 2 to Stage 3 both in LAP as well as developer finance, but there is no increase in the provisioning. So when we look at it in terms of the numbers, so INR136 crores Stage 2 plus Stage 3 and INR64 crores of provisioning, it is continuing and same like it's a very small amount, nothing big and against the INR20 crores which is there on the developer side, that is also like the INR9 crores.

So why maybe transitioning from Stage 2 to Stage 3 not leading to any increase in provisioning?

Atul Jain: So generally what will happen on LAP is a different so LAP and DF both are handled differently because LAP it's a pool which always comes in. So if there is a earlier account which is higher provisioned, it was let us say a much higher DPD, higher provision. If it gets normalized during the quarter, the release is much higher versus a new customer which moves into an NPA, the provisioning so when the customer moves to a 90 DPD, the provisioning rates are different as it moves to let us say 180 DPD, the provisioning rate is higher, as it moves to 210 DPD, it is much higher, as it moves to 240 DPD, 270 DPD. So with every movement of a DPD, the provisioning increases.

Now at a point of a time in a pool account, whether in a home loan or LAP where there is a pool account of an NPA, if a older account which has been rolled back had a much higher provisioning coverage compared to the new account which has moved in which will have far lower, so there is a bit of a provisioning plus minus will happen basis that. It is basis pure formula and a pure DPD-based logic. So there is nothing else to see from there in the LAP.

In developer finance, the provisioning happens on the estimation basis the way we are seeing the account to move. So typically if we are seeing in Stage 2 because this is a particular one account which moved from Stage 2 to Stage 3, we were aware as a management that the account is going to be in a longer-term issue. So the provisioning in Stage 2 what we increased in the last quarter was already higher than the provisioning what we required as it moves to 90 DPD.

That is why you're not seeing any change in the provisioning. The account is provisioned at a higher number than what it is, what it would have right provided already at a 48%-49% while at a entry level it is, it would have been required let us say at a 90 DPD when it moves to, so as per the ECL model it requires a provisioning of close to 33%-34%.

So the account in Stage 2 itself was provided at a much higher level, that's why it remains you there is no requirement to increase provisioning on it as it has moved to 90 DPD, that's how you see the one account you see the provision gets stable.

Kunal Shah: Got it. Okay. And this LAP account, weak account was of INR18 crores?

Atul Jain: Yes.

Kunal Shah: So then maybe when you look at it 63 maybe almost like say 81 moving down to 63 in Stage 2 and 55 moving up to 73 in Stage 3. So this INR18 crores account is just moving.

Atul Jain: I think I INR18 crores is the total movement, not one account, sorry. I okay.

Kunal Shah: Okay. Okay. Okay. Yeah, so that's the reason you are saying the pool.

Atul Jain: Gaurav is correcting me, you had mentioned one account. I said INR18 crores movement, yes.

Kunal Shah: Okay, got it, perfect. And similarly when you look at it Stage 1 almost INR7,500 crores of increase in Stage 1, but in absolute terms the provisioning is almost 401 similar to that of last quarter. You indicated assignment, but had assignment led to almost a similar kind of a release which would have required maybe 30 basis-32 basis on this INR7,500 crores incremental pool in Stage 1?

Atul Jain: It would have probably the release on account of assignment would be close to INR20 crores to INR22 crores, which would not have required a provision INR13 crores to INR14 crores, Gaurav is correcting me, INR13 crores to INR14 crores is a lesser provision required. See, the provisioning, Kunal, moves basis the type of a customer you have brought in, the rating of the customer because or the type of assets what you have assigned out.

Now if the asset assigned out is of a higher rated customer, there is a ECL provisioning is different for each account basis because ECL is a model-based, rating-based pool and so there would be too many pluses and minuses, you will not be able to do a simple mathematics of a calculation. Simple mathematics.

Kunal Shah: No, no absolutely agree. The only question was like say if INR7,500 crores is the net increase, on that even if we do like INR30-odd crores, so there would have been almost like INR26 crores-27-odd crores of provisioning and release was INR13 crores-INR14 crores. So the only thing was the credit cost is much, much lower. In fact would we have provided maybe slightly higher and improved the coverage across the buckets, yeah?

Atul Jain: So Kunal, so you are saying that INR26 crores instead of that we could have used this to do more provisioning coverage, that's what you are suggesting or?

Kunal Shah: No, sorry, I was just saying INR7,500 crores is the net increase in Stage 1 assets from INR1,23,000 crores to INR1,31,000 crores. On that normally our coverage is 30 basis points-32 basis points, okay. So that would have called for at least INR25 crores, INR23 crores to INR25 crores of provisioning and our provisioning is remaining same at 401 to 401.

