Operator: Ladies and gentlemen, good day and welcome to the Suryoday Small Finance Bank Limited Q1 FY27 earnings conference call, hosted by Asian Market Securities.

As a reminder, all participant lines will remain in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero on your touch-tone telephone. Please note that this conference is being recorded.

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

Shailesh Ganani - Asian Market Securities: Thanks. Hello and good morning everyone. On behalf of Asian Market Securities, I thank you all for joining the Q1 FY27 earnings conference call for Suryoday Small Finance Bank Limited. Today from the management, we have Mr. Bhaskar Babu Ramchandran, MD and CEO; Mr. Kanishka Chaudhary, Chief Financial Officer; and Mr. Himadri Das, Investor Relations Head. So without any further delay, I will hand it over to the management for the opening remarks. Over to you, sir.

Management: Thank you, Shailesh. Good morning everyone and thank you for joining us for Suryoday Small Finance Bank Limited's Q1 FY27 earnings conference call. On behalf of the entire Suryoday team, I extend my best wishes to all of you and sincerely appreciate your continued support and engagement with our bank. Our financial results and investor presentation are available on the stock exchanges and on our website, and I trust you have had an opportunity to go through them.

Let me go through our bank's performance for Q1 FY27. The first quarter of FY27 has been a period of continued progress with our bank building on the stabilization achieved over the past few quarters, while maintaining a disciplined approach towards growth, portfolio quality, and sustainable profitability. The broader microfinance industry has started regaining momentum with improving borrower behavior and gradual recovery in business activity. However, we remain cautious and continue to focus on strengthening collection efficiency and asset quality through enhanced central monitoring, technology-led intervention, and a more efficient operating model with optimized dependency on manpower-intensive processes.

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

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

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

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

Coming now to our performance for Q1 FY27, I will touch upon only the key highlights while the detailed financials are available in our investor presentation. Our gross advances stood at 14,376 crores, registering a year-over-year growth of 32.5%. Our deposit base stood at 14,634 crores, reflecting a year-over-year growth of 29.4%. The share of retail deposits stood at 87.3% as of June 30, 2026, supported by both our branch network and our digital sourcing channels. Our CASA ratio stood at 21% and we continue to focus on granular CASA over the coming quarters.

With our inclusive finance portfolio, current bucket collection efficiency stood at 99.2% and the current bucket collection efficiency of the more recent portfolio continues to remain healthy at 99.4%, reflecting the benefits of our strengthened underwriting and collection framework. On asset quality, our GNPA stood at 6.5% and NNPA at 1.2% as of June 30, 2026. In absolute terms, GNPA stood at 931 crores and NNPA at 170 crores, against which 134 crores is receivable under the CGTMU scheme. Adjusted for this receivable, the GNPA and NNPA stood at 2.9% and 0.3%. Our bank continues to maintain prudent provisioning and, together with the CGTMU receivable, our overall coverage on the stress portfolio remains comfortable.

Our digital businesses continue to make encouraging progress through the quarter. Deposits sourced through our digital channel stand at 2,222 crores with an average daily acquisition of 6 crores. Credit on UPI customers crossed 9 lakh, reflecting a seamless onboarding journey through VKYC and higher customer engagement through a product-driven approach. We also continue to strengthen our digital MSME loans with disbursal of 59 crores during the quarter, supporting faster customer acquisition and improved service delivery across our retail franchise through our branch network.

We remain committed to delivering consistent performance across all our key business parameters. Our focus continues to be on sustainable growth, strengthening asset quality, expanding our liability franchise, and enhancing customer experience through responsible banking practices. As we move forward, we remain confident that our strategic initiatives undertaken over the past few years will continue to drive sustainable growth, strengthen our institution for the long term, and create enduring value for all our stakeholders, while remaining committed to our mission of financial inclusion. Thank you for your continued support and growth. With this, I conclude my opening remarks. I am happy to take your questions. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Sukrut D Patel from Eyesight Fintech Private Limited. Please go ahead.

