

Ref No: 14/SE/CS/MAY/2025-26



Date: May 22, 2025

To,

<b>Listing Department</b> <b>BSE Limited</b> <b>Phiroze Jeejeebhoy Towers,</b> <b>Dalal Street, Mumbai – 400001</b>	<b>Listing &amp; Compliance Department</b> <b>National Stock Exchange of India Limited</b> <b>Exchange Plaza, 5<sup>th</sup> Floor</b> <b>Plot No. C/1, “G” Block</b> <b>Bandra- Kurla Complex</b> <b>Bandra(E), Mumbai- 400051</b>
<b>BSE Scrip Code: 544020</b>	<b>NSE Symbol: ESAFSFB</b>

Dear Sir/ Madam,

**Sub: Transcript of the Earnings Conference Call on Financial Results of the Bank for the Quarter and Financial year ended on March 31, 2025**

We would like to inform that the Transcript of the Earnings Conference Call in connection with the Audited Standalone Financial Results of ESAF Small Finance Bank Limited ("Bank") for the Quarter and Financial year ended March 31, 2025, held on Monday, May 19, 2025 at 10:00 hours (IST) is attached herewith. The above-mentioned transcript is also available on the website of the Bank at <https://www.esafbank.com/investor-relation/?id=presentation-and-concall-transcript>.

This is for your information and appropriate dissemination.

Thanking you

Yours Faithfully,

**For ESAF Small Finance Bank Limited**

**Ranjith Raj. P**  
**Company Secretary and Compliance Officer**

**ESAF SMALL FINANCE BANK LIMITED**

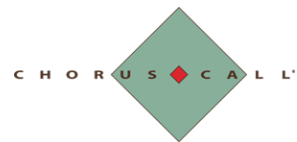
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**Registered & Corporate Office:** ESAF Small Finance Bank Limited, Building No. VII/83/8, ESAF Bhavan, Mannuthy, Thrissur – Palakkad National Highway, Thrissur – 680 651, Kerala.

Ph. No: 0487 7123456 Email: [customercare@esafbank.com](mailto:customercare@esafbank.com) [www.esafbank.com](http://www.esafbank.com)



“ESAF Small Finance Bank Limited  
Q4 FY '25 Earnings Conference Call”  
May 19, 2025



**MANAGEMENT:** **MR. K. PAUL THOMAS – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – ESAF SMALL FINANCE  
BANK LIMITED**  
**MR. GIREESH C.P. – CHIEF FINANCIAL OFFICER –  
ESAF SMALL FINANCE BANK LIMITED**  
**MR. GEORGE K. JOHN – EXECUTIVE DIRECTOR –  
ESAF SMALL FINANCE BANK LIMITED**  
**MR. HARI VELLOOR - EXECUTIVE VICE PRESIDENT,  
CREDIT – ESAF SMALL FINANCE BANK LIMITED**

**MODERATOR:** **MR. VIRAL SANKLECHA – MUFG INDIA PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the ESAF Small Finance Bank Limited Q4 and FY '25 Earnings Conference Call hosted by MUFG Intime India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Viral Sanklecha, from MUFG India Private Limited. Thank you, and over to you, sir.

**Viral Sanklecha:** Thank you, Navya. Good morning, ladies and gentlemen. I welcome you for the Q4 and FY '25 Earnings Conference Call of ESAF Small Finance Bank Limited. To discuss this quarter's business performance, we have from the management, Mr. K. Paul Thomas, Managing Director and CEO; Mr. Gireesh C. P., CFO; Mr. George K. John, Executive Director; and Mr. Hari Velloor, Executive Vice President for Credit.

Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to the investor presentation and other findings that can be found on the company's website.

Without further ado, I would like to hand over the call to the management for the opening remarks, and then we will open the floor for Q&A. Thank you, and over to you, sir.

**K. Paul Thomas:** Thank you. Thank you, Viral. Good morning, everyone. On behalf of ESAF Small Finance Bank, we welcome you to the Q4 and FY '25 earnings call, where we will discuss our business and financial performance. We are grateful for your continued support and interest in our journey.