Atul Jain: Okay. I understood your question. So Kunal, what happens is in each year in the January board meeting, there is a ECL model recalibration which happens and the approval is done through and which is validated by statutory auditors and then the external auditor.

So given the credit performance has been stronger in last two years, the ECL rates in the last year when we revalidated the model have gone down on Stage 1 because Stage 1 provisioning is what provides for your next 12 months delinquency. All our portfolios have been behaving immaculately, so there has been a downward movement in the rate applicable on most of our portfolios in the recalibration of the model what we did in January to March.

So that's why you are seeing that and second part there within that also when you look at a INR7,500 crores which I was saying, there are moving pieces, so let us say in lease rental discounting you onboard a AAA customer, the general provisioning requirement there is very different than you onboard a local developer.

So there is a and also there is another moving piece if I have to complicate your life more, we have disbursed INR19,000 crores plus, AUM growth is INR8,900 crores. Now INR11,000 crores attrition what has happened, what was the category of that customer attriting, the provisioning on that could have been very different versus the new customer which is coming in because ECL model on a new customer coming in varies the provisioning from a bureau point of view also.

So if you acquire a more customers with 770 or 780 plus kind of a bureau score, your ECL model throws up a much lower provisioning at that versus what has gone out. So there are multiple, multiple moving pieces, Kunal.

Kunal Shah: Got it, got it.

Atul Jain: There is not a direct pool-to-pool computation calculation.

Kunal Shah: Yeah, yeah, got it, perfect. And if I can squeeze one more question.

Atul Jain: Yes.

Kunal Shah: Yeah, so just on opex to NTI, still maintaining at 19% to 20-odd percent with this kind of a growth rate. I understand there is maybe the incremental investments which are happening on near-prime and affordable, but still wouldn't that improve a bit and get towards the range of our medium-term guidance? So nothing visible during this fiscal in terms of the improvement of opex to NTI or operating leverage?

Atul Jain: So Kunal, it would be sideways because there are two parts to the opex to NIM equation. What are the growth in the NIM? If we are calling out for the moderation of a NIM, that means that impact that also impacts the equation.

Second side is what we continue to make investments. So there will be, it will be a downward from the last year, but largely we are assuming it to be sideways from the last year because we are assuming a margin compression and a NIM downward.

While if you are more efficient also at the same but with a NIM compression means that your opex to NIM income remains looks the same while if you are even if you're more efficient.

Kunal Shah: Okay. Okay, got it, yeah. Thanks, that answers all the question, yeah.

Atul Jain: Thanks, Kunal.

Moderator: Thank you. Next question is from the line of Viral Shah from IIFL Capital Service. Please go ahead.

Viral Shah: Yeah, hi. Hi Atul and Gaurav. Thanks for the opportunity. I had actually three questions. So Atul, I think you did call out and also a couple of participants called referenced the increase in the LAP GNPA. I'm not focusing more on the provisioning part, but is there anything specific with regards to say the cohorts of the INR18 crores pool that you mentioned, say whether geography or the customer profile that wherein we are seeing some stress?

The reason why I'm asking is that one of the NBFC couple of weeks back called out some stress in the salaried tech employee kind of sub-segment in Bangalore. So is there any connotation to that?

Atul Jain: No. So Viral, if I take you to last seven quarters LAP GNPAs and you will be able to refer them. Q3 FY25 LAP GNPA was 0.76%, Q4 it was 0.65%, Q1 FY26 it was 0.62%, Q2 it was 0.59%, then it came down to 0.52% and 0.46%, it has gone back to 0.62%. So year-on-year or the previous years' GNPAs on LAP book had always remained because it's a bit of a, it is a customer segment which comes under a cycle there.

We are not in affordable LAP, we are in largely in a prime LAP or a high ticket LAP. That is where when you look at even seven quarter or even if I go because seven quarter number is there right in front of me, but if I go back as well, it has always been in a corridor of 50 bps, 60 bps, 65 bps, 70 bps.

There is no exception or nothing to call out in terms of any segment or any geography outcome what we are looking at.

Viral Shah: Got it. No, that's helpful, Atul. Two other questions that I had was basically on the cost of fund, Gaurav, if you can basically highlight what led us to this seven bps kind of an improvement. On a sequential basis was that the predominantly the hedged book which was there or is there anything else over here?

Atul Jain: So one part of the hedged book, Viral. Second part is the natural repayment of a older higher cost borrowings because there is a maturity cycle which happens of an older higher cost borrowings as well and there was some reset of the old borrowings at a lower price which has happened, which at an incremental which has helped us to reduce our incremental cost compared to existing borrowing and that's what has resulted into overall COF reduction.