Sukrut D Patel – Eyesight Fintech Private Limited: Good morning to the team. I have two questions. My first question to Mr. Ramachandran, beyond the regular outlook, what are the top two to three execution priorities you are focusing on in the next few quarters? Alongside that, what do you see as the biggest risk in customer demand or competitive pressures, and how are you preparing to manage them while strengthening the company's position in small finance banking?

Management: Our key focus continues on strengthening the inclusive finance portfolio, which is our backbone and our core focus area. As you know, we have moved to individual loans, which enables us an opportunity to directly engage with the customer and assess not just their credit needs but their overall banking needs. The secured assets are focused on commercial vehicles and mortgages which are gaining good traction, and we continue to focus on having a growth rate in this portfolio that will probably be higher than the inclusive finance growth.

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

The risks obviously are that we continue to be cautious as the microfinance cycle has turned, mainly because of weeding out customers who did not have a good track record circumstantially or otherwise. It is extremely important that we do not simply treat this as a revival of the cycle and go aggressive, so we will continue to be prudent on our growth. The competition will be intense and that is where our digital play will come into play in creating customer experience.

Sukrut D Patel – Eyesight Fintech Private Limited: Thank you. My second question to Mr. Kanishka is, from a financial point of view, what key risks or challenges do you anticipate in the coming quarters? What specific measures are being taken to manage margins, cash flow, and balance sheet strength, especially in areas like credit risk, borrower repayment cycles, or any regulatory compliance?

Management: I think the good part to note is that if you look at our MFI business, our slippages have moderated significantly. Our slippages on a monthly basis are less than 20 crores a month. So that is one discipline we should continue to focus on. The other will be that assets have started growing at a faster pace as compared to deposits, which is a good sign. There is demand in the market for loans. So our focus will be to ensure that we build up our deposit engine further, make it grow faster, and continue to tap our refinancing lines as and when required.

A couple of things which have improved in this quarter, for example, is that with the improvement in the MFI book, the IBPC market has opened up for us again. We took IBPC funding at around 5%

or a little less than 5%. So we are exploring all the funding options and, with the improvement in the MFI book, the funding options only increase. So those will be the two to three focus areas for us for the remaining three quarters.

Sukrut D Patel – Eyesight Fintech Private Limited: Thank you and best wishes.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Harshit from Robo Capital. Please go ahead.

Harshit – Robo Capital: Thank you, sir, for the opportunity. We generated an other income component of around 147 crores in this quarter, which looks quite high. What is the steady-state other income we can assume for FY27 for modeling purposes?

Management: The other income this time has about 90 odd crores on account of PSL income. I think for the next two quarters, you can expect that our PSL income will be around 10-15 crores, and Q4 may be somewhere around 20 crores.

Harshit – Robo Capital: Okay. What is the credit cost guidance for FY27?

Management: For this quarter, the credit cost is at 0.8%. As we indicated at the start of the year, our guidance is that we will be somewhere between 0.8-1% and we stay by that guidance.

Harshit – Robo Capital: Okay, sir. Thank you.

Management: Yes.

Operator: Thank you. Participants who wish to ask a question, please press star and 1. We take the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar – Sapphire Capital: Hello, am I audible?

Management: Yes, please go ahead.

Deepak Poddar – Sapphire Capital: Hi. Thank you very much for this opportunity. I just wanted to understand a bit more on that other income. PSLC income in this quarter was 90 crores. So net of PSLC income, the other income was close to about 55-57 crores, right?

Management: No, our PSLL income for this quarter was approximately 46 crores. We sold 1,600 crores of PSLL certificates, which is why you see almost a 45 crore uptick in the other income.

Deepak Poddar – Sapphire Capital: Oh, okay. So your other income was 90 crores plus 46 crores from your PSLC.

Management: Absolutely. That is correct.

Deepak Poddar – Sapphire Capital: Okay. And that 46 crores you expect to be 15 crores for the next two quarters and then maybe 20-25 crores in the fourth quarter, right?

Management: Yes, somewhere around 15-20 crores for the last quarter.

