

January 29, 2026

Ref.: SSFB/CS/96/2025-26

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East), Mumbai-400051

BSE Limited
The Corporate Relations Department
Phiroz Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001

Symbol: **SURYODAY**

Scrip Code: **543279**

Dear Sir/Madam,

Sub: Submission of the Transcript of the Conference Call held on January 23, 2026 on the Un-Audited Financial Results of Suryoday Small Finance Bank Limited (the "Bank") for the Quarter (Q-3) and Nine Months ended December 31, 2025

Ref.: Our Letter No. SSFB/CS/88/2025-26 dated January 17, 2026, and Letter No. SSFB/CS/94/2025-26 dated January 23, 2026, respectively pertaining to intimation of Conference Call and disclosure of Audio recording of Conference Call on the Un-Audited Financial Results of the Bank for the Quarter (Q-3) and Nine Months ended December 31, 2025

In continuation to the above referred letters and pursuant to the Regulation 30 read with clause 15 of Paragraph A in Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), kindly be apprised that the transcript of the aforesaid Conference (Earnings) Call held on January 23, 2026, on the Un-Audited Financial Results of the Bank for the Quarter (Q-3) and Nine Months ended December 31, 2025, has been made available on the Bank's website within the timeline prescribed under the SEBI Listing Regulations and could be accessed at following link and also attached herewith as an Annexure to this letter:

<https://suryoday.bank.in/assets/pdf/ssfb-transcript-q3-&-9m-fy26.pdf>

The aforesaid disclosure will also be available on the Bank's website at:-

<https://suryoday.bank.in/investor-corner/#disclosure-to-stock-exchanges>

The above is submitted for your kind information and appropriate dissemination.

Thanking You,
For **Suryoday Small Finance Bank Limited**

Krishna Kant Chaturvedi
Company Secretary & Compliance Officer
Encls.: a/a

SURYODAY SMALL FINANCE BANK LIMITED

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“Suryoday Small Finance Bank Limited Q3 & 9M FY26 Earnings Conference Call”

January 23, 2026

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on January 23, 2026 will prevail



MANAGEMENT: **MR. BASKAR BABU RAMACHANDRAN – MANAGING
DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. HEMANT SHAH – EXECUTIVE DIRECTOR
MR. KANISHKA CHAUDHARY – CHIEF FINANCIAL OFFICER
MR. HIMADRI DAS – INVESTOR RELATIONS, HEAD**

MODERATOR: **MS. JUHI MANWANI – ARIHANT CAPITAL MARKETS
LIMITED**

**Suryoday Small Finance Bank Limited
Q3 & 9M FY26 Earnings Conference Call
January 23, 2026**

Moderator: Ladies and gentlemen, good day and welcome to Suryoday Small Finance Bank Limited Q3 & 9M FY26 Earnings Conference Call hosted by Arihant Capital Markets Limited.

As a reminder, all participant lines will be in 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Ms. Juhi from Arihant Capital Markets Limited. Thank you, and over to you, ma’am.

Juhi Manwani: Hello, and good morning to everyone. On behalf of Arihant Capital Markets, I thank you all for joining into Q3 & 9M FY26 Earnings Conference Call of Suryoday Small Finance Bank Limited.

Today, from the management, we have Mr. Baskar Babu Ramachandran – MD and CEO; Mr. Hemant Shah – Executive Director; Mr. Kanishka Chaudhary – Chief Financial Officer; Mr. Himadri Das – Investor Relations Head.

So without any further ado, I hand over the call to the Management for opening remarks. Over to you.

Baskar B. Ramachandran: Thank you, Juhi. Good morning, everyone, and thank you for joining us for the Suryoday Small Finance Bank Limited’s Q3 & 9M FY26 Earnings Conference Call. On behalf of the entire Suryoday team, I wish you a Happy Basant Panchami. We are happy to know that we are stepping into our 10th year of our journey.

Taking you through the Bank’s performance for Q3 & 9M FY26. As of December 31st, 2025, our gross advances stood at Rs. 11,885 crores, registering a healthy Y-o-Y growth of 24.3% compared to Rs. 9,563 crores last year. Disbursements excluding Supply Chain Finance during the 9M ended Dec’25 were Rs. 6,230 crores, up 30.2% from Rs. 4,785 crores in the same period last year.

While the broader microfinance industry continues to navigate through a phase of tighter underwriting and asset quality normalization, we are seeing visible signs of civilization and growth. Growth momentum remain healthy across key segments, particularly in inclusive finance, wheels, mortgages, digital deposits and credit on UPI.

On the inclusive finance side, disbursements have largely returned to earlier run rates with the business now clocking closer to Rs. 500 crores per month. Collection efficiency continues to improve with the current bucket for the IF portfolio inching towards 99.5%.

As highlighted earlier, a strategic shift from the JLG model towards individual lending continues to gain traction. Individual loans now constitute approximately 72% of the inclusive finance book, enhancing customer quality and portfolio granularity. Importantly, close to 99% of our inclusive finance portfolio remains covered under the CGFMU scheme, providing strong capital protection during periods of unforeseen industry stress.

Vikas loan disbursements during 9M FY26 stood at Rs. 2,729 crores, reflecting sustained Y-o-Y growth. The increasing share of new-to-Bank Vikas loan is expected to further strengthen portfolio stability and risk adjusted returns.

On the retail asset front:

Momentum in both the commercial vehicles and mortgage business continues. The commercial vehicle portfolio grew from Rs. 1,190 crores in December 2024 to Rs. 1,609 crores in Dec'25, registering a year-on growth of 35%. While the CV segment had witnessed some stress earlier, we are now seeing clear signs of improvement in collections, asset quality trends. Our focus remains on building a granular retail franchise while also selectively scaling commercial equipment financing and used vehicle lending.

The mortgage book, which includes micro-mortgages, expanded from Rs. 1,999 crores in December 2024 to Rs. 2,778 crores as of Dec'25, growing by 39% Y-o-Y. The strategy of focusing on select micro-markets and cash flow-based underwriting continues to deliver steady and sustainable growth.