Joining me today are Mr. George K. John, Executive Director; Mr. Gireesh C. P., EVP and CFO; Mr. Hari Velloor, EVP. I hope you all had a chance to review our quarterly results and investor presentation, which are already available on the Stock Exchange and our bank's website.

At ESAF Small Finance bank, our foundational commitment to financial inclusion continues to shape our strategy. As we evolve from serving the underserved to engaging a broader customer base across all segments of society, our vision is rooted in social impact yet firmly aligned with sustainable business growth.

With a thoughtfully curated and diverse retail portfolio, we are deepening our presence in secured lending, housing finance and gold loans, while expanding CASA and digital banking initiatives to drive long-term customer engagement and value.

Our retail strategy is designed to balance financial empowerment with profitability, enabling scale without compromising our mission. India's macroeconomic environment continues to show resilience with structural reforms, formalization of the economy and digital acceleration, opening new avenues for inclusive growth.

The BFSI sector stands at the cusp of transformation, driven by regulatory progress, fintech collaboration and a renewed focus on banking service expansion in underserved geographies. In this dynamic landscape, ESAF Small Finance Bank is uniquely positioned to lead as India's foremost social bank, offering equitable access to financial services while delivering stakeholder value through innovation, operational excellence and responsible banking.

Aligned with these shifts, ESAF Bank has embarked in its transformation journey under the banner of ESAF 2.0, project StratoNeXt, a strategic initiative aimed at scaling operations, enhancing customer experience and building a future-ready digital technology and operational framework.

With this context, I now invite our Executive Director, Mr. George K. John, to take you through the next segment.

**George K. John:**

Thank you, Paul sir, and good morning, everyone. Let me begin by providing a brief perspective on the broader macroeconomic environment that sets the context for our business performance. Reserve Bank of India has projected a real GDP growth rate of 6.5% for FY '26, consistent with its estimates for FY '25. This stability in growth expectations underscores the resilience of the Indian economy, supported by robust domestic consumption, sustained public capital expenditure and a gradual pickup in private sector investment.

While global headwinds and geopolitical uncertainties persist, India continued to demonstrate strong macroeconomic fundamentals. Further, on April 9, 2025, Reserve Bank of India announced a 25 basis point cut repo rate, bring it down to 6 percentage. This decision by the Monetary Policy Committee signals a continued focus on maturing economic growth and enabling improved credit flow. This marks the second consecutive rate cut, and we expected to lower borrowing cost, thereby, providing relief to household and businesses and fueling broad-based economic recovery.

FY '25 was a challenging year for Indian microfinance sector, marked by significant stress in asset quality and muted growth. Loan origination saw a steep 42% decline in volume, while delinquencies surged crossing INR28,000 crores. As per the credit bureau report, the sector overall loan portfolio contracted from INR4.34 lakh crores in FY '24 to INR3.75 lakh crores in FY '25.

And the asset quality reverted sharply with 90-plus DPD rising to 3.5% in Q3 FY '25, which is rise from 1.8% in Q1. External factors further intensified the strain, such as Karnataka and Tamil Nadu governments' legislation, stabilizing overseas recovery practices and the regulators' informal guidance to curtail our lending to highly leveraged borrowers led to constrained credit flow and caution lending behaviour across the sector.

Looking ahead to FY '26, a gradual stabilization is anticipated, particularly in the latter half of the year. According to India rating, credit costs are expected to ease from 9.6% in FY '25 to approximately 4%, offering some relief to the lenders. Additionally, RBI's recent relaxation of capital adequacy requirements could support liquidity and improve lending capacity.

Nevertheless, small finance banks and NBFC-MFIs expected to remain prudent, tempering the growth ambitions and reinforcing credit discipline to strict underwriting frameworks. The pace and extent of recovery will depend on greater regulatory clarity, improved borrower repayment behaviour and sustained macroeconomic stability.