Deepak Poddar - Sapphire Capital: I got it. And sir, regarding the cost of funds, can you throw some light on that? Are we seeing any pressure on the cost of funds and how should we look at NIM for the company?

Management: Yes, so if you look on a quarter-over-quarter basis, our cost of funds reduced by around 8 basis points. We continue to see pressure in the rates for fixed deposits; they have not really come down. What we have done as a bank is optimize our rates in the savings account across buckets. That is the kind of focus we will have for funding. We will be selective in our bulk deposit mobilization. We will continue to focus on raising granular SA and anywhere between 1.5 to 2-year FD money. As I said, on top of that, with the MFI portfolio quality improving, we will be going in for IBPCs as and where possible.

Deepak Poddar - Sapphire Capital: Okay, so considering that, what does it mean for NIMs? Do you expect the cost of funds to remain stable or increase?

Management: You can expect the cost of funds to be around 7.5% for the rest of the year.

Deepak Poddar - Sapphire Capital: Okay. And what does it mean for NIMs, considering our secured book will keep increasing? Do you expect NIMs to be stable at the current level?

Management: Yes, very similar to what we are having at the end of Q1.

Deepak Poddar - Sapphire Capital: Okay. And we are maintaining the earlier mentioned Q4 guidance of around 1.6% ROA?

Management: Yes, there is no change in the guidance from what we had indicated at the start of the year.

Deepak Poddar - Sapphire Capital: Fair point. I think that is all from my side. I wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Rahul Kumar from Waikarya Investment Management. Please go ahead.

Rahul Kumar - Waikarya Investment Management: Hi. Sir, is there any one-off in the other expense line item? It has increased 20% quarter-over-quarter.

Management: Yes, just a clarification on that. Our CLOU business has really picked up in a big way. In this particular quarter, our convenience fee income from the CLOU business moved to 18 crores for the quarter. There is a corresponding increase in the CLOU related expenses of around 13 crores, which is why you see an uptick in the expenses. Apart from that, there have been some additional expenses in the technology infrastructure, but the main driver is the CLOU related expenses.

Rahul Kumar – Waikarya Investment Management: Okay, so based on the growth in this CLOU business, we will see a proportionate increase in other income and other expense items.

Management: Absolutely correct. Yes.

Rahul Kumar – Waikarya Investment Management: Second point, regarding the slide on the yield on non-NPA advances. There seems to have been some change in Q1 versus Q4. Can you help us understand what has changed?

Management: Yes, so if you note, what we have indicated is that the yield moved from 17.2% to 16.1%. There are two components to that. One is that the share of the inclusive finance business reduced by 4%, from 48% to 44%, which has about a 75 basis point impact. In Q4, we had better recovery from our MFI assets, leading to higher income recognition as compared to Q1. On that count, we believe we will be able to go back to our previous levels in terms of recoveries from inclusive finance NPLs.

Rahul Kumar – Waikarya Investment Management: Okay, but going forward, do we expect this level to be stable at around these levels?

Management: Yes, we will be going back to around 17%.

Rahul Kumar – Waikarya Investment Management: Okay, understood. Thank you.

Operator: Thank you. We take the next question from the line of Somil Shah from Parag Investment. Please go ahead.

Somil Shah – Parag Investment: Hi, team. Congratulations on a very good set of numbers. I wanted to know about the JLG model. How is it shaping up? Is customer behavior improving quarter-over-quarter? Are we looking to increase our JLG share or are we moving more toward individual lending?

Management: I am Sasidhar here. Over the last 2-3 years, we have been slowly and consciously moving out of the JLG model and into individual loans, to the extent that individual loans contribute around 80% of our monthly onboarding. I think we will continue maintaining that ratio going forward. Probably over a period of the next 1.5 years, we will try and reduce our JLG exposure and move into individual loans.

Somil Shah – Parag Investment: Okay, so are we still seeing stress in the JLG model?

Management: Not exactly. Markets have improved over the last 6-8 months. We do not expect any stress in the next six months at least. We will have to wait and see.

Somil Shah – Parag Investment: Okay. In the previous quarter, we received claims worth approximately 385 crores. How many claims are still expected in the current quarter?