In addition, our unsecured business loan portfolio is growing at a healthy and calibrated pace, which is now clocking a run rate of Rs. 20 crores per month, with the portfolio crossing Rs. 115 crores in the MSME portfolio, further strengthening the retail assets mix.

On the liability side:

Our deposit base expanded to Rs. 12,865 crores as of Dec'25, reflecting an Y-o-Y growth of 32.5% from Rs. 9,708 crores. Retail deposits continue to strengthen, with their share improving to 87%.

Our CASA ratio stood at 21.2%, underscoring improving deposit granularity and franchise depth.

Digital continues to be a key growth driver for the Bank. Digitally sourced deposits now contribute nearly 30% of incremental deposit accretion and continue to gain momentum. This

channel has enabled us to acquire mass-affluent large pool of retail customers at a significantly lower acquisition cost and with high scalability.

Asset quality trends are well within the expected rate. As of Dec'25, our GNPA ratio stood at 6.6%. The CGFMU cover continues to safeguard the Bank's balance sheet, with the 100% claim rate on the eligible portfolios since inception. Out of NNPA of Rs. 501 crores as of Dec'25, Rs. 467 crores are receivable under the various cohorts under the CGFMU scheme.

Moving to financial performance:

Net total income for 9M FY26 increased by 3.2% Y-o-Y from Rs. 1,019 crores to Rs. 1,052 crores. Q3 FY26 increased by 16.2% Y-o-Y from Rs. 308 crores to Rs. 358 crores.

Net interest income decreased from Rs. 862 crores to Rs. 782 crores, while pre-provision operating profit decreased from Rs. 343 crores to Rs. 277 crores.

Our cost of funds stood at 7.7% as of Dec'25, same as the year earlier. The cost-to-income ratio for 9M FY26 increased by 73.6% from 66.4% in the corresponding period last year.

Profit before tax for the period stood at Rs. 102.2 crores versus Rs. 148.7 crores in the last year.

The Bank continues to maintain strong capital adequacy ratio of 21.9%, well above the regulatory requirement of 15%, providing adequate headroom for future growth.

On the digital asset side:

We believe credit on UPI has potential to be a game-changer for the industry. The product allows customers to start with low credit limits and graduate over a period of time based on repayment behavior and transaction history. Our partnership with Paytm in this space has shown strong early traction, with customer onboarding growing exponentially with 2.2 lakh active customers in one quarter.

Along with products such as secured credit cards, digital MSME loans and digital deposits, these offerings are helping us build a fully integrated digital banking ecosystem. Our customer base expanded to nearly 3.7 million as of Dec'25 compared to 3.3 million a year earlier. Representing close to 1% of the Indian households, our focus remains on serving this base more deeply and meaningfully.

Overall, with a largely CGFMU-covered unsecured book, a growing base of granular retail assets across CV, mortgages and MHL, a strengthening deposit branches and a robust digital infrastructure anchored by products like Credit on UPI and digital deposits, we believe Suryoday is firmly on the right path to building a resilient long-term institution. With improving repayment behavior, discipline credit process, easing portfolio stress and improvement in cost-to-income,

we expect the coming quarters to mark a phase of stability and consolidation, setting the stage for healthier and more balanced growth in FY27.

Thank you for your time. We will be happy to take your questions.

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

Deepak Poddar: So just wanted to understand first up, I mean, across the industry we have seen in general the gross NPA declining on a Q-o-Q basis, but for us it has increased, right? So, what led to that and how do we see gross NPA going forward?

Kanishka Chaudhary: Hi, morning, Deepak. So, one of the things that we will need to keep in mind is that our entire MFI book is covered under the credit guarantee scheme. So, we don't really look forward to Q-o-Q write-offs. All of these will essentially get squared off at the time of us making a claim.

Deepak Poddar: So, basically, because of lesser write-off, I mean, it is still in the book. So it is showing...

Kanishka Chaudhary: Correct. And as you would have noted that in Q2, after we got the Rs. 340-odd crores claim honored by the credit guarantee fund, we did a major write-off at that particular point in time. So, our write-offs will be coterminous with the claims that get received by us.

Deepak Poddar: I got it. And in terms of your PSLC, how do you see Q4? I mean, PSLC, and what was your PSLC income this quarter, Q3?

Kanishka Chaudhary: So, in Q3, we made about Rs. 6 crores as against Rs. 10 crores in Q2. But this year has generally been a very rich year for the PSLC market. On an average, they were trading at around 2.65% versus 1.9% last year. So, at this time, it is a little difficult to predict what the market demand will be in Q4. But typically in the last two years, we have seen that there is an active market towards the end of Q4.

Deepak Poddar: I mean, you have said in the past as well, I mean, for Q4, generally your PSLC income would be, generally tends to be higher.

Kanishka Chaudhary: Correct.

Deepak Poddar: And on cost-to-income, you spoke about improvement in cost-to-income. So, any sort of benchmark we have where we want to reach in how much time?

Kanishka Chaudhary: So, I think, the first port of call for us will be that in the next financial year, we are able to come well below the 65% mark because we would have by Q1 cleared up our non-paying book in the portfolio. So, that is where we start the beginning of the year and then see what kind of

improvements we are able to do. But the important point to note is that, in so far as our corporate costs are concerned, they have remained more or less at the same level over the last four quarters.

Deepak Poddar: So, currently, I think we are doing around 75%, right? So, next year, you are targeting below 65. That is a big jump, right?

Kanishka Chaudhary: Yes, I think with the increase in the paying book, our number well under 65% would not be difficult for us to achieve.

Deepak Poddar: And just one last thing on FY27, any sort of guidance you can provide in terms of growth and ROAs?

Kanishka Chaudhary: Well, it is a little too early as you can see how the market is evolving, right? But what do we see is that, especially in our MFI business, our X bucket collection efficiency will be back to normal, which in this industry is 99.5%. So, that will be a starting point for us to building for the results of FY27.