At ESAF Small Finance Bank, FY '25 was a year of strategic growth, correction and balanced growth. While we faced challenges in microfinance portfolio, our response to deliberate and disciplined backed by a renewed focus on portfolio quality, record lending and sustainable retail growth.

I am pleased to report that during the fourth quarter, we made meaningful progress in advancing our strategic priorities with a continued focus on quality growth, risk calibration and operational efficiency. Our performance reflects steady momentum across key business segments even as we maintained a measured and caution approach in the microfinance portfolio in line with evolved marketing conditions and our prudent risk management approach.

Our total loan book stood at INR19,643 crores in Q4 FY '25 as against INR19,659 crores in Q4 FY '24. The loan book stood at same level as on Q4 FY '24 on account of head office level write-off of INR1,225 crores, which is 6.53% of the operating book as well as degrowth in the micro assets. However, degrowth in micro assets is partially offset by strong traction in secured retail assets, including gold loan, MSME and affordable housing, underscoring with our strategy to diversify the portfolio and build resilience.

Kerala continue to be our leading market, contribute approximately 36 % of our total advances. However, in line with our strategic goal of geographic de-risking and portfolio diversification, we have consciously moderated our dependency on the state. Kerala share in the overall portfolio has declined from 56% in FY '21 to 36% in FY '25, reflecting a focused expansion into high potential market across other states.

During the quarter, we achieved strong traction in secured lending. Secured loan disbursements stood at INR5,832 crores in Q4 FY '25, marking a 167% increase over INR2,187 crores in Q4 FY '24. This growth was primarily led by products such as gold loan, mortgage, MSME and vehicle loan, in line with our strategy to enhance asset quality, improve yield and build a more resilient credit portfolio.

In line with our long-term strategic road map to increase the share of secured assets to 70% by March 2027, we are pleased to report substantial progress on this front. As on FY '25, secured loan constitute of 52% of our total loan book, a marked improvement from 29% as of March 2024.

This yield reflects our focused execution and portfolio rebalancing and risk containment. The major driver for this growth has been our gold loan portfolio, which registered a quarter-on-

quarter growth of 25% and a year-on-year increase of 98%. The strong quality performance in this segment reaffirm our strategic emphasis on secured lending as a key pillar of sustainable growth.

Moving on to mortgage, vehicle loan and MSME lending. These segments recorded a robust growth of 23% over the previous quarter and 107% on a year-on-year basis. This work plays a key role in strengthening our secured portfolio. As of Q4 FY '25, our secured loan disbursement stood at INR15,728 crores compared to INR6,671 crores in Q4 FY '24, reflecting the growing traction of our calibrated lending strategy.

The secured portion of our total loan book increased from 43% in Q3 FY '25 to 51 % in Q4 FY '25. It's a clear upward trajectory as we enter the new fiscal year. The proposition of secured disbursements increased significantly from 42% of Q4 FY '24 to 85 % in Q4 FY '25.

Importantly, we are already surpassed our internal target of achieving a 45% secured lending share by March 2025, reaffirming the effectiveness of our strategic focus on portfolio resilience. The growing share of secured origination is clear demonstration of our commitment to strengthening asset quality, improving yield consistency and driving sustainable.

Long-term growth as well as utilizing all the channels for the set strategy. This disciplined approach is central to our effort in building a more balanced and future-ready loan book. At the same time, the mortgage mix in unsecured lending should not be seen as a departure from our core mission of financial inclusion.

We remain deeply committed to serve the underserved and continue to innovate, derisk and diversify our inclusive financial offerings to ensure long-term viability and impact. ESAF Bank has set up extensive network of 787 banking outlets, added 34 new banking outlets in the FY '25. 1,106 Customer Service Centers as on FY '25, we added 150 new CSCs during the financial year. We have 693 ATMs and we added 79 new in the FY '25. We have 34 institutional business correspondents spread across 26 states and 2 union territories.

On the human capital front, we are embracing AI-driven HR solution to streamline recruitments, enhance performance management and improve employee engagement. Our digital-first approach is particularly effective in attracting and onboarding tech-savvy next-generation talent while seamlessly nurturing a culture of continuous learning and upskilling across the organization.

