SPANDANA

**Ref: SSFL/Stock Exchange/2026-27/052**

**July 31, 2026**

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|---|---|
| **To** | **To** |
| **BSE Limited,** | **National Stock Exchange of India Limited,** |
| **Department of Corporate Services** | **Listing Department** |
| **P. J. Towers, 25th Floor,** | **Exchange Plaza, C-1, Block G,** |
| **Dalal Street,** | **Bandra Kurla Complex, Bandra (E)** |
| **Mumbai – 400001** | **Mumbai – 400051** |
| **Scrip Code: 542759 and 890221** | **Symbol: SPANDANA and SSFLPP** |

Dear Sir/Madam,

**Subject: Transcript of conference call held on Friday, July 24, 2026.**

**Ref: Company letter ref no. Ref: SSFL/Stock Exchange/2026-27/039 dated July 20, 2026.**

In furtherance to our above-mentioned letter, please find enclosed herewith a transcript of the conference call held on Friday, July 24, 2026, to discuss the financial and operational performance of the Company for the quarter ended June 30, 2026.

The aforesaid information shall also be made available on the website of the Company at www.spandanasphoorty.com.

Kindly take the above on record.

Thanking you.

Yours sincerely,
**For Spandana Sphoorty Financial Limited**

VINAY PRAKASH TRIPATHI
Digitally signed by VINAY PRAKASH TRIPATHI
Date: 2026.07.31 10:46:22 +05'30'

**Vinay Prakash Tripathi**
**Company Secretary**

*Encl: As Above*

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# "Spandana Sphoorty Financial Limited
# Q1 FY27 Earnings Conference Call"
# July 24, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 24th July 2026 will prevail.

**MANAGEMENT:** **MR. VENKATESH KRISHNAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SPANDANA SPHOORTY FINANCIAL LIMITED**
**MR. ASHISH DAMANI – CHIEF FINANCIAL OFFICER – SPANDANA SPHOORTY FINANCIAL LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Spandana Sphoorty Financial Limited Q1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Venkatesh Krishnan, MD and CEO, Spandana Sphoorty Financial, for his opening remarks. Thank you, and over to you, sir.

**Venkatesh Krishnan:** Good morning, all. Thanks for joining this Q1 FY27 call. This is the first time we are holding the call in the morning. So we can safely say it is a new morning for Spandana and a morning filled with hope.

A few quantitative and qualitative aspects before I hand over the mic to my colleague, CFO, Ashish Damani. It was a good quarter that went by on multiple fronts. Our AUM grew 11% quarter-on-quarter to INR4,887 crores. New member addition was at 61% as compared to 46% rather in the March quarter. Overall, members added also increased to 1.38 lakh during the quarter as compared to 1.1-odd lakhs in the March quarter.

X-bucket collection efficiency, which is a very important parameter was at 99.5% as anticipated. Annualized credit cost at 2.1% (Net credit cost remained negative in Q1, due to stronger recoveries during the period) against 3.2% in the March quarter. We managed to collect INR51 crores in the 90-plus pool. The marginal cost of funding came down to 11.3% as against 12% last quarter.

And we managed to garner around INR545 crores of sanction under the credit guarantee scheme, and sanctions are still coming, and there are quite a few sanctions in the pipeline as well. Overall cost of borrowing came down to 12.8% as against 13.2% with bank share going up from 44% to 47%.

The share of new portfolio, which is sourcing effective 1st of April 2025, grew to 91%. And of course, the most important thing is that PAT was INR12 crores as against INR5 crores in the March '26 quarter. Liquidity and capital adequacy are areas wherein at this point in time, we are holding good.

On the qualitative front, we realize that the top 5 states contribute about 60% of our total share, which is Madhya Pradesh, Bihar, Andhra, Telangana, Odisha and West Bengal. Two states we really want to grow in the coming quarters are Tamil Nadu, where our share currently is just about INR16 crores out of the industry of INR38,000 crores.