Management: We have a very small cohort left to be claimed in the current financial year. It will be somewhere around 13-15 crores. That is the oldest and the first cohort that we had. The large chunk of the claim has now been made in this financial year.

Somil Shah – Parag Investment: Because if I remember correctly, last quarter you said we were going to claim around 450–470 crores this year.

Management: Yes, that was depending on the timing of the claim, whether we made it in Q1 or the end of Q2. We decided to make the claim in Q1 itself because it was a substantial amount. That would mean that for Q1, we made 387 crores, and there is another 15 or 20 odd crores for the oldest cohort.

Somil Shah – Parag Investment: My final question is, last quarter we said that for the current quarter our ROA should be close to 1.2% and gradually increase toward 1.6% by Q4. In the current quarter itself, we have achieved 1.6% ROA. Can we assume that this 1.6% can gradually increase toward maybe 1.8% or 1.9% by Q4?

Management: We need to be cognizant of the fact that we had 46 crores of PSLL income. In the next two quarters, we will not have that kind of a PSLL opportunity.

Somil Shah – Parag Investment: Correct. Okay, that is it from my side. Thank you and all the best.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Sonal Minhas from Brehsian Capital. Please go ahead.

Sonal Minhas – Brehsian Capital: Hi, team. This is Sonal. I hope I am audible.

Management: Yes, please.

Sonal Minhas – Brehsian Capital: Thanks for taking my question. I was trying to sync your numbers on slippage for this quarter, which is 92 crores, and the corresponding net provision. Are we seeing any signs of a slowdown in recovery because similar numbers are visible in your PAR 30–90 and PAR 90 plus? Do you have any subjective guidance on that?

Management: At a bank level, if you look at our slippages, we have improved from 106 crores to 92 crores on a quarter-over-quarter basis. Similarly, for the MFI business, our slippages have improved from 73 crores to 53 crores. We have had a couple of slippages in our mortgage business, and we are working on those for resolution through the legal process. The point to note is that in these cases, we are well-collateralized and the collaterals are well-identified and quite liquid. We will try to complete the resolution process in the coming quarter.

Sonal Minhas – Brehsian Capital: So that should come down or normalize in the coming quarter on the back end?

Management: Yes, that is what we are working at. We should be able to bring it down.

Sonal Minhas – Brehsian Capital: Got it. That is all from my side. Thank you.

Operator: Thank you. We take the next question from the line of Keshav Karwa from White Pine Investment Management Private Limited. Please go ahead.

Keshav Karwa – White Pine Investment Management Private Limited: Thank you for the opportunity. I just wanted to know the collection efficiency trend in your MFI book for July and if you are seeing any geographical stress.

Management: The collection efficiency has been largely stable over the last quarter. Although there has been a bit of an increase in inflation in the last quarter, collection efficiency is expected to remain stable. I do not see any stress going forward. We are comfortably seeing 99.9% in the Vikas loan portfolio. In a period like this, we are comfortable clocking around 99.1% to 99.6%. In June, a couple of months could not quite go back to the same levels of Q4. We are happy that it is stabilizing at 99.3% to 99.5%.

Keshav Karwa – White Pine Investment Management Private Limited: Okay, sir. Thank you.

Operator: Thank you. We take the next question from the line of Shailesh Kanani from Asian Market Securities. Please go ahead.

Shailesh Kanani – Asian Market Securities: Good morning, team. Congratulations on a great set of numbers. On a steady-state basis, what kind of ROE can we deliver considering the current trends and portfolio performance?

Management: As we indicated in our guidance at the start of the year, we will be in the range of 1.3-1.4%. We continue with that guidance at the end of the first quarter.

Shailesh Kanani – Asian Market Securities: The first quarter performance has been a positive surprise for the whole industry. Do you think any upward bias is possible there?

Management: Shailesh, I think the investments and process improvements that we did in the last quarter are paying off. Our focus is ensuring that what we have is sustained while looking forward to marginal but sustainable improvements quarter-over-quarter. It may not necessarily happen better than Q1 as consistently across all parameters, but we aim for 13-14% over a period of time. The clear endeavor is whether we can inch it up by a meaningful and sustainable 0.5% to 1% in terms of ROE year-on-year for the next couple of years.

