Capital Small Finance Bank

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CSFB No. 2026-27/86 **May 05, 2026**

To,

BSE Limited **Listing Compliance** **Phiroze Jeejeebhoy Towers** **Dalal Street** **Mumbai 400 001** **Maharashtra** **Scrip Code: 544120, 951995 & 953739**	**National Stock Exchange of India Limited** **The Listing Department,** **Exchange Plaza,** **Bandra Kurla Complex,** **Mumbai - 400 051** **Maharashtra** **Symbol: CAPITALSFB**

Dear Sir/Madam,

Sub: Transcript of Earning Conference Call for the Audited Financial Results of Capital Small Finance Bank Limited for period ended March 31, 2026

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We submit herewith the transcript of the conference call held on Wednesday, April 29, 2026 for the Audited Financial Results of Capital Small Finance Bank Limited for the period ended March 31, 2026.

In compliance of Regulation 46 of the Listing Regulations, the transcript is also made available on the Bank's website at https://www.capital.bank.in/investors/financial-results

This is for your information and records.

Thanking you,
Yours faithfully

For Capital Small Finance Bank Limited

Amit Sharma

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"Capital Small Finance Bank Limited
Q4 FY '26 Earnings Conference Call"
April 29, 2026

"E&OE - The transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th April 2026 will prevail"

MANAGEMENT: **MR. SARVJIT SAMRA– MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – CAPITAL SMALL FINANCE BANK LIMITED**
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Moderator: Ladies and gentlemen, welcome to the Capital Small Finance Bank Limited Q4 and FY '26 Earnings Conference Call. 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 the 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. Sarvjit Samra from Capital Small Finance Bank Limited. Thank you, and over to you, sir.

Sarvjit Samra: Thank you, Githesh. Good afternoon, everyone. I'm Sarvjit Samra, Managing Director and CEO of Capital Small Finance Bank. Welcome to Capital Small Finance Bank Limited Earnings Call for the quarter ended financial year '26. We thank you for joining the call this evening. Joining me today are Mr. Munish Jain, Executive Director; Aseem Mahajan, Chief Financial Officer; Raghav Aggarwal, Chief Credit Officer, Branch Banking; Sahil Vijay, Chief Treasury Officer and Investor Relations Lead; Bharti Babutta from our Investor Relations team, along with our IR advisors, SGA.

I will begin by sharing our perspective on the operating and macroeconomic backdrop, after which we will discuss the bank's performance and outlook in greater detail. Financial year '26 was a year the Indian economy navigated with quite resilience. The global environment remains challenging with the Middle East conflict impacting energy markets, elevating commodity pricing and moderating global growth expectations. For emerging economies like India, these developments have resulted in some volatility in inflation, currency movements and capital flows largely linked to fluctuations in crude oil prices and global risk sentiment.

Amid this backdrop, India continues to stand out as one of the fastest-growing major economies with GDP growth expected in the range of 6.5% to 7%. Rural demand held up, government capital spending continued. The Reserve Bank of India's decision to begin cutting rates after a prolonged pause signaled a shift in the macro environment that we believe will benefit borrowers and credit growth in the months ahead. In the banking system, credit growth has remained strong at about 16%, while deposit growth has relatively moderate at 13% to 14%, leading to increased competition for deposits and some pressure on funding costs across the sector.

We completed our first decade as a small finance bank. The foundations we built give us strong conviction about the road ahead. Capital Small Finance Bank remains well positioned, supported by its deep presence in semi-urban and rural markets, a secured and granular loan book and a diversified retail-focused deposit franchise.

Coming to our Q4 financial year '26 performance, we witnessed steady momentum across key business parameters. Total deposits crossed ₹10,000 crores, growing 20% year-on-year with CASA broadly stable at 35%. Gross advances at ₹8,687 crores, registering 21% year-on-year growth, led by traction across MSME, mortgage and agriculture segments. Disbursements

remained healthy at ₹919 crores during the quarter. Asset quality remained stable with GNPA at 2.5% and NNPA at 1.2%.

Net interest margin stood at 4.1%, while profit after tax for the quarter at ₹40 crores. 10 years as India's first small finance bank, 26 years as a banking institution, the opportunities ahead are larger than the one behind us. With that, I would now hand it over to Mr. Munish Jain, who will take you through the detailed financial and operational performance. Thank you.