At the heart of our people strategy lies our commitment to servant leadership, commitments by our core value of customer centricity, accountability, transparency and commitment. Rooted in people-first philosophy, this approach is deeply embedded in our culture and leadership ethos.

As a part of broader transformation agenda, we are also making significant strides in our technology transformation project, a cornerstone of ESAF 2.0 serving us. This initiative encompasses cross-banking modernization, digital channel enhancement, process automation and data-driven decisioning.

Most importantly, it adhere to regulatory compliance and adopts security by design. With structural milestone already achieved, the program is progressing on track, and we are confident it will strengthen our operational efficiency, customer experience and scalability, positioning ESAF Bank for long-term digital leadership in the financial space.

As we look forward, we remain committed to scaling our growth responsibly, ensuring that secured lending continues to be a key driver of value while reinforcing the quality and stability of our asset base. We actively recomposing our portfolio with a sharper focus on non-microfinance segments aimed to build a sustainable and diversified loan book anchored in resilience.

Retail and other secured loans now constitute the majority of our portfolio, reflecting a calibrated approach that serve as a guiding framework amid the evolving dynamics of microfinance sector. While it may take a couple of quarters to definitely mark the bottoming out of current sectoral stress, the ongoing situation is gradually improving. We expect recovery momentum to build in the second half of the year, supported by favourable macroeconomic conditions alongside continued operational discipline and fiscal prudence.

The bank management is fully cognizant of the delicate balance between growth, sustainability and risk and is determined to lead ESAF Bank into its next phase of a stronger, more agile and future-ready institution. We continue to serve the underbanked segment with deep penetration in semi-urban and rural market built on legacy of trust and social commitment. At ESAF, we care this trust with a deep sense of responsibility, upholding our core values in every business endeavour.

With this context, I'll now invite our EVP and CFO, Mr. Gireesh C. P., to take you through the financial performance.

**Gireesh C. P.:**

Thank you, sir. Good morning, everyone. I thank you all for taking time for joining us on the call. The financial year 2025 was a year of transition towards the core loan book building and managing asset quality. Let me give you all about financial performance highlights for Q4 FY '25.

Our deposit in Q4 FY '25 stood at INR23,276 crores, up from INR19,868 crores in Q4 FY '24, marking a 17% increase Y-o-Y basis, whereas the growth advances stood at INR18,799 crores as compared to INR18,772 crores in Q4 FY '24. As a strategy, the bank has done technical write-off of advances amounting to INR345 crores in Q4 and cumulatively by INR1,225 crores in FY '25 to clean up the NPA book.

Regarding disbursements, the disbursements for Q4 FY '25 was INR6,878 crores compared to INR5,266 crores in Q4 FY '24, reflecting Y-o-Y change of 30%. There has been shift towards more of secured loans, which were 85% of the total disbursements during the quarter.

The CASA balances continue to reflect the strength of our deposit franchise. As of Q4 FY '25, CASA balances reached INR5,783 crores compared to INR4,502 crores, demonstrating a Y-o-Y growth of 28%. The FY '25 was a year of accelerated transition of advanced book from unsecured to secured.

Net interest income for Q4 FY '25 declined to INR436 crores compared to INR591 crores in Q4 FY '24. So also the net interest margin for Q4 FY '25 came down to 6.9% down from 10% in Q4 FY '24 due to the following factors. The shift in the composition of our loan portfolio mix, strategic decision to have excess liquidity and controlled growth in loan book and delinquencies in the high-yielding Micro Loan book. This is evident from the fact that secured loan components increased from 29% to 52% Y-o-Y and the CD ratio stood at 77% as of March 31, 2025, as against 92% on March 31, 2024.

The non interest income increased by 5.7% on Y-o-Y basis despite moderated asset growth, whereas Q4 decreased marginally by 4.3% due to moderated micro loan disbursements. Our operating cost exceptional item increased by 7.1% in Q4 and 15.45% on Y-o-Y basis, which is considered normal due to increase in the business and outlook expansions. The pre-provisioning operating profit declined to INR90.66 crores as compared to INR284.69 crores in Q4 FY '24 driven by unusual interest reversals and excess liquidity.