Deepak Poddar: And what is our steady-state credit cost in general? I mean, now since we are going towards normalcy, right? Entire industry as such.

Kanishka Chaudhary: Yes. So, I think with the kind of mix that we have today in our portfolio in the Bank, we would want to have a credit cost of not more than 1%.

Deepak Poddar: Around 1%. Yes. That would be it from my side.

Kanishka Chaudhary: Thank you, Deepak.

Moderator: The next question is from the line of Shailesh from Centrum Broking. Please go ahead.

Shailesh: So, I have a few questions. Thank you for the opportunity and congratulations on the quarter. So, it is encouraging to see that we have seen good balance sheet growth this time around during the quarter. So, my first question is on earnings growth. So, several peers have reported strong Q-o-Q improvement in profitability, largely driven by asset quality and recovery in MFI disbursement, right? So, could you outline when we should expect a similar earnings trajectory for Suryoday?

Kanishka Chaudhary: Yes. I think if you look at this quarter, our portfolio grew by around 7%, which translated into an earnings growth of around 20% Q-o-Q. As we see it, I think starting Q1 of next year with the entire remaining bad book going out, we will naturally see an uptick in our earnings.

Shailesh: So, not post quarter, but the 1st quarter, FY27 should be seen as a quarter where there will be a substantial jump in the Q-o-Q earnings growth.

Kanishka Chaudhary: Yes. So, Q4 will certainly be much better than Q3, even where we stand today. And that is largely because of the fact that there has been a steady increase in my paying book. My paying book has increased by around Rs. 170 crores, Rs. 180 crores in this one quarter itself. So, that trend will continue. And we see a significant increase in our paying book, especially in MFI, in Q4 as well. We have just shared under 99.5 in the X bucket collection, and we are very confident that we will be able to reach the 99.5 target beginning Jan.

Shailesh: So that is a good probability that the Q4 profitability and Q-o-Q basis can be very good. Fair enough.

Kanishka Chaudhary: Yes, it can be higher than the 36 that we have in Q3.

Shailesh: Yes, that is what I was trying to understand. So, my second question relates to asset quality. So, in line with earlier guidance, there has been a gross slippage, there has been a moderation, right, which you had guided earlier. So, can you give us an outlook for Q4, how things are shaping up, and also in terms of JLG and individual lending state-wise performances, if you can highlight any material development during the quarter?

Kanishka Chaudhary: So, I think one thing that you would have noticed is the shift that we have made from the JLG to the individual loans. Currently, if you look at the disbursements in the MFI book, about 80% is for Vikas loan. And standing from where we are today, we expect that our slippages will be about Rs. 100 crores and thereabouts for Q4.

Shailesh: So, that would include your JLG, IF and RA, both included, right? Less than Rs. 100 crores?

Kanishka Chaudhary: Yes, that is at the Bank level.

Shailesh: Yes, Bank level. Fair enough. And any state-wise, any material development you would like to highlight? Any state-wise in terms of whether improvement in performance or anything like that?

Baskar B. Ramachandran: Across the board, all the states are really inched up, including Karnataka. So, when we say 99.3 inching towards 99.5, across the board, I think it is closer to 99.5, with no operation of any state being substantially higher or anything, any state being less than 99.99%.

Shailesh: Great. That's good to hear. So, my third question is with respect to recoveries. So, this quarter around, there has been a sharp drop Q-o-Q. So, could you help us understand the factors during this trend and how should we think about recovery performance going forward?

Baskar B. Ramachandran: Which recovery?

Kanishka Chaudhary: Which recovery are you?

Shailesh: GNPA, recoveries and upgradation from the GNPA. I think it is only Rs. 8 crores this time around.

Baskar B. Ramachandran: While the book is shrinking, as the percentage of customers which we are collecting is going higher, earlier the pool was largely large accretion, which meant that no, the upgrades from the recently slipped pool are higher. Since the slippages themselves are coming down, the upgrades are marginally coming down. However, our entire focus is to go back and revisit the entire thing. We are adding a lot more collection people now that there is huge stability which has come in. There is no big slippages happening from the current bucket to various other buckets. The good news is that because of that our 1 to 30 collection, 31 to 60, have gone up at least 10% as a percentage of the slippages. So, hopefully at this rate, I think more than Rs. 8 crores. Likely that in Q4, it will be closer to around Rs. 11 crores to Rs. 12 crores across the cohorts, which includes ARC, our write-off, as well as our NPA book.

Shailesh: Because the reason I was surprised was that there was a sharp drop from Rs. 26 crores in 2nd quarter to around Rs. 8 crores in this quarter. So, I thought I will just take some clarity over that.

Baskar B. Ramachandran: Yes. Shailesh, any recovery out of ARC does not really get reflected here. And also any recoveries out of the write-offs goes towards the income rather than coming towards the upgrades and recoveries here.

Shailesh: Fair enough. So, last question from my side. Could you highlight some of the key developments and early traction in our credit on UPI offering in partnership with Paytm? Anything business developments you would like to highlight?

Baskar B. Ramachandran: So, there has been a large scale-up which is happening. Approximately around 1.5 lakh customers is what we are acquiring. The activation usually takes the lag of around 2 to 3 months. The portfolio outstanding, though small, is kind of inching up by around closer to doubling almost every month. 15 becoming 30, 30 likely to become around closer to 50 to 60. There is one large cohort of customers granular and the average ticket size is currently still less than around about 10,000. The number of customer-wise acquiring is around closer to 1.5 lakhs per month, and we think that by this year end, by March, probably around closer to 10 lakh customers would have been approved of which utilization would be around for closer to around 2 lakh, 3 lakh customers.

Shailesh: And what would be our AUM, sir, currently?

Baskar B. Ramachandran: Very small at around 30 crores.

Shailesh: Fair enough. That's all from my side.

Moderator: The next question is from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.