And Maharashtra, where we are at about INR288 crores as against the industry of INR24,000 crores. So 1.1% share, we want to at least double it to 2% share. Individual loan product is ready to be piloted in 8 branches in Madhya Pradesh. So we are putting about 8 -10 people. Over the next 3 months, we want to test it out because this is a completely different product, better underwritten with eNACH facility.

We want to just check what is the acceptability. Of course, this is going to be for existing customers to begin with. But in the days to come, we will migrate to new to Spandana customers as well, anyone who's got a track record elsewhere.

Like in any other business, you will always have many of the branches doing well and a few branches not doing well. We carved out 100 branches where there was scope for improvement, either on the business or collections of both.

And we're trying to put a separate team to revive this because merger or closure in microfinance rarely leads to success. So we said that this time around, we are going to revive these branches, and we are quite hopeful these 100 branches can really turn out to be significant contributors in the times to come.

El Nino, much spoken about what's going to happen, time alone will say. But proactively, the credit and business have worked together a strategy how to deal with new customers who are not exposed to any form of credit who are staying in a rented premise, so on and so forth. So we put some game plan for select districts and states that are likely to be impacted. So it's a wait and watch with adequate controls.

The balance rights issue money of INR200 crores, INR100 crores from the promoter and the balance INR100 crores from others who participated is expected this quarter, before the end of this quarter.

We have a new Chief Business Officer for South. That position was vacant for a couple of months, has recently joined us. He is going to take care of Andhra, Telangana, Tamil Nadu, Karnataka and Kerala, comes with a lot of experience. So with that, we have all the complements of the 4 Chief Business Officers - North, South, East, West, state heads are there.

So overall business is looking good, but that should not lead to complacency. So we are putting our head down to ensure that we stay focused on basics and the basic is how we are able to collect on the due date, how we are following up on the 1 to 90 bucket, the 90-plus pool is a large pool for us. So ensuring that we keep collecting as much as possible.

This is the last year we're going to focus on the so-called 90-plus book because after that, we don't have expect customers who are 2 years or more thereafter paying us. And then, of course, focusing on productivity and disbursals. So all in all, we seem to be on the right direction, keeping fingers crossed for the coming quarters. But at this point in time, we are happy with how the revived Spandana is shaping up.

With that, I hand it over to Ashish, my colleague.

**Ashish Damani:** Thanks, Venki. Good morning, everybody. Thank you for joining in this call. I'd like to cover some of the highlights on the financial side, starting with business drivers. Our AUM stood at INR4,887 crores with 11% quarter-on-quarter growth. So this is -- 12% was the last quarter. This quarter, it's 11%. We just hope that the disbursement trend continues, we will be able to sustain the growth rate for coming quarters as well.

New book, which we have originated under the new SRO guidelines or credit rules that we have put up, stands at 91%. Again, this is getting better with every quarter passing by. Hopefully, we should move to 95% or so in the coming quarter.

The way portfolio quality has been shaping up as the X- Bucket collection efficiency sustains at 99.5% or above, which is what we were expecting it to be. It has a positive bearing on all the quality parameters. So if you look at 1 to 90, it has come down to 1.2% against 1.3% of the AUM last quarter.

GNPA stood at 3.6%, again, improved from 3.8% what we have seen in March quarter. Consolidated NPA accordingly was at 0.68% against the 0.73% for March. We continue to hold a good amount of provisioning on the NPA. It stood at over 80%.

Improvement in business has led to improvement also on the borrowing side. If you see, we had been able to raise INR1,597 crores in the first quarter. And it has come at a favorable pricing when compared to the last quarter at 11.3%, almost 70 basis points lower than what we have seen in Q4FY26. Even on the liquidity side, we continue to maintain strong liquidity at INR1,316 crores as of June end.

Some of the financial performance highlights - Portfolio, I have covered at 91%, drives the net CE also to 99.4%. This is in the new book, so stood very strong. Portfolio quality and AUM mix is helping us to see register improvement in the yield. So yield accordingly has moved to 24.6%, up from 22.8% in quarter 4.