Shailesh Kanani – Asian Market Securities: Fair enough. My second question is about the profile and quality. How is the current book different from the past cycle? What key changes have been made in underwriting or customer selection?

Management: Sasidhar here. We changed a couple of things starting in November 2024. Besides the standard filters for multiple lenders, we started focusing on the unsecured loans as a basket, the recency of secured loans, the heating factor on unsecured loans, and payment behavior. Based on that combination, we have fundamentally redone our profiling. We have categorized customers into segments A, B, C, D, and E, and we focus on A, B, and C. In a good market we can do more of C and D, but currently, as the market gets tougher, we focus more on A and B. We tested this for different cohorts and it is holding good.

Shailesh Kanani – Asian Market Securities: This profiling is predominantly for the retail customer, right?

Management: It is largely for the micro-banking customers but includes MSME and new loans.

Shailesh Kanani – Asian Market Securities: In terms of growth drivers for the secured book, we have been growing fast but I see hardly any branch additions. What are the drivers and how do you see this book going?

Management: We will be adding approximately 30-50 branches in this quarter and next quarter. More importantly, not all our products are currently available in all locations. One key thing would be micro-mortgages and expanding commercial vehicles to other branches where we are not present at this point. We have a large opportunity in expanding into existing locations. We are present in no more than 28% of our current branches for the mortgage business. The intent would be to take that to at least 40-45% toward the end of the year.

Shailesh Kanani – Asian Market Securities: Is it fair to assume the secured book will continue its current momentum?

Management: Yes, considering our base is not very large, the ability to achieve higher growth on that continues to be there for the next few quarters.

Shailesh Kanani – Asian Market Securities: Thanks a lot, that is useful. Best of luck.

Operator: Thank you. We take the next question from the line of Akhilesh Anchan from Kotak Securities. Please go ahead.

Akhilesh Anchan – Kotak Securities: Hi, good morning. Regarding the CASA deposits that have grown by better than 50% year-over-year, do you expect this growth to continue? Also, what is the blended cost of SA deposits and term deposits separately?

Management: In so far as the growth is concerned, yes, that is what we are working at. We expect to see similar growth for these CASA numbers. We are currently focusing more on SA. Over time, we will also start focusing on our current account product features and propositions. In terms of aggregated cost, last quarter our SA had a cost of 5.7% which we have been able to pull down to 5.5%. For our fixed deposits, the cost is about 8.1%.

Akhilesh Anchan – Kotak Securities: If you grow by 30-35% as guided for FY27, what kind of opex have you budgeted for this year?

Management: I think the target we have assumed for ourselves should be in the range of 67-70%. This is the full stack cost including our investments in technology, branch expansion, and branchless personnel.

Akhilesh Anchan – Kotak Securities: For the CLOU business, I just want to confirm the numbers. What was the convenience fee income this quarter versus the expense?

Management: We made around 18 crores of convenience fee income and our proportionate cost was approximately 13 crores.

Akhilesh Anchan – Kotak Securities: So this was not the increase in cost quarter-over-quarter, it was the absolute cost?

Management: Absolute numbers, yes.

Akhilesh Anchan – Kotak Securities: If possible, could you share the corresponding numbers from last year?

Management: This is a product which is scaling up month-on-month. We started only last year. Currently, we have close to 6 lakh customers utilizing it and around 9-10 lakh customers who have been approved. Every month we onboard close to 1.5 to 2 lakh customers. Assuming around 60-70% gets approved and 1 lakh customers start utilizing it. As of now, it is a very small product. It is scaling up by 5-10% on a month-on-month basis. We are focused on ensuring that we are doing business with credit costs that are much lower than programmed. The average ticket is around 5,000 at this point.

Akhilesh Anchan – Kotak Securities: Any sense about what the eventual customer base could be for this product?