- Rahul Kumar:** Sir, can you split the slippages between MFI and non-MFI for this quarter?
- Kanishka Chaudhary:** Yes, so around Rs. 105 crores was MFI and the balance is in the retail asset business.
- Rahul Kumar:** So, this is a gross slippage which you are saying Rs. 105 crores.
- Kanishka Chaudhary:** Yes.
- Rahul Kumar:** And what are the monthly trends in these slippages now versus what it was?
- Kanishka Chaudhary:** We used to be Rs. 60 crores at the beginning of Q1, moved to around 30. Likely that you will see around closer to 25 in Jan. And hopefully if the trend continues, the target is to have less than Rs. 20 crores, which is used to be what, well, before the entire mini crisis started. So, I think we should be back to 20 and probably a little lesser in the month of March. But the trend currently likely to be around closer to Rs. 27 crores for Jan and probably lesser than 25. And if the trend continues, it will be less than 20, around 20 in the month of March.
- Rahul Kumar:** Second question. If I look at the slippages in the non-MFI segment, I think Q-o-Q, I see a 40% kind of a jump. What is driving this?
- Kanishka Chaudhary:** So, just to clarify, one correction. So, of the Rs. 155 crores of slippages that we have in Q3, the split is Rs. 116 crores in MFI and Rs. 39 crores in the retail asset business. So, if you look at the retail asset business on a Q-o-Q basis, it's moved from Rs. 36 crores in Q2 to Rs. 39 crores in Q3. We have had a few slippages in our LAP business, which we are trying to resolve and regularize before the end of the year.
- Rahul Kumar:** And correct me if I am wrong. I think you mentioned the target for Q4 slippages is below Rs. 100 crores and this is for the overall book.
- Kanishka Chaudhary:** Yes. Rs. 100 crores for the Bank as a whole.
- Rahul Kumar:** And what will be the split in that between this JLG and non-JLG?
- Kanishka Chaudhary:** Yes, so for IF as a whole, it will be around 75 to 80 and around Rs. 20-odd crores or less, little less for the retail asset business.
- Rahul Kumar:** And the last question, which I have is, if I look at our credit costs for this quarter, I think Rs. 41 crores versus Rs. 40 crores in the Q2, despite our slippages actually reducing from Rs. 200 crores to Rs. 155 crores.
- Kanishka Chaudhary:** Yes. Actually in Q2, we had about Rs. 24-odd crores of writeback, after we received the CGFMU claim, right? So, that was a one-off for Q2, which you will need to keep in mind to check the movement.

Rahul Kumar: And another thing you mentioned was, the non-MFI slippages will also reduce going forward from Rs. 40 crores in the last quarter to less than Rs. 20 crores in the Q4. So, what is driving that?

Baskar B. Ramachandran: See, there was one large instance of account in LAP, which slipped on a temporary basis. So, that created aberration. CV, there was a marginal reduction in terms of recovery, which is back in the last quarter towards the end. So that trend would continue. So, given that we are kind of projecting this and overall MFI likely to be around shade less than 75, max 80 and the remaining around 20 to 25 max would be from the retail MFI.

There was a little bit of a slippage higher in the micro mortgage segment, but primarily due to Karnataka, which is back 50% of the 4% GNPA and the micro mortgages are paying book. That is month on month they are paying, but still continue to be in NPA and which we may not proceed really under SARFAESI, and they will get regular raise over a period of time, which is not likely to be there for the quarter.

Rahul Kumar: So, to summarize it, the micro-LAP issue, which was plaguing in Karnataka is driving this. It is all resolution in that is driving this reduction in the non-MFI slippages.

Baskar B. Ramachandran: The slippages will stop and the recovery has been marginally picked up. A good thing is that 50% of the 4% GNPA in the micro mortgages book, which is approximately around Rs. 550 crores is paying book. That is month-on-month they pay one-one installment, but probably still have an outstanding of one or two or three installments. So, we are reasonably hopeful that we will get normalized to regular over at least one or two quarters.

Rahul Kumar: So, what are the monthly trends over here in the non-MFI slippages over the last few months?

Baskar B. Ramachandran: Rs. 7 crores to Rs. 8 crores per month.

Rahul Kumar: Sorry.

Baskar B. Ramachandran: Which is what I say it will be Rs. 7 crores, Rs. 6 crores to Rs. 7 crores, max Rs. 8 crores any of the months. This is what we are saying that the multiplied even at the same around rate, it will be around closer to Rs. 20 crores for Q4, gross slippages.

Rahul Kumar: And what was it in the last quarter? I mean, let's say November or December?

Baskar B. Ramachandran: November, December around Rs. 8 crores to Rs. 9 crores. 10 crores.

Moderator: The next question is from the line of Arvind from CapitaLand. Please go ahead.

Arvind: I have a couple of questions. The first is on the CGFMU claims. Now that we have a good timeline of the slippages and some idea about slippages month-on-month this quarter, when do we expect to make that claim next financial year? That is my first question.

And the second question is, on the cost of funds, while the industry has shown a more significant drop Q-o-Q, about 25-30 basis points, we have only had an improvement over 10 bps. So, in spite of the very healthy growth in CASA Q-o-Q, so how do we see it going forward?

Baskar B. Ramachandran: On the CGFMU, multiple cohorts for next year, three. So, we will time it out in terms of first and second and probably even third quarter, but the largest chunk would be claimed in the Q1, which may be around closer to Rs. 200 crores to Rs. 300 crores. The rest of it would be timed for Q2 and Q3. As far as the cost of funds reduction, over to KC.

Kanishka Chaudhary: So, up until this quarter, given the kind of growth in the long tenure retail asset book, we have been trying to raise quite a bit of five-year money, five-year money, which today is about one third of our overall deposit book, right? And which is the reason why you don't see a significant drop in our rates on a Q-o-Q basis, even though in time deposits across tenures, we have dropped rates anywhere between 25 bps to 50 bps.