Munish Jain: Thank you, Mr. Samra, and a warm welcome to everyone on the call. I will now walk you through the key business and financial highlights for the quarter and financial year ending March 2026. As of March 31, 2026, our gross advances stood at ₹8,687 crores, reflecting sustained momentum in credit growth. On a year-on-year basis, advances grew by 20.9%, while sequentially growth stood at 6.4%, underscoring both consistent execution and healthy demand across our key lending segments.

The growth in advances continued to be driven predominantly by our secured lending products and around 98% of the loan book continue to be secured with around 89% of our non-corporate portfolio is being collateralized by immovable properties/bank FDRs. The average ticket size of our portfolio stood at ₹18.3 lakhs against ₹17.8 lakhs at the end of Q3 FY '26, reflecting our granular detailed-focus and risk-conscious approach.

Our continued emphasis on well-collateralized assets reinforces the quality, resilience and risk-mitigated credit portfolio. The growth driver for the quarter is MSME/business segment, which grew by 9% on quarter-on-quarter and 46% on year-on-year basis followed by LAP, which grew by 5% on quarter-on-quarter and 19% on a year-on-year basis.

Fresh disbursement stood at ₹919 crores during the quarter and ₹3,508 crores during the year, registering a robust growth of 20% and 23% year-on-year basis, respectively. This sustained momentum underscores the continued strength in the demand across our key lending segments and the effectiveness of our focused business approach.

Geographically, growth outside our home state of Punjab continues to outpace the overall bank growth. Advances out of Punjab grew more than twice the Punjab growth rate on a year-on-year basis, demonstrating the deepening strength and increasing traction across our newer operating geographies. Out of Punjab advanced portfolio constituting 24% as on March 31, 2026 compared to 21% a year back.

Asset quality improved and remain well managed during the quarter with gross NPA stood at 2.54%, improving 14 basis points sequentially and 4 basis points year-on-year basis. Net NPA stood at 1.24% compared to 1.35% a quarter back and 1.30% in the corresponding period last year. The gross slippage ratio stood at 1.61% for the year and 1.27% for Q4 FY '26 and net slippage ratio for the quarter being 0.08%, while write-offs remained almost NIL during the quarter. Credit cost for the quarter stood at 0.26% and is consequent to enhanced PCA ratio to 51.89% as on March 31, 2026, against 50.45% a quarter and a year back.

Early stress indicator also shown improvement with SMA-1 and SMA-2 accounts at 4.92% of the advances against 6.46% a quarter back, supported by proactive collections and early delinquency management. This highlights our prudent credit risk management efforts, recovery efforts, consistent portfolio performance and reaffirming the quality and resilience of our portfolio. On the liability side, our total deposits crossed ₹10,000 crores mark and stood at ₹10,018 crores, registering a strong 20% year-on-year growth, underscoring the continued trust of our customers and the strength of our retail deposit franchise.

Deposits continue to be the primary source of funding and constituting 94% plus of our outside liabilities. Bank continued to have stable CASA and the same stood at 34.7% as on 31st March 2026. Bank continued to focus on granular and retail-centric deposit franchise. Retail deposit share continue to be above 90%.

Cost of deposit has started showing declining trend and stood at 5.75% in Q4 FY '26 against 5.86% in Q3 FY '26, that is a quarter back, backed by initial start of the deposit repricing. The credit-to-deposit ratio remained healthy with average CD ratio of 82.3% and 86.7% being at the end of the year, compared to 80.4% and 82.2%, respectively, in Q3, reflecting efficient fund deployment.

Turning profitability, net interest income for the year grew by 13% on a year-on-year basis for the year to ₹463 crores and for the quarter, the same grew by 19% to ₹122 crores in Q4 FY '26 and noninterest income grew for the year by 16% to ₹99 crores and for the quarter same stood at ₹26 crores. Pre-provision operating profit, PPOP, for the Q4 FY '26, reflecting a strong 28% growth and stood at ₹62 crores and same is ₹223 crores for the FY '26, that is a growth rate of 19%.

PAT for the quarter grew to ₹40 crores, that is up 17% year-on-year and for the year, same stood at ₹141 crores. NIM showing early signs of improvement and improved to 4.06% in Q4 FY '26 versus 4.01% in Q3 FY '26 and the same is attributed to reducing cost of deposit on repricing at maturity. NIM for the year stood at 4.04%. Operating margin improved to 2.1% in Q4 FY '26 versus 1.9% in Q4 FY '25 calculated as a percentage to average assets, supported by NIM expansion and operating efficiencies. The cost-to-income ratio for Q4 improved to 58.2%.