And what we are calling out also basis of trend what we are seeing and the number what we are projecting in the quarter two also we are looking at it a sideways with a bit of a downward revision from here on as well.

Viral Shah: Got it.

Atul Jain: But it's one, two, three, one is a hedging, second is the repayment of an older higher borrowings of older cost, higher cost borrowing is the natural process of attrition what happens on the as the books matures. Third is reset of some of the old borrowing which were at a bit higher price which has come to lower price.

Viral Shah: Got it, Atul. And the last basically again just double clicking on this piece. On the margin front and the guidance I understand that incrementally you are guiding for only say another five bps or seven bps kind of a margin compression.

Given that our cost of fund should be on a sequential basis lower plus the margin guidance that we have basically is at a total income level which also includes the DA income and given that our share of DA has been increasing, I was just expecting that shouldn't this be or is there some conservativeness that you are baking in over here in this margin guidance?

Atul Jain: No, Viral, I think we are estimating it in a, I'll not say conservative, we are cautious in estimation, I'll not say conservative basis. Our estimation, it should result into 20 bps-25 bps with even a cost of fund a downward because the yield computation in terms of because we are able to see every month what is going out at what yield and what is coming in at what yield.

So that's where we are projecting doing a mathematical projection, we are not being either being aggressive in assumption nor being conservative in calculation.

Viral Shah: Got it. That helps a lot. Thank you, Atul and all the very best.

Gaurav Kalani: Assignments have remained in the 12%-13% corridor, it's not exceptional or higher assignments which we've been doing.

Atul Jain: Yeah, that's what I was. So we had always been, Viral, in 12% to 13% of the book being assigned always. In one odd quarter it can be plus minus because a quarter movement here we did it in there but if you look at a trend line basis at a company level, 12% to 13% of AUM is always what is assigned.

Viral Shah: Yeah, I was just referring to you're right, just the incremental 50 bps, 100 bps kind of a difference, not much.

Atul Jain: But if the number on the year basis remains in that range, then the year basis NIM compression is what we are calling out at a 25 bps because year basis number is not going to change from 12%, 13% the assignment. A quarter movement can happen like last year quarter one was a lower, maybe quarter three or quarter four was heavier. So this a quarter difference can be there but at a percentage level the number doesn't move, Viral.

Viral Shah: Got it. It makes sense. Thank you very much.

Atul Jain: Thanks, Viral.

Moderator: Thank you. Next question is from the line of Nischint from Kotak Securities. Please go ahead.

Nischint: Yeah, thanks for taking my question. I was just looking at the fee income line and there is a fairly large increase this quarter. So how should one think about it?

Atul Jain: Hi Nischint, Gaurav will answer that.

Gaurav Kalani: Yeah. Just to clear, you are looking only at fee and commission income line or the entire other income?

Nischint: No. Fee and commission income line, yeah.

Gaurav Kalani: So fee and commission income predominantly considers insurance incomes, foreclosure, bounce, penal, etcetera and all other those charges. Predominant movement year-on-year is because of as the disbursements have increased, basis that the insurance incomes have increased.

Other income lines are predominantly in sync with year-on-year, whether it is any kind of penal charges or stuff. So it is all business linked variable incomes.

Nischint: Got it. Now your loan growth guidance for the year, that I believe bakes in a lower BT out rate, right? I mean, what you have seen in the first quarter you are saying will probably continue in the second quarter and so on. So that bakes in a lower BT out rate or does it make in a normalized rate and there could be a scope for an upgrade?

Atul Jain: Slightly lower BT out rate but not very it is what we are. See because in last year also what happened is the BT out rate jumped up from July onwards because there was a 50 bps cut in June, July onwards the BT out rates had significantly gone up. So one quarter which has been it is slightly lower than the previous quarter, but we are just holding on for us to assess it quarter two if we see the downward trajectory further, then I think we will be more confident.

Nischint: That's what you are baking in the numbers. So otherwise, I mean, very theoretically there could be some downside if BT increases from the current level.

Atul Jain: Yeah. If the price in market doesn't go down, which there is a probably a little probability of it going down, then increase side should not be there, decrease may or may not happen. But the increase can happen only if the pricing in the market goes down further, which will surprise me if the pricing goes down further in the market.

Nischint: Fair enough. And just a little bit on the market itself, in terms of demand dynamic, you alluded to the fact that the industry has grown at 9.5% last year. So where do you see the overall demand? Do you really see this going in double digits or mid-teen levels and, how is the scenario like?