Even our savings account for the lowest bracket, we have reduced rates. So, at a point in time, we will move to raising money on the shorter tenures in a slightly largish proportion, and that will reflect the reduction in our cost of funds over time.

Arvind: Given that we are sitting on a very healthy sort of a credit to deposit ratio compared to the peers, do you expect to sort of reduce the cost of funds, SA in particular going forward to kind of optimize the NIMs?

Kanishka Chaudhary: See, we are actually reviewing it every month. And for example, in Q3, in all the three months of Q3, we have gone ahead with reductions in our TD rates across buckets and somewhat in SA as well, especially the larger ticket SAs, which for us was not making economic sense anymore. And we have indeed moved away from quite a bit of large ticket SA business. So, that optimization will continue. The rates will not see a very sharp drop on a Q-o-Q basis, but it will continue to reduce over the next couple of quarters.

Baskar B. Ramachandran: Consciously, we are focusing that at least a significant, reasonably significant portion of a deposit specifically linked to the mortgage financing will be from higher deposits. So, entire last quarter, we continue to pay a marginally higher rate on the five year consciously. And that is why there has not been a substantial reduction in terms of 30, 40 basis points. But if we choose to really turn that and in terms of start focusing on the short end of the deposit, the overall cost may come down, but given that our margin, it has overall has come down, our focus is to have at least a 20% to 30% of our overall term deposit base in the range of 5 year plus.

Moderator: The next question is from the line of Jaspreet from the VA Capital. Please go ahead.

Jaspree:

Baskar sir, good morning. I had been observing your Bank for last five years and you were very prescient in taking CGFMU. The IPO timing was perfect. And then moving out of JLG was a very good move ahead of the industry. But somewhere I feel that operationally things are lagging behind. I don't know, maybe it is management bandwidth or lack of talent or whatever. I don't understand that because things are not flowing into the numbers yet. And this is what I want to understand what is happening. Are we lacking somewhere in the management bandwidth?

Baskar B. Ramachandran:

Good question. So, I will put it this way. Banking, I think is a little long haul journey. We are pretty clear, even when we really started. This precisely also gets reflected in our taking a hit in terms of PBT, which is by closer to even 25% to 30% by going for a cover of CGFMU when the projected credit losses was not more than 1% and absolutely 99.6%, 99.7% collection at that point of time.

So, we are clearly conscious of the fact direction setting generally takes a iteration and a re-iteration. Fairly confident that I think what we went through in the last two years, as you would see, the management bandwidth has kind of stayed on, which is through the course, we have seen the up and then one down. And then as we are recovering, we are very, very clear that we are not really the most assumption, the future may be worse than the past. We are kind of put our guardrails, which we reflect in terms of reduced profitability, in terms of maintaining an excess liquidity, in terms of maintaining substantial, higher than the required capital adequacy.

But all of it when the fund, what we really kind of are confident now, and hopefully will play out quarter on quarter in the substantial quarters in the future, is that have the foundation strong in terms of, for instance, moving to a JLG to individual, it is not press of a button and say all of us will do individual. It, by MSME, first round was not a success, what we called it the T. Nagar loans. We paused. We didn't kind of knock off the product. And when digital railings are very strong, now we have around closer to Rs. 110 crore book with par of less than around 1.5%.

I think all of this, now it is time for us as a Bank to put all of this in action in terms of, as we would call it, strategic hidden strength to play out. And fairly confident that with management, substantially in place for the last, not we have kind of recruited in the last one year, it took around three years for a complete alignment. I think it is not the superstars to create great performances, it is aligned management team. And fairly confident, as I am just hopeful, fairly confident that it will play out as you would see. In Q-o-Q, it will be steady, but every quarter, planning that is better than the previous quarter.

Jaspree:

I think in the previous quarter also somebody mentioned, I think Himadri mentioned that and then there would be a decline in credit costs, which will add another Rs. 50 crores to the PAT. So, I don't know, positions are not right, or I don't know what is not coming together to give confidence in the numbers.

Baskar B. Ramachandran: No, it will. I think that you would see the slippages come down. For instance, in the slippages, we can kind of provide only 20% of the total recovery, but we provide up the entire 23%. So, kind of take, as it really required, 73% is covered by CGFMU, remaining 23. Your choice of even raised provisioning only 10% and defer it. We said we will have to take it, we take it on Q-o-Q.

Fundamentally, if you look at it, I would rather leave the financial number which is emanating out of it. The slippages from 60 has become, say, 40, 35. 35 is now closer to around 25. Hopefully, we are not saying it will become zero, but around 20, it is back to where we really started and continue to focus in terms of reducing at least by a crore every time. And the CGFMU is the time-lagged one. So, it took around two years for the first claim and thereafter, the way in which probably it is projected now, our claims will be substantially higher than the slippages that will happen for FY27 in the IF book.

You will see it playing. I would put it that this quarter, fundamentally, the way we are looking at internally is far, far stronger than the previous quarter, not just by the bottom line numbers which is emanating out of it, but reduced other income in terms of PSLC, reduced slippages, increased business momentum and the clarity in terms of what the slippages will be.

Moderator: Sorry to interrupt, sir. We would request you to please join the queue for follow-up questions. The next question is from the line of Ambar from Siana Capital Management. Please go ahead.

Ambar: My questions are actually around CGFMU, but on a broader level, I would like to basically carry forward with the previous questioner's comments that every quarter we get this feel-good message from the management that in the next quarter things will be okay, we are on the right path, everything is fine.

But I think it's taken a lot longer than the market can bear. So, I would like to really get some honest commentary from the management on because this reduces credibility. If we keep hearing quarter after quarter that in the next quarter it will be okay, but then we still come up with a really very ordinary set of numbers, then there is some, I think more introspection needs to happen.

But anyway, let me get to the question. My question is for CGFMU, for this Rs. 467 crores, which is expected to be claimed, approximately how much premium would have been spent by the Bank?

Baskar B. Ramachandran: Around Rs. 250 crores overall cumulative.