Return on assets for Q4 FY '26 improved to 1.33% against 1.16% of Q3 FY '26 and 1.36% in Q4 FY '25. The ROA for the financial year '26 stood at 1.23%. Our balance sheet remains well capitalized. The capital adequacy ratio stood at 22.3% and average LCR for the quarter was a strong 211%, providing sufficient headroom to support our future growth.

As of March 2026, our branch network expanded to 211 branches across 5 states and 2 union territory, strengthening our presence in rural and semi-urban market, with 77.3% branches being SURU branches, which remain a key driver of our long-term growth.

As we look ahead, we plan to organically grow our secured loan book at the rate of 22% plus for FY '27 and further accelerating the growth to achieve an advanced book of over ₹16,000 crores by FY '29. We aim to expand our footprint by deepening presence in contiguous states

and intensifying penetration within the existing markets with a target of 235 branches by the end of the current year and making it 300 plus by FY '29.

We're expecting NIM expansion supported by continued moderation in deposit cost from repricing and improving CD ratio. During the current quarter, the benefit of deposit repricing has started showing initial signs and cost of deposit for the quarter has declined to 5.75% against 5.86% a quarter back. This reduction reflects the initial impact of the term deposit repricing. We expect the benefit of repricing to accrue more meaningfully over the next 3 to 6 months.

Statically, 53% of present term deposit is high-priced and due for repricing in the next 2 quarters. To achieve ROTA expansion in the coming year and with a target to make it 1.35% to 1.4% in FY '27 and 1.6% plus by FY '29 with an ROE expansion of 15% plus by FY '29. We remain deeply committed to create long-term value for our stakeholders through responsible banking, customer-centric innovations and sustainable financial inclusion.

With this, now I request the operator to open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sonal Minhas from Prescient Capital.

Sonal Minhas: I just wanted to understand, I look at your gross NPA table, and I'm just reading some numbers from there. The additions of gross NPA for this particular year was 25.3 and the additional provisions we made in the P&L are around ₹22 crores. So if I am just tying the 2 numbers together, are we providing more? Are we providing -- how are we providing basically? That's the first question.

Munish Jain: Sonal, I just believe you are referring 25.3 being the Q4 number.

Sonal Minhas: Q4 number?

Munish Jain: -- being 112.8.

Sonal Minhas: No. So I'm just talking, Munishji, Q4 to Q4, both – in Q4 the provisions are 22?

Munish Jain: Provision in the Q4, if I talk about the provision number for the Q4 that includes all the provisions, including the taxation provisions. So when we are talking about ₹22 crores provision for the current year, this also includes the taxation provision. So the provisions for other than taxation are lesser. We enhanced the provision coverage this particular quarter. And our PCR, which was typically 50.45% a quarter back, we have improved it to 51.89% presently. So we have increased the provision coverage and working about the net NPA by keeping inside the profit earning outlook.

Sonal Minhas: Okay. Summarizing, we have increased it a little, but not as much as what is looking in the numbers because there are some provisions for taxation as well, basically. Got it. Got it.

Sir, one more thing between last quarter and now, if I look at the agriculture loans, the net NPAs are kind of sticky, while the book has grown a little. So it was 2.75% in Q3 FY '26. It's 2.76%

now. So what is happening on the ground for this particular category? Any subjective input would be great to know.

Munish Jain: As far as agriculture is concerned, during the period under review, that is NPA were almost static, that is 2.75% and 2.76%, respectively. So there was some accretion in the NPA during the current period, and there was also recoveries during the quarter, but both are parallelly and in line with the historical trends. So nothing unusual. Everything is controlled and as always, it's completely in line with the overall NPA trend. So we are seeing a traction.

If you look at our book, you will find that net NPA has improved in all the segments. In agriculture, it is static. But in all other segment, it has improved. Agriculture, this is not a recovery period because the agriculture recovery period are typically Q1 and Q3 when the cash flow comes. Q4 is not a cash flow period. So the majority of the recovery in agriculture will be coming in Q1 and Q3 because those are the cash flow period. This being a noncash flow period.

Sonal Minhas: So Munishji, just a follow-up on this, that can we assume that this number will fall down significantly after Q1, Q2, Q3 back to around 2% if you're seeing a healthy recovery, if you're seeing this segment, no stress in this particular segment, should this significantly taper down because this has been sticky for this particular year. So just want to understand that.