Management: It has high potential. When we started, we did not think we would have these capabilities. VKYC becomes an extremely important capability. We have been able to scale it and look forward to doubling or tripling the capacity. It gives us a large base on which we can build other digital products and even secured asset products. We would be comfortable if we can at least double the customer count during this financial year from approximately 6 lakh users to around 12 lakh users. There is a limit to scaling a single product from a risk management point, but it is very comfortable for cross-selling activity.

Akhilesh Anchan – Kotak Securities: Now that you have built the stack, do you see potential to partner with other players for this product?

Management: Of course. Our current partner is Paytm. Our partnership with Paytm will continue to go strong, but we will also be onboarding a few more partners.

Akhilesh Anchan – Kotak Securities: Very useful. Thank you.

Operator: Thank you. Participants who wish to ask a question, please press star and 1. We take the next question from the line of Avnish Tiwari from Vaitalya Investment Management. Please go ahead.

Avnish Tiwari – Vaitalya Investment Management: Can you explain the yield on non-NPA advances? It is currently running at about 17.4%. Where do you see this yield going as you increase the secured mix, which has a much lower yield? Are you taking any pricing action as your cost of funds are tightening?

Management: I will take the part about yield and then hand over the pricing question to Kanishka. On yield, our stabilized yield would be in the range of 17.2% to 17.5% maximum. That is true even if the inclusive finance share goes to 45%. Because our secured asset yield is nearly 12%, on a mixed basis 17.2% to 17.5% is the comfortable range. Regarding pricing, I'll request Kanishka to take this.

Management: At this particular point in time, we don't foresee an immediate change in pricing across products. We will continue to evaluate our pricing, particularly for MFI. Given that we have moved to individual loans, we have a single price that is offered across, but our customer stratification has increased. At this point, in this quarter, we do not foresee changing our price.

Avnish Tiwari – Vaitalya Investment Management: What is the yield you are getting on the individual book currently on a blended basis?

Management: On Vikas loans, it is around 25% to 25.25%. Our intent is to substantively optimize individual customer relationships using technology. Around 70% of the customers today are making their payments digitally or through other channels without us reaching out to them physically. We are focused on optimizing the cost rather than simply increasing the yield.

Avnish Tiwari – Vaitalya Investment Management: What kind of growth do you look for in the micro-banking business, and what are your thoughts on capital planning this year?

Management: Our capital adequacy is 20%. We have Tier 2 capital expiring next year, so we are currently evaluating proposals for raising fresh Tier 2. We hope to close something this quarter. From where it stands today, we will increase it marginally, but ideally we want to be at 20-22% given our growth.

Avnish Tiwari – Vaitalya Investment Management: And regarding Tier 1 capital?

Management: We have a resolution going into the AGM. We are evaluating the right time to raise Tier 1, but nothing has been finalized yet.

Avnish Tiwari – Vaitalya Investment Management: Great. Thanks for the clarifications.

Operator: Thank you. We take the next question from the line of Tanay Jain from Centrum Broking. Please go ahead.

Tanay Jain – Centrum Broking: Congrats on a good set of numbers. Your vehicle finance PAR stands at 11.5%, up from 10.1% last quarter. Could you elaborate on the stress pockets within the CV portfolio?

Management: Approximately 75-80% of our book is in new CVs. The PAR has been slightly elevated due to fuel price increases and load availability issues linked to the crisis in the Middle East. Hopefully, we are past that. Generally in the second quarter, when the monsoon is active across the country, PAR is slightly elevated. Because this is an earning asset, it generally settles back in the third quarter. We focus more on the used business where the ticket size is much lower compared to new vehicles. We have also increased our focus on light commercial vehicles and small commercial vehicles. I think the PAR should normalize by September.

Management: To add to that, over the last 1.5 years, the CV market has been elevated industry-wide. However, if we benchmark our cohorts, we are significantly outperforming the market by 2 to 2.5 times on credit quality.

Tanay Jain – Centrum Broking: Okay, so there is no geographical impact? It is mainly fuel prices and load availability?

Management: Exactly. We do not have geographical concentration in this book; we are spread across the South, West, and Northern markets.