Ambar: Sorry, how much?

Baskar B. Ramachandran: Rs. 250 crores approx, cumulative for all these years.

Ambar: Cumulative, Rs. 250 crores.

Baskar B. Ramachandran: Yes.

Ambar: Premium. Okay, so roughly 45, 46 paisa for a rupee of claims, right?

Kanishka Chaudhary: No, this also includes claims which have already been made by us. So, we had a claim of about Rs. 340 crores in Q2. We had a Rs. 70 crore claim prior to that and Rs. 30 crores last year. So, the Rs. 250 crore that Baskar talked about is the cumulative premium that we have paid ever since we subscribed to the program since FY22.

Ambar: So, on a basis of paisa per rupee insured, we are still talking around the 25 paisa, 24 paisa to the rupee of insured, right?

Kanishka Chaudhary: Yes. Correct.

Ambar: And what is the expected like timeline for the actual cash coming in? I think it was 18 months if I am not wrong, right?

Kanishka Chaudhary: For a new cohort, yes. But for example, we now have three cohorts running because we have been subscribing to this program for three years. So, our next expected claim is in Q1 of FY27.

Ambar: Q1 of FY27, which is in about maximum 6 months. And then my second question is, for CGFMU, suppose you guys make a claim and the claim is paid out and then the underlying loans, because I am guessing you are still trying to recover them, the underlying loans come good. Then what happens? Do you have to give part of this money back or what happens then?

Kanishka Chaudhary: In the same proportion. So, three-fourths of the money goes back to the Credit Guarantee fund, and one-fourth of the money is retained by us and is a credit to the P&L.

Ambar: So, on a defaulted loan, you can only cover maximum three-fourths. And if it comes back, then you have to give three-fourths back. Is that the logic?

Kanishka Chaudhary: Of course. Yes.

Ambar: All right. That's it from me. I wish you the best of luck.

Baskar B. Ramachandran: Yes. Your inputs are taken. Surely kind of know we will do it. There are certain things as an organization, for instance, our ticket size, if you choose to really marginally inch it up, even by 20% of around 75,000 in IF, profitability will do really kick in. So, from a, as a Bank, which we still think that we are younger, nine years, just completing today and entering the 10th year, some of the mechanisms, including, say, tech, whatever report, it took time to really play out. And when credit on UPI really scales its way, so some of this gets rectified. The only input

which we sincerely take is in terms of too long is not too good. So, thank you very much for your frank input.

Ambar: Well, thank you and all the best.

Moderator: The next question is from the line of Vatsal from AstralMind Capital. Please go ahead.

Vatsal: My question was around the fund raise, which you are planning to do. So, is it still, like, you will be obviously raising the fund below book value, which will be, like, and you are raising around Rs. 1,000 crores. So, it will dilute the shareholders by around 40%, right? So, have you thought about why this fund raise is needed and the timing? Have you explored other opportunities of where you can raise the fund?

Baskar B. Ramachandran: Ideally, there should be an enabling resolution taken on a continuous basis. There is no intent for us to raise money at this current price. Particularly, we don't really require. We have always been, as you would see, it is not just about in the last year. Right from our inception as a microfinance company, we believed that as long as our unsecured is substantially higher, even, and closer to 45%-50%, capital adequacy should be more than 20%, irrespective of what the regulator requirement.

So, we do not really require any capital that we require. It will be purely, from a point of view of a growth capital, to be making sure that we are above 21%, 22%, and the timing is not necessarily, we need an enabling one to keep. Otherwise, it takes around a month-and-a-half, two, and this is purely, purely enabling. No intent to raise money, anything at this price in the immediate run at all. We still have a large room of Tier 2 capital, ever we require it on an instant basis.

Vatsal: And also, like, we have grown as an institution, but that has clearly not reflected in the shareholder wealth that has been created. So, is the management aligned towards creating shareholder wealth or I want to understand what is your perspective on this?

Baskar B. Ramachandran: The answer obviously is going to be in the affirmative, but that said, I think the previous two speakers also have given what it takes. So, fundamentally, when you do some things on a long haul basis, it does not necessarily reflect on an immediate basis, but the input is taken. Certainly, I think we are, I would say that more than giving a feel-good feeling, fairly confident as we step on and do it. The last two years was in terms of the more getting out of the whole thing unscathed, and which fortunately we have been able to do it. While we will not be making any comments in terms of how the whole thing played out, for us it is looking stronger fundamentally.

And so that is one thing which we as a management team will need to look at, is that while all stakeholders, the one stakeholder where we are not really did justice in the last five years specifically has been in terms of shareholders. Not that we will work anything specific only

towards that, but I think good growth fundamentally strong and hopefully to hear from all of you that we did really do the job which we have been entrusted with by the shareholders.

Moderator: The next question is from the line of Vedant from Artha Energy Group. Please go ahead.

Vedant: I actually have a follow-up and my questions are related to the ROE itself and the QIP along with the shareholder wealth that the lack of which is being created. So, I just wanted to understand the management's strategy to improve ROE and the steps that they have to take in place, especially since we have a QIP coming up maybe near term or future term.

Baskar B. Ramachandran: As I said, the capital raise is an enabling provision. So, we are not kind of going to dilute anything at the cost of our shareholders. So, whenever there is an opportunity comes and we will be right in place, and we always raise money much ahead of our requirements. So, it is pure, pure enabling. So, to that extent, the other thing would be hypothetical.

In terms of ROE, we said that run rate will be closer to around 11% in Q4, 10% above and probably closer to 11%. And first, let's achieve that. And I think at the end of Q4, when we give a guidance, we really kind of look forward to getting more meaningful and robust one, which is achievable.

One learning out of that every time you give a projection in a very, very volatile market, like what it was last year, you kind of want to project something and it doesn't really play out. Certainly for last year, one which we didn't really play out to the way we wanted is the slippages. It was looking like normalized, but it kept on happening. But hopefully it will reflect in terms of our recovery back.