Munish Jain: Sonal, as far as the agri NPAs are concerned, I'm not saying that it is coming down to 2% over the very next 3 to 6 months. Yes, we believe that it will remain range bound with a lower biasness. But just coming to 2% is very aggressive target, which we can take internally. But on this particular platform, I believe we want to keep it range-bound around the similar towards the lower bias levels over the next period to come. So if you observed in the period, agri has not grown that significantly.

During the quarter, it has grown by 7%. But on a year-on-year basis, the growth is quite moderate. So with the growth has started coming back in this segment,with the growth, this number will start getting automatically adjusted also, and we can see a better number as we move. But despite that particular factor, the NPA in this particular sector as well remain almost similar what was a quarter back.

Moderator: The next question is from the line of Aditya Mundra from Mytemple Capital.

Aditya Mundra: Congratulations on the good results. Sir, any guidance on any effect of ECL, transition to ECL that we have on our credit cost? What would be that amount?

Munish Jain: Circular on ECL has already come. So we are still evaluating on the new guidance, which has come a couple of days back. So initial understanding, yes, we are still working. initial understanding, it will not be P&L negative. So we will be either P&L neutral or P&L positive with this ECL. But still we are evaluating the new guidelines in detail. Initial view is it will not be a P&L negative for the Capital Small Finance Bank.

Aditya Mundra: Okay. So what I understand is that you are sufficiently provided even if the new ECL guideline come in, for that also we are sufficiently provided.

Munish Jain: Yes, that's what I mean.

Aditya Mundra: okay. Including stage 2, I think there the minimum requirement is about 5%...

Munish Jain: That's what I'm saying, Adityaji, as far as the initial understanding, the whole of the ECL requirement will not be P&L negative. If I compare the ECL requirement provision versus the present provision held, it is not a P&L negative position. But still, we are detailing the discussions. So we're expecting it to be P&L neutral to P&L positive

Aditya Mundra: Positive, okay. And sir, this quarter -- even if I remove the effect of the Labor Code, which was there in last quarter, about ₹6 crores. Even then our opex cost -- so even then our opex cost seems to have declined quite significantly quarter-on-quarter. So is there any particular reason for that or it's just business as usual?

Munish Jain: If we look into our opex cost, the opex cost, if I exclude the labor cost, it is almost ₹89 crores versus ₹86 crores.

Aditya Mundra: Yes, yes,

Munish Jain: So it is only just ₹3 crores, so which is not a significant. So this is basically because of there can be a lot of factors. There are some expenses which are temporary expenses for a particular period. So those may be incurred in other quarter. So otherwise, there is not a significant decline. It is almost the same number as we have in the Q3. So because of expenses provisioning and everything depends upon weather and a lot of factors which are being considered for that particular point.

Aditya Mundra: So there's nothing which is one-off or there's nothing which is unusual. It's in the normal part of the course.

Munish Jain: Just business as usual.

Aditya Mundra: So sir, what should be our like opex to average assets, what should be a steady percentage that we should account for, let's say, for FY '27 if you can guide or on a cost-to-income basis, if you can guide what would be our target?

Munish Jain: As a percentage of the average asset opex over the medium term to take it below 2.85%, in the year 1, that is our current fiscal FY '27, we intend to keep it between 2.9% to 2.95% or 2.9% to 3%. That is the broad range I can give with a lower biasness.

Aditya Mundra: Yes. And that would be on the growth of like a guided growth of about 20% plus on the AUM?

Munish Jain: Yes, we are targeting current year, we have given guidance of 22% plus for the FY '27 with 2029 being ₹16,000 crores on the advance book.

Aditya Mundra: And sir, one final question from my side and then fall back in the queue. This agri growth has come very well on the quarterly basis. And there was some -- like the last couple of years, there

was some slowdown on the agri part. So what are the reasons that we are seeing on ground? And how much of this growth can continue and translate to annual growth...

Munish Jain: As we discussed earlier also, agriculture, one product which we were conscious earlier year because of certain ground level events, which were solved in the last year begin. So we were expecting a growth and the growth for the current quarter start coming.

So agri is one portfolio which we intend to continue to grow, but the growth in agri will be lesser than the overall growth. Our growth leader will be continuing to be MSME, that is the business segment and the LAP. They will be our growth leader in the coming FY '27 also. But agri will be growing, but lesser than the overall growth. But we are continuing to put our focus on agri as we move forward.