So marginal cost of borrowings, I have covered earlier, but 120 bps was the decline in the marginal our cost of borrowings, and we hope, like Venki explained that there was lot of sanctions that we have received in CGS and we are likely to receive more should help us continue to see some improvement in the marginal cost of borrowings.

With the improving trend in the yield and declining borrowing cost, our NIM improved to 12.5% compared to 9.9% in the previous quarter. PPOP accordingly was at INR16 crores without the recoveries, with recoveries, it was at INR40 crores. And I think the improvement is clearly visible. Accordingly, the PAT has also seen improvement at INR12 crores compared to INR5 crores, which was reported for the quarter 4.

I will stop here and maybe open the floor for questions, and take it from there.

**Moderator:** The first question comes from the line of Harshit Khadka with RoboCapital.

**Harshit Khadka:** Sir, earlier, we had said that we are comfortable with 2.5% to 3% credit cost. So are we still maintaining that target for FY27?

**Venkatesh Krishnan:** Very much. We are at, as I said, 2.1% for Q1 and the efforts are on to retain that.

**Harshit Khadka:** Okay, sir. Understood. And what is our ROA target for FY27 and '28?

**Ashish Damani:** See, the ROA should be looked at in a BAU. So '28, we expect it to go to the business as usual. And our stated position is 3.5% kind of ROA is something that should be feasible in the kind of ROA tree that we have. The current ROA is at 1%. This should improve from here is the expectation for FY27.

**Moderator:** The next question comes from the line of Karthik Srinivas with Unifi Mutual Fund.

**Karthik Srinivas:** Thank you and congratulations on a good set of numbers. Sir, I just wanted to understand on the liquidity part. See, we have maintained at about INR1,300 crores, which is slightly above our BAU, if I'm allowed to put it that way because last year was a little bit of a slowdown and then we had to maintain liquidity.

So, I just wanted to understand how is it going to be going forward? Will we reduce our liquidity and put it into more use in terms of more disbursements or how are you seeing it for the quarters to come by?

**Ashish Damani:** Hi, Karthik. Thanks for the question. I think the way to look at the liquidity is, yes, we are drawing to ensure that the business disbursements are smooth. And some of it can also always be relating to the timing. Quarter ends, there is a drawdown that happens. And accordingly, you may see slightly higher liquidity.

But your point is well taken. As the situation is improving, as the environment is improving, we will like to optimize on the overall liquidity that we will carry in the balance sheet. Having said that, we should always be of the cognizance that in microfinance, it's always better to stay liquid than keep gasping for that.

**Moderator:** The next question comes from the line of Sajal Raj with Zenflow Finance.

**Sajal Raj:** Congratulations on the improvement in the rating part. Could you share whether this has already translated into lower cost of borrowing? And if so, by roughly how many basis points? Also, what is your expectation for the cost of borrowing in FY27? Can you provide any broad range?

**Ashish Damani:** Hi, Sajal. So, I am sure you would have noticed that the cost of borrowings, incremental, has already seen improvement. We are at 11.3% against the 12% last quarter. The rating definitely has a role to play and any improvement there will translate into better pricing for the company.

And like we have said, the borrowings under the CGS also is helping us to keep the cost at a lower end of the spectrum. And we hope that this number will sustain, and we may see some more improvement as well.

In any case, since the incremental borrowing is going to replace a higher cost of borrowing which we have done in the past, you have seen that translating into benefit on the overall cost of funds as well, which was at 12.8% compared to 13.2%, and we should see some further improvement in the coming quarter.

**Venkatesh Krishnan:** Just to add on, performance and ratings are intertwined. And as I said, our bank share has gone up from 44% to 47% and efforts are on to increase it further. And more importantly, as days pass by, you will have PSU banks participating, which should also bring down the cost of acquisition.

**Moderator:** The next question comes from the line of Abhijit Tibrewal with Motilal Oswal.

**Abhijit Tibrewal:** Just two things. One is on the liability side. Ashish sir, you also kind of mentioned that this quarter, we are expecting more sanctions under CGS. And to that extent, you're expecting the marginal cost of borrowings should trend further lower. But how are things on the other borrowings?