During Q4 FY '25, we made provisions amounting to INR331 crores, which included INR130 crores over and above the regulatory requirements and as per the normal policy of the bank has a prudent measure to strengthen our balance sheet. This proactive efforts contributed to a reduction in net NPA levels and an improvement in the provision coverage ratio, which crossed 80% levels. As a result of these higher provisions, our net loss was INR183 crores for the quarter, which is lower than the net loss of INR210 crores in the preceding quarter.

In terms of asset quality, gross NPA stood at the same level of 6.9% in Q4 FY '25 as compared to the trailing quarter. Similarly, the net NPA stood at 2.9% for Q4 FY '25, similar to the previous quarter. The provision coverage ratio also strengthened, standing stable at 80.5%, reinforcing our commitment to demonstrate better asset quality. Looking ahead, we remain focused on maintaining growth and net NPA at reduced and sustainable levels, through continued vigilance and disciplined risk management framework over the lending book.

We undertook prudential write-offs totalling to INR345 crores in bad beds during the quarter. Net slippages percentage, we have 9% in Q3 and Q4, which is moderated to 7.88% in Q4 FY '24. We expect that this will further moderated in coming quarters. We are actively implementing a range of productivity enhancement and cost control measures across the organization as part of broader strategy to drive operational excellence.

On the liability front, FD rates were already reduced by 50 basis points and SB effective rates have been moderated by around 70 basis points by the decision of ALCO. On the asset side also, pricing moderation has been done to take care of the rate cut impact besides rationalizing the service charges on both sides. In parallel, we continue to closely monitor expense management and taken various cost-reduction and rationalization measures to improve overall profitability.

In addition to the above initiatives, the initiatives are also taken to improve efficiency, optimize resource utilization and reduce overall operating costs without compromising on the quality of our services, with the moderation of risk around micro banking book industry and the positive steps taken by us as explained above. We expect that the positive ROA will be achieved by



second half of FY '26 and this year will be a consolidation year with medium growth in business and improved operational numbers.

Our disciplined approach allows us to remain agile and financially resilient even in a challenging environment. We are also setting aside additional provisions beyond regulatory requirements to safeguard against potential stress in vulnerable segments. This proactive stance strengthens our balance sheet and reinforces our capability to navigate future uncertainties and confidence.

Our focus continues to be on accelerating NPA recoveries and expanding high-margin, secured lending products. We remain committed to maintaining a healthy portfolio, minimizing risk exposure and supporting our customers responsibly. These focused efforts will not only help us navigate current challenges but also position us for sustainable long-term success.

Thank you very much. And the floor is open for questions and answers.

- Moderator:** We'll take the first question from the line of Vishak Javeri from ABC Capital.
- Vishak Javeri:** Actually, I just have a couple of questions. So first one would be on the lines of your CASA ratio. So, if I can see your CASA ratio has improved to 24.8%. So just wanted to know what initiatives helped drive this growth? And how do you see it trending in FY '26?
- Hari Velloor:** Okay. Shall I take that question?
- K. Paul Thomas:** You're done?
- Vishak Javeri:** Yes, yes, I'm done.
- Gireesh C. P.:** Okay. On the CASA, last year, the variable pay of the employees have been more focus towards CASA growth rather than the overall deposit book growth. And also, there were specific targets given to each branches for achieving the CASA numbers.
- Vishak Javeri:** Yes. Another would be with over 10.4 lakh new customers added in FY '25, so how do we plan to deepen wallet share and reduce customer churn?
- Hari Velloor:** Shall I take that question, Gireesh?
- Gireesh C. P.:** Yes, sir.
- Hari Velloor:** Can you hear me?
- Gireesh C. P.:** Yes.
- Hari Velloor:** Yes. So, you were asking about the 10 lakh new customers acquired and how to prevent churn. So, our churn essentially is very much in tune with what the general industry will have. Out of every 100 customers whom we acquired, we are quite happy about 30% to 40% of them use our accounts. So, what we have been doing is a 3- or 4-step approach.