Because we are not intending to do agri in the newer states like Rajasthan, Delhi, Himachal and UP. So agri will continue to be coming from Punjab and Haryana only. So that's the factor we say agri, we don't intend to grow as fast as the overall book. So agri will be growing at a decent pace from these 2 states.

Aditya Mundra: And sir, if I can just squeeze in one more. you had guided on the co-lending that you will be considering growing on the other states, non-Punjab states through co-lending model. So how much -- has that started coming in, in this -- from this quarter? And how much of the book has come in? And what is our arrangement with the co-lenders in terms of the FLDG cover or any other business model that you could give some clarity on?

Munish Jain: Adityaji , let me clarify. We are not in a co-lending, but we are in a business correspondent lending model in which the business correspondent is originating for us. We are not doing the co-lending activity. In this particular thing, the credit cost, the credit risk is going to be with the originator. So his revenue will be tagged with the asset quality and along with the revenue tagging to the asset quality, we will be taking an FLDG for the default risk that if there is any credit default coming, then FLDG, we will be keeping a cash collateral FLDG with us for that particular loan portfolio, which will be building.

This quarter, the activity has been started. Last quarter, we signed off. This quarter, the prioritizing production movement has come. And i, the initial business started coming in. I will not say a very, very large value because in the first quarter after activation, you can't expect a large value. But I'm happy to share now we are not having one, but more than one partner. We're having a couple of partners in this particular space. The traction is coming back, and we can see some good momentum in the period to come.

Again, I reiterating, we intend to have more than 90% to 95% of the disbursement through our branch network only. So this is a reiteration, even in the last call we're doing it. So yes, this is an add-on to our growth, but our bigger growth driver will continue to be our branch banking.

Aditya Mundra: Okay. And sir, how much is the FLDG cover that you are providing?

Munish Jain: So FLDG cover is governed by the regulatory guidance, and that is 5%.

Moderator: The next question is from the line of Pritesh Bumb from DAM Capital Advisors.

Pritesh Bumb: Sir, just a few questions. One is on fee income. The fee income has been relatively weaker. Generally, we see 4Q fee income a little better for the industry and for us as well. So why has it been weaker this time around apart from the treasury income? And how do you look at it going ahead?

Munish Jain: Fee income, if we look into for the current quarter on a value term, it is ₹25.8 crores versus ₹26.1 crores a quarter back. And if we look into the subcomponents, the income from the advance has grown by ₹3 crores from ₹6.7 crores to ₹9.7 crores, remains static on the operation-related fee income, and there is a slightly reduction on the banca commission.

So but there is some reduction we are seeing in the treasury income because of the lack of opportunity available. So our fee income, if we look into the percentage to the asset, continue to be 0.9% with both the quarters and it was 1% in Q4 last year. So yes, we continue to believe this number to remain towards 0.85% to 0.95% in the coming period with the upward biasness. So we are quite optimistic.

But here important point I'd like to mention Pritesh ji. You look into all the fee income components, they are static state and with a multidimensional channel. So we are optimistic, we are confident to maintain and improve it. So overall, current year full year basis also, this is 0.9% and the same was 0.9% in the last year. And earlier, we were showing a momentum growth, and we expect that some momentum will be coming in the current period.

Pritesh Bumb: Sure. Second question was on margin front. We've seen a little bit of improvement this quarter. Earlier before the rate cut cycle fully kicked in, we had a view that we will improve our margins as the LDR improves. So we are today at about 83% LDR on an average basis, I think. So how is our margin progression going to be given that the rate cut cycle at least has paused now?

Munish Jain: There are the 2 variables in this. One, our cost of deposit has started the first sign of improvement in Q4, which has improved from 5.86% in Q3 to 5.75% in Q4. Now statistically, if you look, our present term deposit book consisting of around 53% of the term deposit which has priced more than the present offered rate, which are due to be repricing in Q1 and Q2 of the current year. That is the June quarter and the September quarter.

So we are seeing some benefit, which will be pouring up from that repricing on their maturity. So that is one benefit we can see to be building up the NIM. So we are expecting the NIM benefit coming from that one repricing. And second, we are 82.3% average CD ratio. So we expect to intend to improve the CD ratio in the next year. Last year, we increased it very slightly. In the coming year, we intend to improve it more sharply. Last year, we continue to improve our deposit franchise also as decline interest rate trend was there.