Basically, all I'm trying to understand is while we are expecting more PSU banking lines to open up, are we in a situation today where, I mean, access to liabilities can impede our growth targets this year, the business targets this year?

**Ashish Damani:** Hi, Abhijit. Good morning. So, of the INR1,597 crores that we have drawn, what was drawn under the CGS for the quarter was about INR200 crores. The rest is yet to be drawn. That clearly depicts that there is borrowings, which is available outside CGS as well.

Even in terms of cost of borrowing, we've been able to secure this borrowing at a reasonably good pricing, even outside CGS I'm saying. And that's how you've seen 11.3% of incremental cost of borrowings and our overall borrowings despite that CGS was only INR200 crores out of the INR1,597 crores.

**Abhijit Tibrewal:** Got it. And sir, what is the target for business disbursements this year?

**Venkatesh Krishnan:** So, we are looking at anywhere between INR6,000 crores to INR6,500 crores. And just to add on the liquidity part, even during trying times, institutions were quite supportive of Spandana for a variety of reasons, including the promoter caliber and credibility in the marketplace.

Now more and more players are coming into the fold with whom we are talking, some of the names, banking names who are not part of the funding thus far are also talking to us. So it's looking good.

**Abhijit Tibrewal:** Got it, sir. And then, sir, earlier during the call, someone asked you that, I mean, what is the guidance or what is the target on credit costs this year. So you had said that stays in that same range, 2.5% to 3%. I'm guessing this is gross credit costs that we are talking about. Then you also said that maybe this is the last year where we'll be pursuing recoveries. So I mean, if I were to even include recoveries now, what could net credit costs be like this year?

**Venkatesh Krishnan:** Closer to 2%.

**Abhijit Tibrewal:** Okay. Great.

**Venkatesh Krishnan:** And also read my statement saying when I said this is the last year, of course, there is always going to be a pool of 90. So what I meant was the older 90-plus, we will not collect it. But of course, you will have some 90 plus this year also. So those collections will always remain. The older pool will stop starting next year onwards.

**Abhijit Tibrewal:** Sure, sir. That is well received. And the last question that I now had is on the yield trajectory. We have obviously seen yields improve over the last few quarters, also because maybe the reversals are also lower now. At what point will these yields stabilize?

**Ashish Damani:** So our ideal yield at which we disburse is around 25.25%. So accordingly, we are very close to that number, Abhijit. So yield going forward should see marginal improvement. But yes, then it should sustain from there.

**Moderator:** The next question comes from the line of Shreepal Doshi with Equirus Capital.

**Shreepal Doshi:** Sir, my first question was on the asset side. Have you taken any rate increase there in the last couple of quarters?

**Ashish Damani:** So the last increase that we did was from 1st of October '25. After that, there was no rate increase. It's largely the mix changing favorably, which is improving the yield and like the last participant mentioned that the reversals because of the 90-plus is not as much as what we have seen in previous quarters. The yield kind of improves because of that as well.

**Venkatesh Krishnan:** Just to add. Sorry, Shreepal, there are no further plans to increase the rates at this point in time.

**Shreepal Doshi:** Okay. Got it. Got it. And sir, we were in this branch rundown journey. So when do we see that getting concluded? And what is the number that we have in mind to sort of consolidate at?

**Venkatesh Krishnan:** So I addressed this partly a little while ago. We have 1,250-odd branches (Standalone), and it will remain so. No further plans to merge down. Of course, a few branches here and there may underperform and that's why I'm putting up a task force to ensure that these branches have revived rather than shutting it down or merging it. So otherwise, this count of 1,250 will remain. In fact, it might actually go up if you really expand in Tamil Nadu and Maharashtra.

**Shreepal Doshi:** Right, right. So that is where I I was going to ask the next question that if you aspire to expand there, especially when you've got a new business head also for that. So in that case, do we see branch expansion coming back actually?