Atul Jain: So Nischint, overall demand dynamics is slightly I will say slightly muted versus what previously we used to see. The industry growth has been muted last year and to the best of my understanding because it is very difficult to predict sitting in July-August, but probably industry growth is likely to be in the similar range or a bit muted only from what normally we used to project at a 12% kind of a industry growth there.

My estimation it may not be in the range of 11%- 12% what we normally assume the market to be there. Sales are also a bit muted. I will call it a stabilization phase more rather than a downward phase because the price momentum has stopped.

So in any market, if I have to on the real estate market when the prices are going up, you see a bit of a preponement of a demand which I think we saw in two years prior in FY24, '25, there was a lot of preponement of demand because as the prices were going up, the people were rushing to lock in there.

As a price stabilization phase happens, people slightly postpone because there is a time value of a money when you are when if you are confident the price will hold. So I will say the demand is stabilized or a bit muted compared to the previous two years.

Nischint: Got it. Thank you very much and all the best.

Atul Jain: Thanks, Nischint.

Moderator: Thank you. Next question is from the line of Abhishek Murarka from HSBC Securities. Please go ahead.

Abhishek Murarka: Yeah, hi, good evening. Hi Atul, hi Gaurav.

Atul Jain: Hi, Abhishek.

Abhishek Murarka: My first question is just taking up from Nischint. So you have mentioned in your PPT also that portfolio attrition has reduced. One, this is in prime or this is across the board? Second, what is leading to this tailwind because if I see your disbursements are up quite sharply, your BT out is a little lower. So what is leading to this tailwind? Who is stepped off the pedal? Is it PSU banks? Is it large private? Who is not competing? So what is happening in the industry?

Atul Jain: The tailwind is purely the outcome of various actions what we had been taking in the prime side, in the prime home loan side what we have been taking actions of deepening and widening there. We have seen a reasonable uptick in the disbursal momentum. Commercial businesses have continued to do well.

Sambhav, we have talked about there is a significant Y-o-Y growth, there we talk about not Y-o-Y we talk about from last quarter and a previous quarter because given that historical base had been low. So all businesses or all units in the company, we are still very small, Abhishek, what compared to the overall market.

So if we gain a bit, it is from a we are taking a slightly more from the market growth, we are not taking from someone. So our higher growth cannot be interpreted by someone else ceding the space, it is we are just taking a bit more from the growth in the industry because industry is that large.

There is no other dynamic change which has happened in the market. BT out rate is slightly lower, that is when we talk about the BT out rate that we are talking about only in terms of a home loan because that is what largely people refer to. A developer finance, it is largely natural attrition which is a project cash flow run, so at a company level aggregate level that continues there.

The lease rental discounting attritions are largely led by customers selling off assets or a some of the balance transfers are not that large player play in the other part of the businesses. So that's why we talk about home loan, but our overall aggregate attrition has multiple other pieces.

So aggregate disbursement and aggregate growth have other pieces or a play of other businesses and we also said in home loan we have seen a bit of an easing, not a complete

Abhishek Murarka: Yeah, I meant in home loan, whether it is in prime or also in near-prime, affordable, all those?

Atul Jain: Near-prime our book is much younger, so the pricing acquisition there is not much of a opportunity of a BT out there because the book is largely the average book will be 12 MOB because we started this business around 24- 28 months back or lower than 12 MOB because we have been growing faster every month.

So when we talk about a BT, we talk about largely the prime which is our historical book and also the segment which is most susceptible to the BT out by PSU or the banks.

Abhishek Murarka: Got it. And just one quick sort of data keeping question. In your Sambhav disbursements, how much would be affordable and how much would be near-prime? Can you split that up?

Atul Jain: One-third would be affordable and two-third would be near-prime. It hovers between 33% to 36% odd mix affordable within the Sambhav. In some months it can be 33%- 34% some months 35%- 36%. But you can take a ballpoint figure of one-third to 35%.

Abhishek Murarka: So disbursement mix is similar to AUM mix broadly. I think you said 33% of Sambhav is affordable in AUM.

Atul Jain: I called out the disbursement mix only, so I had not called out the portfolio

Abhishek Murarka: That was disbursement. Okay, got it.

Atul Jain: In a way my answer is the same.

Abhishek Murarka: Okay. I thought that was AUM.

Atul Jain: No, no, I called out on disbursements only.

Abhishek Murarka: All right. Thank you, so much and all the best.

Atul Jain: Thanks, Abhishek.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.

Atul Jain: Thank you, thank you all for patient listening and thank you all for giving us an opportunity to explain our company results to all of you. A very good evening to all of you again. Thank you very much. Thank you, Renish.

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