In the first 3 months since some onboarding, we have a series of measures to make sure that the customers engage completely, that the customers starts using our services in one way or the other, he or she carries out X amount of transaction so that over a 3-month period, we try to ensure that the customers who we wish to retain will be an engaged customer. And from then on, we try to take the relationship forward. So, to that extent, that is how we control the churn. Does that answer the question?

**Vishak Javeri:** Sorry, I'm sorry.

**Hari Velloor:** Please go ahead.

**Vishak Javeri:** Yes. So, I just had one more question on the branches and your further expansion. So, like I can see we have 787 branches with 693 ATMs. I just wanted to know, are we planning any further expansion or optimization in FY '26, particularly in the underpenetrated regions?

**George K. John:** Yes, I'll take the question. Yes, as per the Board approval, we are adding 38 branches in the financial year, and majority are in the unbanked rural locations and rural locations.

**Moderator:** Next question is from the line of Vivek Gupta from Star Investment.

**Vivek Gupta:** So, my first question is relating to the net interest income, which dropped to INR436 crores from INR491 crores in Q4. So, like how do you plan to protect margins in FY '26 given the shift to secured lending and high provisioning?

**Gireesh C. P.:** Yes. There were various aspects for the net interest income margin contraction. First of all, there were a higher number of slippages during the year, and most of the slippages were from the micro banking book, which are high-yielding in nature. And also, during the last year, the cost of deposit has increased and also the cost of funds in line with the market.

But of late, currently, we have already reduced the term deposit rates and also on the CASA rates. I mean, savings bank deposit rates has already been rationalized in line with the market. But the impact of the reduction in cost of deposit on the term deposit, it will be flowing may be over a 1, 1.5-year period fully. And also, there is a shift from the high-yielding micro banking book to secured book, which is having around 10 percentage interest rate differential. So, these are the issues which has affected the net interest income in a big way.

However, the secured loan increase with somewhere around 40% interest rate. The collection cost, which is otherwise incurred for the micro banking book, we are saving by around 8% to 9%. So that way, it is not a significant reduction. So, we will be comfortable operating with a higher secured loan book at a net interest margin of somewhere around 8%.

**Vivek Gupta:** Okay. My next question is relating to the -- like if the full year loss was INR521 crore, so what is the road map to profitability? Like is FY '26 expected to be a turnaround year?

**Gireesh C. P.:** We hope by second half of the current fiscal, we will be able to turn around. On a quarterly basis, we will be turning around to somewhat in Q3 and Q4.

**Moderator:** We take the next question from the line of Vrudhi Shah from SAF Capital.

- Vrudhi Shah:** Yes. So, my question is that given the continued macro level stress in the legacy of micro loan portfolio, how much of the INR332 crore provision in quarter 4 is attributable to this segment? And when do you expect normalization?
- Gireesh C. P.:** Except around INR21 crores, all belongs to the micro banking book.
- Vrudhi Shah:** And when do we expect the normalization?
- Gireesh C. P.:** The reverse trend has already started as we see from the market as well as on our book. So, we are hopeful of reversing the trend by second half of the current fiscal.
- Vrudhi Shah:** Okay. My next question is the bank wrote off around INR345 crore during this quarter. So, do you see any further write-offs in FY '26?
- Gireesh C. P.:** The write-off is only a technical write-off, which is a balance sheet management exercise through which we are managing the gross NPA percentages. And the continued efforts on the recovery on this book will continue as if the technical write-off has not been there. So that way, it is not a totally fully written off, it is only a strategic write off to manage the gross NPA level.
- Vrudhi Shah:** And we further see any write-offs such in FY '26?
- Gireesh C. P.:** That depends upon the delinquency level, which is flowing. Maybe as I was mentioning earlier, by H2 only, the moderation will completely in and therefore, some more write-offs can be expected.
- Vrudhi Shah:** Okay. And how sustainable is the current 80.5% PCR?
- Gireesh C. P.:** Sorry, can you come back?
- Vrudhi Shah:** I'm asking that how sustainable is the current 80.5% PCR.
- Gireesh C. P.:** Yes, all the delinquencies are flowing out of unsecured book, so over a 1-year period, we have to provide it fully as per regulatory guidelines as well as our own policy. So that way, the rate is on a sustainable basis only.
- Moderator:** We take the next question from the line of Nihal Sharma from NS Investment.
- Nihal Sharma:** I have a couple of questions. First one being secured loans now form over 52% of your total loan book, up from approximately 30% last year. Can you elaborate on how you plan to scale this further and what segments within secured lendings are seeing the most traction?
- George K. John:** Shall I take this.
- K. Paul Thomas:** Yes. Thank you.
- George K. John:** So, this year, our strategy, what we adopted is that we started an area as well as regional credit hub, a dedicated team for credit processing, then for the asset operations and sales team, so along with the Risk Control Unit and necessary guardrails we put in. So that was the focus, and we're