We believe there will be some improvement. We're expecting some improvement in the CD ratio in the current year. So that is the second lever, which will be our NIM expansion available. So in NIM, we can see 2 expansion levers, one being the repricing of the deposit with 53% of the term deposit getting repriced in Q1 and Q2. Second will be the LDA expansion. With this

particular thing with 4.06% being the NIM for the Q4, so we can expect better NIM in Q2 and Q1. I will not mention Q1. Yes, we will see slight improvement in Q1 and more meaningful improvement in Q2 as we move, though this is the driver for the NIM.

The second big driver, which is available is typically that is the ROTA expansion will be with the NIM and also the opex. Opex for the current year continue to be 61.2% on a year basis, which we believe in the cost-income basis, we will see some good traction.

We believe that cost with the asset ratio, it will remain in the range of 2.9% to 3% so which will be another traction for the current fiscal and before it starts pulling further down till FY '29. So these 2 levers could put together. So we are anticipating a ROTA expansion for FY '27, and we are targeting the full year ROTA of 1.35% to 1.4% for FY '27 and 1.6% plus for FY '29.

Pritesh Bumb: Sure, sir. And sir, last question will be on the yield on advances. From some quarter, we had seen a very steady yield at about 11.1%, and now it has suddenly dropped to about 10.8%. One can understand there was a rate cut in December, but the rate cuts were earlier as well. So anything happened? Or have you passed on any rates in terms of additionally? Or is it like a business mix change which has led to this decline in yield?

Munish Jain: There is nothing to worry about in this case. If you look into read it with the Slide number 8 of the presentation, where we can see the interest rate versus Q4 versus Q3, there was a 25 basis points rate cut coming in this particular quarter, which has slightly impacted the yield on advances. That is the point number one, but which may be affected the yield on advances by 10 to 12 basis points. So another 8 to 10 basis point impact is due to -- because this is the period in which the agri accounts become NPAs.

There is some agri accounts become NPA, where interest get reversed, so which take care of the old interest earning to be reversed. So which impacted the interest yield temporarily for that particular quarter by 7 to 8 basis points. So that is another impact is there. So with these 2 impacts are there. But out of this, around 10 basis points is in permanent in nature, but 10 is not. So we can see there was a 25 basis points rate cut for the current quarter, which are being due in the month of January.

With this particular aspect, if you look into any of the product, the agriculture over last quarter is 12.62% now it is 12.54%. Over a housing loan last quarter, it was 9.83%, now it is 9.85%. Over LAP last quarter, it was 12.56%, now it is 12.33%. Our business segment last quarter, the rate was 10.6%, now it is 10.55%. Our corporate loan last quarter, the rate was 10.8%, now it is 10.77%. So the rates are in a right space, so which is going to be available with us as we move forward as well.

Pritesh Bumb: Got it, sir. And last data keeping question was on -- can you give the absolute savings number in this quarter? Savings absolute amount.

Munish Jain: Saving amount, I missed what you said.

Pritesh Bumb: I mean within the CASA, I wanted the savings share?

Munish Jain: Saving share, okay saving deposit share. So just give me a second. The saving value is ₹3,182 crores, which is constituting 31.76%.

Moderator: The next question is from the line of Shreepal Doshi from Equirus.

Shreepal Doshi: Sir, my question was pertaining to our agriculture portfolio. So given the kind of geopolitical situation that we are seeing and the impact of the same and also this year we are expecting that there could be delayed rains and also weaker monsoon. So given these and also the input cost because of the geopolitical tension has gone up, so how do you see our agri portfolio to behave?

While I understand that our agriculture customers are relatively superior versus the other guys, whereas our ticket size are relatively higher. But even from the behavior point of view and then how we are looking to manage that portfolio overall?

Munish Jain: Shreepal, if I look into the present agriculture portfolio, for just reaffirming, reclarifying, we are in the ₹5 lakh to ₹25 lakh ticket segment. That is we are not below ₹5 lakhs, that is small and marginal farmer lending, so which is politically sensitive segment. So that political sensitivity segment is not there with us, which has any potential of the problems with the potential political announcements, point number one.

Point number two, we are typically lender to that particular agriculture set who are cultivating ideally 2 MSP crops, but minimum 1 MSP crop. So majority of the agriculture guys are having the 2 MSP crop with 1 cash crop in between. So with that structure of the agriculture cropping, so even if I'm talking about the early signs of the wheat, wheat procurement seems to be decent and the wheat is coming well in control.