**Venkatesh Krishnan:** Sure. Some branches in Maharashtra and Tamil Nadu, for sure this year. And then of the 5 or 6 large states that we have, which I spelled it out Madhya Pradesh, Bihar, Odisha, Karnataka, West Bengal, and Andhra, Telangana, we will keep seeing wherever there is potential, we want to grow contiguous if there are gaps in certain districts, we can always keep growing. But at the same time, we also need to ensure that the existing branches are juiced out.

**Shreepal Doshi:** Got it. And the last question was on the asset quality side. So we are in the last week of the month. How are you seeing the current month collection efficiency? I mean you highlighted about the uncertainties of delayed monsoon or El Nino, but are you seeing any of that playing out in July so far? Or we are broadly intact at what we were for the last quarter?

**Venkatesh Krishnan:** Thus far, in line with what we have seen in the balance month of this year. But as I said, we have taken certain proactive measures to structure how we source new customers in certain districts which are likely to be impacted. But thus far, no adverse observation in the collection efficiency.

**Shreepal Doshi:** Got it. Got it. I have more questions. I'll come in the queue, sir.

**Moderator:** The next question comes from the line of Ashlesh Sonje with Kotak Securities.

**Ashlesh Sonje:** A few questions from my side. Firstly, if you can just clarify on whether you are seeing any early signs of elevated bounces or forward flows in your portfolio thus far in the last few months because of the weak monsoon. So that's the first one. And just a follow-up on that one. If the asset quality seems to be holding up fine, if you can also share why is that the case in your view?

**Venkatesh Krishnan:** So the first point, as I said just before this question saying, as of now, we are not seeing any adversity in the way the portfolio is behaving. So that remains. Why is the portfolio holding up, it also depends on how you source customers and what is the kind of discipline that you are trying to in build into your on-time repayment, your meeting centers, your follow-ups both at 1 to 90 levels and 90-plus.

So this is a very simple business wherein you've got to keep doing the same thing again and again, day in and day out. There can be some blips here and there depending upon the situation, but large things will not happen if you have your process and controls in place.

**Ashlesh Sonje:** Understood. Okay. Second one was on the recoveries. You have indicated that the net credit cost will turn out to be negligible in this year. If I compare that -- so that effectively amounts to, I assume a recovery of close to about INR250 crores, INR300 crores -- sorry, INR150 crores to INR200 crores in this year. Correct me if I'm wrong there. How does that compare with the total amount of slippages that you have seen in this cycle? I assume that number would be close to about INR2,000 crores plus?

**Venkatesh Krishnan:** What has happened in the past, if you try and compare, that's why we have this 90-plus pool, which is large enough, okay. So that should not be a basis for how I look at this year or the years to come through. That pool is large enough, and we are going to collect anywhere between INR150 crores to INR200 crores.

We are trying to see if we can collect a little more than INR200 crores as well. With each passing month, today, we are averaging between INR16 crores and INR18 crores a month. Aiming for a INR20 crores, looks a little tough, but you should still put in the efforts to try and see. But flow, as I said, if your flow is manageable. If you're 99.5%, then your flow is marginalized. And even if you're able to collect 50% of the flow, then home you're home and dry.

**Ashlesh Sonje:** Sir, if I were to ask it differently, the pool which is currently in the written-off zone, you would say that the recovery from there would be largely negligible. Is that fair?

**Venkatesh Krishnan:** No, we are collecting from that only. INR150 crores, INR200 crores of collections that we envisage for this year is going to come from the existing 90-plus pool, which is about roughly INR2,500 crores, of which, we have collected about INR300 crores last year.

**Ashish Damani:** INR326 crores in last 18 months.

**Venkatesh Krishnan:** INR326 crores. So that happens, INR15 crores, INR16 crores is coming from that pool.

**Ashlesh Sonje:** Understood. Okay. Sir, just lastly, correct me if I'm wrong, if I heard you incorrectly, the CGS MFI scheme, you have raised about INR200 crores. If you can share what was the rough pricing on that?