utilizing all our channels for sourcing the leads. And we have a dedicated sales team also for the asset products, whether it is MSME, Agri or a gold loan.

**Hari Velloor:**

So, I would like to add here that if you see, we have shared the presentation, in terms of the mortgage and the mobility book, we have doubled our book size in the last 1 year, though the figures by themselves may not be very large, but they have doubled. And this we have done in a very, very conservative way with hardly any increase in the NPA level.

So, in the current year also, this will continue. You are asking about how we'll build the secured. So apart from gold loans in terms of the MSME, mortgages and mobility, the growth, the traction will be pretty high. And we will do it in a very safe way. Like Bobby was saying, we have in the asset's hub. We will not go into areas where we are not fully, what do you say, ready in terms of resources and infrastructure, but we will surely do a lot of business in that segment.

**Nihal Sharma:**

Okay. My further question being, with the gold loan portfolio almost doubling year-on-year, what is the yield profile and risk appetite associated with this segment? And are you seeing any early signs of stress or saturation?

**Gireesh C. P.:**

Okay.

**K. Paul Thomas:**

Go ahead, Hari. Go ahead.

**Hari Velloor:**

Yes. As of now, we don't see any stress. The NPA levels in gold is almost minimal and that too is kind of because of certain micro loan borrowers having turned delinquent, and so the gold loan becomes delinquent, that is why. In terms of the growth and in terms of the size of the business itself, as you know, currently, our book is something like 6,000-odd and that is hardly a drop in the ocean.

But in terms of the speed at which we've been able to build in a safe way, I think there is a huge market there who do not want to borrow at extremely high rates, but want the convenience of having a bank branch close by. It is in that niche that we are operating. And our current book size is so small that in the general terms, this is hardly anything. This is one aspect.

The second aspect is, if you see many large NBFCs have been looking at gold loans in a major way. In fact, quite a few of them have bought small gold loan NBFCs also. So, the way the market is and the way the availability of the product is, there is a huge amount of growth still to happen. And we don't see too much of a problem in terms of stress.

However, we will certainly be keeping an eye in terms of share of gold loan, how much we want to cap into that. That certainly is a strategic decision we see and we'll continue to monitor so that no products becomes too big for the bank, let me put it that way. So that is the way in which we'll be looking at this business.

**Moderator:**

We take the next question from the line of Ashlesh Sonje from Kotak Securities.

**Ashlesh Sonje:** A few data-keeping questions from my side. Firstly, on the microfinance book -- sorry, on the total slippages you've reported for this quarter is at INR427 crores, can you share what is the MFI portion out of this?

**Hari Velloor:** Gireesh already handled that, it is largely microfinance taking an amount of INR20-odd crores.

**Gireesh C. P.:** INR30 crores.

**Hari Velloor:** The amount of INR30 crores.

**Ashlesh Sonje:** Okay. I thought you said the provision number outside of microfinance was INR30 crores. I was asking about slippages.