Fairly clear that while we get a CGFMU recover, our intent is to return back as much as possible, just as it were our own credit losses. So, when 25% will come to us, I think that what you will see, which will fundamentally, I think, not move the ROE needle to upwards of around 11%. But that is, as we see, Q4 is where it is pretty clear. Once you have done that, I think far more clarity in terms of what is to wait for FY27. So, give us some time till one more quarter for us to commit in terms of what the steady state would be at least in terms of FY'27 and FY'28.

Moderator: The next question is from the line of Rahul from Vaikarya Fund. Please go ahead.

Rahul Kumar: Can you tell us about the NIM trajectory over the next couple of quarters?

Kanishka Chaudhary: So, I think from where we stand today, we expect the NIMs to be around 7.5% to 8%. As we have seen our paying book has increased in this quarter and we see that trend be continuing in the due course.

Rahul Kumar: And how have our yields on the paying book moved in this quarter?

- Kanishka Chaudhary:** So, one thing that we need to be cognizant of is that, in our individual loan book, we did a repricing somewhere around July, August last and that higher price 28% book is running off and getting replaced by the book at current pricing of 26%. So, even though the paying book is increasing, there is a rate impact associated with it. At current levels, yields are around 17.5 and also given the fact that the share of a retail asset is slowly inching up, we would like to see that there is not a big compression in the yields from where we are today.
- Rahul Kumar:** And have you increased the yield on the disbursements and MFI segments?
- Kanishka Chaudhary:** No, not at this particular point in time. We are constantly evaluating whether there is a need for increase in pricing across risk bands. But at this particular point in time, we have not raised our rates in these 9 months.
- Rahul Kumar:** And in terms of AUM mix between MFI and non-MFI, I think currently we are at 45%. So, let's say over the next 2-3 quarters, what kind of mix we are seeing and what kind of growth in MFI we are seeing now?
- Kanishka Chaudhary:** So, I think the number will go up a little bit once we do a write-off and then the paying book comes in. There is also our new products, which will kick in. So, the retail asset book will continue to be a little over 50%, but MFI will also improve a little bit from the current point.
- Rahul Kumar:** And I think you mentioned that you will be doing a claim in Q1 and you have three cohorts running. So, in the Q1 claim, out of this 465, how much would be the claim amount?
- Kanishka Chaudhary:** I would say, somewhere closer to Rs. 400 crores, Rs. 350 crores to Rs. 400 crores.
- Rahul Kumar:** And this is for the loans, which were dispersed in 2024.
- Kanishka Chaudhary:** Correct.
- Rahul Kumar:** And if I look at the labor code impact for you, I think, it is pretty low compared to, if I see the comparison to the peer group in this industry. So, can you just help us understand that?
- Kanishka Chaudhary:** Yes. So, even in our current salary structure, the basic pay or what is being called wage in the new definition is closer to 48%. Right? So, we are actually very closer to the 50% threshold that the new law speaks of. And as a result, the impact for us has been quite modest. If we were to really reach that 50% number, we would possibly need to have an impact of not more than Rs. 6 lakhs to Rs. 7 lakhs of compensation per month, right? So, that is just about the impact we are likely to see.
- Rahul Kumar:** And in terms of overall OpEx, if we look at next few quarters, what kind of OpEx growth, which we are targeting?

Kanishka Chaudhary: So, like I said a while ago, with the increasing share of the paying book, we would like to see that our CTI goes below 65%. Currently, the CTI is a little elevated because I am still carrying almost Rs. 700-800 crores of non-paying book, right? Once that is replaced and the paying book increases, I will see a natural improvement in my cost-to-income ratio. And currently we are looking to reach that 65% as a first port of call.

Rahul Kumar: So, this is the exit for next year, which you are targeting.

Kanishka Chaudhary: Yes.

Baskar B. Ramachandran: We didn't want to give any projections for FY27.

Moderator: The next question is from the line of Chinmay from Prescient Capital. Please go ahead.

Chinmay: So, my question is, could you give some color on the recovery rates in the 30 to 90 book? So, basically it is at 1.9% at the moment. How much of this do you see flowing into the NPA bucket and how much of it could be recovered? Some sense around the flow rates, basically.

Kanishka Chaudhary: You want to understand 30 to 90 recovery rate and what is the expected flow from 30 to 90?

Chinmay: Yes.

Kanishka Chaudhary: So, we have improved significantly on the SMA buckets collections recovery. Now we are hitting as high as 55% to 60% on 31 to 90 bucket on MFI side. On our retail, we are completely intact. Nearly 90% of the portfolio getting collected. So, the flow rate is minuscule on retail. Though it looks elevated on SMA bucket, however, it doesn't flow much. And there is another segment within retail our partners, which is Lendingkart and MobiKwik. There, the flow is higher. Flow is 40% to 45% on the 30 to 90 bucket. That is a smaller portfolio on retail assets.

Baskar B. Ramachandran: Maybe Rs. 100 crores.

Kanishka Chaudhary: Yes, but the key takeaway is, SMA buckets especially in the MFI business, our collection efficiencies have improved significantly, and that is largely on account of all the efforts that the team has put in. I mean, just as an example, in the 30 to 60 bucket, the collection efficiencies are moved from 40 to 50 plus, and that trend continues.

Chinmay: And secondly, I just wanted to confirm that the medium-term credit cost guidance is around 1%, right?

Kanishka Chaudhary: Correct.

Chinmay: But is there like a sharp improvement expected on a quarterly basis in the coming quarters when the slippages return to the normalized level or is that something a little out in the future?

Baskar B. Ramachandran: Out in the future I think would be very happy. The good thing is that we are really kind of without any other things, so 60 becoming 30 becoming closer to 25. I think, we would take this quarter as a real very key thing in terms of really seeing what it is, not just in terms of increased efforts around resulting in this. Overall, the fundamental quality of the portfolio has increased substantially specifically in terms of IF. Closer to around 99 points.