**Venkatesh Krishnan:** INR500 crores sanctioned thus far, utilized is INR200 crores. Pricing is just about at 10% or a little over 10% because there are sub-10%, there are marginally over 10% as well.

**Moderator:** The next question comes from the line of Meghna Luthra with InCred Equities.

**Meghna Luthra:** Congratulations on a good quarter. I just had 2 questions. One is there is a slight inch up in the new book delinquency. What is the normalized level that we see over there? And secondly, how do we see opex moving in this year and the next year?

**Venkatesh Krishnan:** See, delinquency, we are aiming for a 99.5% collection efficiency. Again, if you look at the top 6 states, which contributes 60%. Andhra, Telangana was at about 99.2%; Bihar was 99.4%, Madhya Pradesh and Odisha upwards of 99.5%, West Bengal was 99.4%. So by and large, we are at 99.5%. So some delinquencies will happen, but we are able to collect it. But average, what we're aiming for is 99.5%, which we are holding on thus far, including this month.

**Ashish Damani:** Yes. So on the opex, we have seen a good quarter, and we're just hoping that we'll be in the same range in terms of the absolute number. So against the last year full opex of about INR760-odd crores. I think we should be more around INR675 crores or so for the full year this year. And next year should be just a 10% increase on that.

**Venkatesh Krishnan:** That said, we are also looking at some investments, Tamil Nadu, Maharashtra, I spoke of. We are also looking at some automation, which will help reduce the manual intake. So we are trying to ensure that the savings that come through are plowed back in one form or the other, which is going to really help this company for the times to come.

**Moderator:** The next question comes from the line of Rajiv Mehta with YES Securities.

**Rajiv Mehta:** Good numbers. Just one clarification, when you say 90-plus recoveries are kind of INR51 crores in the quarter, this is NPLs plus write-off pool recoveries, right?

**Venkatesh Krishnan:** That's right.

**Rajiv Mehta:** Okay. And out of which INR24 crores was written-off recovery and then the remaining should be the NPL recoveries number. Yes. And this number, INR51 crores, you are saying you're targeting it to be around INR150 crores, INR200-odd crores for the whole year?

**Venkatesh Krishnan:** Yes.

**Rajiv Mehta:** Understood. And see, just on credit cost, while see the flows have significantly come down, your X-bucket is also now 99.5%. So from a flow point of view and from existing coverage on Stage 2 and Stage 3 point of view and even from write-off point of view, I mean, the credit cost seems to be moving favorably.

This is one thing, when I look at your coverage on Stage 1, it is only 40 basis points. And when I look around peers, they are either at 1% or even higher than 1%. So, is there a thought that at some point in time, maybe not this year, maybe next year, you would want to take it up to where the industry is operating at?

**Venkatesh Krishnan:** Very much. It's a very valid observation. We are working on it. But unlike many of the other players in the industry, our frontline officers also focus on 90-plus because of the sheer size. Of course, there is so much a frontline officer can do when he has to disburse X-bucket, 1 to 90 and 90-plus. But yes, the focus is on to raise at least the bar to 50% in the 1 to 30 segment.

**Rajiv Mehta:** Okay. Okay. And some thoughts, I mean, you've shared the disbursement numbers. But are you sharing your AUM targets for end of March 2027 and end March '28?

**Venkatesh Krishnan** This year, we are aiming for about exit of about anywhere a little upwards of INR6,000 crores. March '28, may turn out to be a guidance, which we will plan as we get into August, September times. But broadly, we are looking at a INR10,000 crores or thereabouts by March '28.

**Rajiv Mehta:** And just from a cost point of view, see, one is rationalization. I think that is an exercise we have done. But from a productivity point of view of your opex or of your loan officers, what is the plan to raise it so that there would be optimal number of customer per loan officer.

See, one is on the acquisition side, but what all can drive better acquisition of customer and maybe so that productivity of resources can help us leverage the opex, the way we are conceiving right now?