**Gireesh C. P.:** No, no, provision number, it was INR20 crores. And the slippage number, it is INR30 crores.

**Ashlesh Sonje:** Okay. Understood. And secondly, for the entire FY '25, you have made total provisions of about INR1,250 crores. How much of this would be for MFI for the full year?

**K. Paul Thomas:** One second, we will just tell you.

**Gireesh C. P.:** If you have any other questions, you can feed that.

**Ashlesh Sonje:** Yes, sure. Sorry, just going back to the MFI slippages, I believe last quarter, you had given a MFI slippage number of -- sorry, just one second, of INR485 crores, roughly, if I'm not wrong. Can you share the quarterly slippages in MFI for 1Q as well as 2Q?

**Hari Velloor:** Would you repeat that question? You want the slippages in NPA, right?

**Ashlesh Sonje:** Slippages in microfinance book, the gross slippages for each of the 4 quarters.

**Hari Velloor:** Yes, if you see the presentation...

**Ashlesh Sonje:** GNPA numbers. Yes, I see that you have disclosed the GNPA numbers for MFI.

**Hari Velloor:** Would you take a look at Slide 13 also?

**Ashlesh Sonje:** Yes, I can see the SME book here.

**Hari Velloor:** 13 and then 14.

**Ashlesh Sonje:** Correct. So, Slide number 13 gives me the 1 to 90 DPD book. Slide 14 gives me the 90-plus book. I'm saying what was the slippage, the additions into NPA. For the entire book, it was INR427 crores this quarter. You said out of that INR427 crores, roughly INR400 crores would be for MFI. What is the same number for the last 3 quarters? That's what I'm looking for.

**Gireesh C. P.:** We can share it separately. Is it okay?

**Ashlesh Sonje:** Yes, perfect.

**Gireesh C. P.:** If you can call us directly after this call, we can share it.

**Ashlesh Sonje:** Sure. Okay. And just lastly, can you also share the blended cost of SA deposits and term deposits?

**Gireesh C. P.:** Total cost of deposit is 7.5% for the current year.

**Ashlesh Sonje:** Yes. And what would be the cost of SA deposits within that?

**Gireesh C. P.:** Cost of SA is 6%.

**Ashlesh Sonje:** Understood. Okay. If you can come back on the quarterly slippages, if you have it, would be great.

**Gireesh C. P.:** Yes, we can come back.

**Moderator:** We take the last question from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** Sir, just wanted to understand, have we kind of given any kind of growth outlook? I mean, how do you see the growth this year? And anything on the credit cost also?

**Gireesh C. P.:** On the growth side, we are planning somewhere around 15% to 20% growth overall. And on the credit cost, definitely, it will be less than what you have seen during the last 2 years.

**Deepak Poddar:** Last 2 years, I mean, you're talking about FY '24 and FY...

**Gireesh C. P.:** Current year FY '24 and '25. That is what we are looking.

**Deepak Poddar:** But FY '23, our credit cost was, I mean, much lower, right, at 3%. So, we are looking at below 3% kind of a credit cost in FY '26?

**Gireesh C. P.:** FY '26, we don't envisage that kind of number.

**K. Paul Thomas:** '23, '24, it was 4.25%.

**Deepak Poddar:** Okay.

**K. Paul Thomas:** And so around that level, we are expecting.

**Moderator:** Ladies and gentlemen, due to time constraints, that was the last question. I would now like to hand the conference over to Mr. Viral Sanklecha, for closing comments.

**Viral Sanklecha:** Thank you, everyone. I would like to thank the management for taking this time out for the conference call today and also thanks to all the participants. If you have any queries, please feel free to contact us. We are MUFG Intime India Private Limited, Investor Relations Advisors to ESAF Small Finance Bank Limited. Thank you so much.

**K. Paul Thomas:** Yes. Thank you very much.

**George K. John:** Thank you.

**Hari Velloor:** Thank you all.

**Gireesh C. P.:** Thank you. Good night.

**Moderator:** On behalf of ESAF Small Finance Bank Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.