Tanay Jain – Centrum Broking: Thank you.

Operator: Thank you. We take the next question from the line of Deepak Agarwal from Param Capital. Please go ahead.

Deepak Agarwal – Param Capital: Good morning, sir. Considering the entire MFI portfolio is largely insured and secured, shouldn't we see far more stability in earnings going into FY28 and FY29 compared to the past volatility?

Management: Yes, Deepak. In fact, we covered our portfolio when the going was good. It has certainly protected the balance sheet and capital. As we enter this phase, 80% of our focus is now on individual loans. Previously, we had to get customers through the JLG pipe to graduate them. Now, our New-to-Bank Vikas Loans (NBVL) have picked up momentum across branches. Regarding your point on ROA, our focus is that every improvement should be sustainable year-on-year rather than volatile. We are not increasing our ticket sizes in Vikas loans. We are categorizing individual loans into 6-7 segments to decide how much ratio we have in each cohort. I am fairly confident we will deliver consistent numbers over the coming quarters.

Deepak Agarwal – Param Capital: Historically, when we were insuring under CGTMU, the rest of the industry was not. Now many players are talk about taking insurance. If 50% of the industry starts insuring and an event happens, would getting that claim become a challenge because of the large payout?

Management: We are not looking at insurance as a shield for doing business. The insurance has to be seen as a last resort. We must be able to sustain a down cycle of 1 to 1.5 years ourselves. We have never looked at trade insurance as a license to do business with relaxed terms. The norms will be much tighter. Our understanding is that this insurance is for ensuring financial inclusion, not for doing business however we want.

Deepak Agarwal – Param Capital: Thank you, sir.

Operator: Thank you. We take the next question from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar – Alpha Capital: In terms of insurance, can you tell us how much we have claimed, how much we have received, and how much we expect to receive in the coming quarters?

Management: We have made a claim for our biggest cohorts in this financial year. We are likely to make one more claim of anywhere between 15-20 crores. We received 387 crores this quarter. The additional amount we will be eligible to claim subsequently will be anywhere between 135-150 crores as things stand today.

Ankur Kumar – Alpha Capital: You said 46 crores of PSL income this quarter was extra and you expect 15-20 crores next quarter. Do you expect to cover that reduction through normal growth?

Management: Yes, some part of it will be covered. Our inclusive finance paying book has grown by about 500 crores in one quarter. We expect that growth momentum to be maintained. There will also be some income uptake from our CLOU business, which has been growing exponentially, and our retail secured businesses which are growing at 30-35% year-on-year.

Ankur Kumar - Alpha Capital: Are you seeing any borrower issues related to the monsoon or global conflicts?

Management: Not really at this point. We will continue to be cautious. These events had a slight impact on commercial vehicles, as mentioned, but we are not in segments that are directly impacted by these events.

Ankur Kumar - Alpha Capital: Thank you and all the best.

Operator: Thank you. We take the next question from the line of Vibhor Talreja from Nest Amplifier. Please go ahead.

Vibhor Talreja - Nest Amplifier: Congratulations on receiving that large 387 crore claim, which changed your provision coverage to above 80% and net NPAs to around 1%. Do you see any risk to your guidance of 300 crores plus PAT for this financial year?

Management: As of now, no. We are focused on 75 crores of profit per quarter. Q2 might settle because we had the PSL income in Q1, but as mentioned, the paying book is growing at 120-150 crores which will add to it. The intent is for every quarter to be marginally better. Deposits may look like a challenge, but our retail sourcing through digital channels across multiple platforms gives us confidence. The intent is to keep the cost of funds at the same level for Q2 and Q3.

Vibhor Talreja - Nest Amplifier: All the very best. Thank you.

Operator: Thank you. Ladies and gentlemen, we take that as the last question. I now hand the conference over to the management for their closing comments.

Management: Thank you very much for your continued support. We have been able to focus on what was needed to come out of the cycle successfully and deliver sustained performance across both our physical and digital infrastructure. We are confident in delivering sustained growth and building a respectable bank with a focus on excellent customer experience. Thank you.

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