**Venkatesh Krishnan:** So two aspects. One, of course, is acquisition of new members, which I spoke of last quarter was 61%, which is very important from a growth trajectory. Second is retention of your good customers. So there, we are trying to ensure that the good customers who have been with us. And of course, also good with other players in the industry, we don't lose them any cost.

**Moderator:** The next question comes from the line of Amey Chheda with Banyan Capital.

**Amey Chheda:** So all my questions have been answered. Just one clarification. This ROA of 3.5% was for FY '28, right, next year?

**Ashish Damani:** That's right.

**Amey Chheda:** And what would be this number in this year?

**Ashish Damani:** So Amey, like I've said, we are presently at 1%, and we should see more improvement in this number going forward for the current year.

**Moderator:** The next question comes from the line of Sucrit Patil with Eyesight Fintrade.

**Sucrit Patil:** I have 2 questions. My first question to Mr. Venkatesh. Beyond the regular outlook, what are the top 2, 3 execution priorities you are focusing on in the next few quarters? And alongside that, what do you see as the biggest risk in borrower demand or competitive pressures?

And how are you preparing to manage them while strengthening the company's position in microfinance and small lending? That's my first question. I'll ask my second question after this.

**Venkatesh Krishnan:** So priorities, as I said, we're just about ready with our individual loan product, and we are going to be piloting it in 8 branches of Madhya Pradesh. We want to make it a success and roll it pan India and for our group company, Criss Financial as well. That's a new initiative, which I'm very hopeful that it cannot be a huge share, but definitely a much better underwritten offering.

Point number two, definitely, we have 6 states wherein we are at about 65%, but as I said, Tamil Nadu and Maharashtra, why we have not really grown these 2 states, hitherto is something which I wish to now grow and make it as big as any of the other states like Bihar or Madhya Pradesh. So that is another priority we are working on.

Third, which is very important for us to ensure that we are able to work on the attrition front and ensure that we retain people because over time, we realize that once the people are there on board, their productivity improves, reliability improves.

Point number 4, we are working on the new LOS platform, which should be in the UAT stage by the end of this quarter. And October to December, we are going to be migrating, which is Perfios platform from Jayam. That's a big initiative for the company, migrating 1,250 branches.

That also has its own inbuilt credit platform, collections platform that will lead to a lot of insights into how we approach customers, how we record the customer observations, skip trace of customer mobile numbers so on and so forth. So these are the 3, 4 priorities I'm working on. And then, of course, as we go along in this journey, depending upon how things are happening, we can take on 1 or 2 more initiatives.

**Sucrit Patil:** My second question for Mr. Damani, is, again, along the similar line. From a financial point of view, what key risks or challenges do you anticipate in the coming quarters? And 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 the regulatory compliance?

**Ashish Damani:** So the way we look at it is, yes, credit cost is something that will be on the top of mind. We have strengthened our underwriting substantially over the course of last 15 months or so, and we're ensuring that we stay put with that. It has yielded good results. We hope that it continues to stay that way. So that's the important aspect.

We have controlled our operating cost, and we are very focused on that front. The growth that we are going to get is with very limited or no investments on increasing from a cost side. So that's another important aspect that we're looking at.

Our financial borrowing cost got elevated during the stress period. The focus is how do we bring that cost down and protect the NIMs as we progress. So these are the aspects which we've been focusing on. And I think so far, we have had a reasonable amount of success and hopefully, we'll continue to sustain all the success that we've got.

**Moderator:** The next question comes from the line of Prabal Gandhi with InCred AMC.

**Prabal Gandhi:** Sir, just one question. From 2013 onwards, we have seen this 3, 4 times now that in an up cycle, we scale up to INR8,000 crores, INR10,000 crores of AUM. And then as the down cycle starts versus our peers, our consolidation is heavier.

So in this cycle, how are you ensuring that here on, even if the cycle downturns in 1.5, 2 years, at least we'll be able to sustain our AUM and therefore, there is some assurance on sustainability of numbers beyond near-term as well?