I think the GNPA emanating out of the last one year generated portfolio in IF is less than probably around 0.2, 0.3. The intent is to really see it including which is more than 10 months in Mobi, where is it going to be? Can it stabilize it around 0.3? I think we will have far more clarity to kind of give future projections in the end of the one quarter because the whole thing is to see where the trend which is declining in terms of delinquency continues and stays at 20, which is what we used to be. I think that is the first port of call. I think once we reach there, we will get kind of a meaningful clarity for us to tell. Otherwise, it becomes like almost crystal gazing.

Moderator: The next question is from the line of Avnish Tiwari from Vaikarya Capital. Please go ahead.

Avnish Tiwari: Most of my questions have been answered. Can you articulate your growth in MFI paying book, how it moved, let's say, in Q3 September versus December, and how do you see with the current disbursement rate it moving in Q4?

Baskar B. Ramachandran: It is back to what it was. It's kind of in a decline. I think it was around closer to Rs. 5,000 crores, kept going down to around Rs. 4,344 crores. So, ask KC to kind of elaborate it.

Kanishka Chaudhary: Yes, so on a Q-on-Q basis, our paying book has increased by around Rs. 180 crores. And given the collection efficiencies that we have especially in the current bucket, we expect that trend of the increase in the paying book to continue.

Avnish Tiwari: And what was the paying book by end of, let's say, Dec'25? And how much of the typical repayment you are getting from your paying book?

Kanishka Chaudhary: Like we said in the bucket 0 for MFI business, our collection efficiency is around 99.4. So, that is the kind of flow rates we have, and we are quite confident that we will be able to reach 99.5 by Jan, Feb, which means that we will have a flow rate of not more than 0.5%.

Avnish Tiwari: So, one can take 0.5% flow rate from the paying book.

Kanishka Chaudhary: Currently, yes, correct.

Avnish Tiwari: Current book. But there will be some natural repayments also, right? The loans getting completed because you have Rs. 500 crores of disbursement.

Kanishka Chaudhary: Yes.

Avnish Tiwari: And these two number one can subtract to get an increase in paying book, right? So, what is the normal rate of repayments, which, like, normal loans closure or long normal payment you receive?

Kanishka Chaudhary: So, you will see that on an average, the paying book will increase by around Rs. 100 crores to Rs. 120 crores in IF in a month.

Avnish Tiwari: And the Vikas loan?

Kanishka Chaudhary: So, IF includes Vikas loan. So, if you look at the Bank as a whole, my paying book will increase by around Rs. 250 crores, between Rs. 250 crores to Rs. 300 crores in a month.

Avnish Tiwari: Bank as a whole, right?

Kanishka Chaudhary: Yes, Bank as a whole.

Avnish Tiwari: And around 120 you said, 180, which number you said for the IF book?

Kanishka Chaudhary: About anywhere between Rs. 100 crores to Rs. 120 crores per month for MFI.

Moderator: The next question is from the line of Swaraj Dev, an individual investor. Please go ahead.

Swaraj Dev: Most of my questions have been answered. I just want a qualitative feedback from your end with respect to asset quality and our ROA guidance also. So, basically, if we look at look at it, we have been giving an ROA guidance of, we have revised our ROA guidance twice right now, have been falling for the past couple of quarters and right now it is at 1.1. And even gross NPA, we are sticking to less than 5% and net NPA less than 3%.

So, taking everything into consideration, I understand internal targets for the sales team could be different and would be higher, but however for the investors of your Bank, what do you feel is a realistic figure that we can achieve by Q4 of this year, sir?

Baskar B. Ramachandran: See, the thing where we are probably not able to clearly codify is it where there is an increase in the GNPA and NNPA, the impact on either the capital or in terms of our P&L will be very close to zero after having provided. At the end of the last year in our projections have, not even end of the last year, it is about December of 2025 or '24, it looked like the slippages were coming down, but didn't happen in the first quarter.

That I think was an impact that we are carrying in terms of a higher GNPA of 6.6 or a net NPA of around 4.3 since we don't write off and as KC will explain, so that whatever gross flow with net flow which happens will reflect in our GNPA because you cannot write off whatever is claimable in the CGFMU till we get the payment. Otherwise, you will have a choice to do that on a normal basis.

So that timing, hopefully as I said, that next year onwards the claim will be substantially larger than the slippages, net slippages that will happen, and we intend having that. And in fact, it will even come to a point where the premium that we pay may be higher than the claims that we will be making in the cohort. This was not taken from a perspective in terms of multiples of premium that we will collect. This was to protect ourselves in an event like this which we didn't obviously forecast will happen in two years' time. So that with respect to that will continue to be covering our entire eligible CGFMU under the CGFMU cohort.

So, the slippages will be lower and yes, our guidance on that went down and that had an impact in terms of our ROA guidance itself. It was from a business point of view while the disbursement and everything was higher than what we projected, the slippages did take a toll in terms of P&L, consequently in terms of the GNPA and ROA and also in terms of personal income. I would say that now Q4 as we kind of guided is around closer to 1.1% on the lower end and ROA of around 10 is the first thing that we would like to achieve before we really project for the subsequent quarters.

Swaraj Dev: And I just wanted to understand how confident are we internally on this ROE 10% and ROA 1.1% by Q4?

Baskar B. Ramachandran: Give us time and hopefully we will be able to kind of better it and we will kind of, obviously, we are confident of input, but this is purely in terms of what we saw in Q2 and Q3, and this trend should continue because across the industry also, there has been huge stability, not just us seeing it, and we will be pretty confident of going towards 10 and ROA of around closer to 1.1%.

Swaraj Dev: That would be it from my end.

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

Baskar B. Ramachandran: Thank you very much, and your inputs, valuable inputs are taken in the right spirit. And hopefully, we as a Bank, will make all our stakeholders proud by doing things fundamentally strong and as well as kind of making sure that we are keeping up to all that guidance that we give. Thank you very much.

Moderator: Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us, and now you may disconnect your line.