**Venkatesh Krishnan:** So point number one, there is no problem in growth, but it has to be sustainable growth and you need to have adequate controls and process. There are only 3 things in this industry one needs to take care of. One is your process and controls. Ad nauseam, I'm going to keep talking about this. Second is, point number 2 is discipline. And third is calibrated growth.

If you wish to grow at 100% and your systems don't support, you're going to fall. So we are ensuring that we grow reasonably. At the same time, all the building blocks that are in place in terms of ensuring that the growth is adequately supported by controls, especially focused on recoveries, so that, as you rightly said, if at all, there is a sort of a downturn or some swings in the marketplace, we are in sync with the market and don't go below that.

**Prabal Gandhi:** Okay. And any example of discipline or practices that you can highlight, which gives you confidence that this time, underwriting will be more prudent compared to previous up cycles?

**Venkatesh Krishnan:** So one of the questions, of course, not asked, let me answer that will be quite relevant to what you asked. The SROs are really playing a big role in ensuring that the industry really grows and the confidence in the industry also grows. But today, as I talk to you, Spandana + 3 is about 3.7% only, which used to be about 20%, 25%.

So 98% of the customers that I added were regular and we were the only borrowers at that point in time when we gave the loan. So the market has now come to realize that we got to ensure that the credit parameters are adhered to without any miss. Otherwise, it not only impacts you, but it impacts other players as well.

So we are ensuring that whatever guardrails are there, the guardrails are adhered to. As I said, we have also taken cognizance of the fact that there could be an El Nino. So how do we handle new to credit customers. The family has both spouse being new to credit, staying in a rented apartment or rented house, how to deal with them.

We are also ensuring that telecalling is something that we are able to reach out to our customers. So for instance, what came as a sort of a realization to me is in my telecalling outfit, about -- we are able to receive INR30-odd lakh from customers directly online through the QR code that we generate when we are calling the delinquent customers. So we are trying to see whether we can increase that INR30 lakhs to INR50 lakhs to begin with.

Then we realized that there are agencies who are doing bot calling. So we have hired the services of bot calling, which is also increasing our reach to customers because the bots can call you repeatedly without really talking about 80 connects a day or so on and so forth.

Second, we are also ensuring that the product offerings that we have, take a relook in terms of the ticket size, how we're treating customers who have been with us for 4, 5 cycles. Are we allowing those customers to go to competition or we are able to retain them and we are able to see performance. So these are 3 or 4 things we are doing, coupled with the initiatives of the SRO to ensure that we run a predictable franchise.

**Prabal Gandhi:** Understood. And just last question. How is Kedaara looking at the performance of the senior management team, is it more about scaling of the business? Is it more about profitability? How is the incentive being derived for the senior management team by Kedaara?

**Venkatesh Krishnan:** So if your question is aimed at saying that how long will Kedaara stay invested, no answers. But at least I see them here for at least next 2, 3 years. Now whether Kedaara stays or does not stay, we need to perform. And if you are able to perform, everyone is wanting to have a share of Spandana.

That apart, Kedaara has been very, very supportive. No interference. We just have monthly reviews, wherein they come and check with us what exactly is happening, any help items. If there are any AI initiatives since they have that skill and expertise, they are willing to help us on AI-led initiatives. So other than that, they have been very supportive and helping us deliver on the dotted lines.

**Prabal Gandhi:** Actually, it was more on the lines of how is Kedaara reviewing the performance of the senior management team, as you mentioned, that it's a 2- to 3-year time line for them. So are they looking more from the perspective of how quickly can we scale our AUM or they are more focused on profitability or asset quality? Any particular metrics that they are more prioritizing compared to other metrics in the evaluation of senior management team?

**Venkatesh Krishnan:** We are deciding that. Kedaara has no role to play, what to grow, which markets to grow, how to grow, what are the things we need to do, which are the areas we need to automate, everything is done by the management.

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

**Venkatesh Krishnan:** Thanks once again for joining the Q1 FY27 call. I'm sure all of us are relatively happy with the performance and efforts are on to ensure that we replicate this, put our heads down and do our basics right, no heroics. That's about it from my side.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Spandana Sphoorty Financial Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.