And point number two, if I talk about -- so there are the 2 crops. Now wheat, wheat procurement is already on an early sign is too early sign, but early signs are decent that we are seeing a good wheat procurement and good cash has started pouring into the accounts. So that is one clear indicator that the H1, which is weak period seems to be decent. So there is no challenge.

Now as far as the second point is concerned, when we talk about the monsoon-related cropping. So Punjab, good thing which happened in the Punjab over last some time is reaching off of the canal water even up to the last mile. So there is a good thing which has happened. And last year we have a very good monsoon, there are good water reserves available. So with these 2 factors and also good ground level irrigation facilities available. So I believe it will be too early and too premature for me to comment how the monsoon will look like.

But keeping in view these 3 scenarios. That is last year water storage, which we have seen there was some good high rainfall in Punjab and the water storage at the optimal levels, so which is one big factor. Second is the reaching of the canal water to the last mile. So that has been a big change which has happened over the last 1 to 2 years. And third, ground level irrigation facilities. So with these things, so we are not that worried.

So at this point of time, just we'll see what will happen, and we have a lot of levers available that is a multilevel accounts available with that customer, collateralized by more than 200%. If the

wheat is there and there being a paddy, there is a lot of alternate cropping patterns available for the farmers. So all these things are additionally available, so which is not making me worried at this point of time, keeping in view our present customer profile and the present situation.

And I'm again reiterating, we are doing agriculture in Punjab and Haryana only. We are not doing agriculture in Rajasthan, UP, in Jammu, Himachal. So over susceptibility, over challenges get reduced to that extent.

Shreepal Doshi: Got it, sir. Got it. That is helpful. So we are confident that it should not impact our customer profile broadly. And sir, second question was on the other income side. So while we have been talking about the initiatives that we have taken and also you highlighted where we want to be in terms of the percentage of total asset. But I mean if you could give us from the deconstruction of the target that we have on the other income side, like what would contribute how much? If you could provide that sort of clarity, that would be really helpful.

Munish Jain: So typically, as far as the other income is concerned, other income, which is presently 0.9% on the asset basis. So we intend to make it between 0.85% to 0.95% also current year. The current year goal which we have taken for the other income number we have derived is 0.85% to 0.95% range, so with the upward biasness. So this will be continue to be supported by the 4 pillars. So yes, I believe there will be some better traction.

We can see from the advance-related fee income, which has improved during the Q4. And just we can see versus Q4, there seems to be not an improvement because last time in Q3, income was lesser and there was some allocation for the distribution was there. But all other income, if you look at the operation-related fee income, if we compare with the Q4, it was ₹4.8 crores. Now it is ₹5.8 crores. Last year, Banca was ₹9.3 crores, it is ₹9.5 crores.

Yes, there is some moderation in the treasury earning because of the market conditions. So all the line items, all the streams are in the right phase. So going forward, we expect that over the distribution will continue to be typically around 33% towards Banca and 66% towards non-Banca, which will be there around 35% to 40% towards advance and remaining towards the operations related. So which we have well factored in, which we are well ready.

And we are completely aligned to improve the net interest income, I will not say a very significant improvement. Yes, there will be an improvement, margin improvement. We want to take it from to this level to 0.95% level in the current fiscal and then taking it to the next level in the period to come.

Moderator: The next question comes from the line of Sagar Shah from Spark PWM.

Sagar Shah: Congratulations for a very good set of numbers actually. My first question, sir, was related to net interest income in spite of clocking very good sequential loan assets growth of around 4%. But still actually our net interest income has been hardly 2% on the upside. So first of all, I wanted to know were there any interest reversals actually that led to such weak NII growth actually? And I'll follow up with the second question after this, sir.

Munish Jain: So in the current period, it is a period in which the agriculture accounts were due for the NPA. So there was some accounts of agriculture which is marked for the NPA, which brings along with the interest reversals. So there are slight interest reversals of ₹1 crores or ₹2 crores which is the factor which is bringing it down.

But if I look into the net interest income, for the net interest income perspective, during the current quarter it is ₹122 crores, which was last year corresponding quarter it is ₹103 crores. And if I look at the December quarter, it is ₹119 crores. So there is an improvement of around ₹3 crores in this. There was some interest reversals.

So but overall, the growth of the net interest income for the current quarter is 19% and the top line growth of 20%. So if I talk about the NII growth for the Q4, it is 19% and the top line growth of around 20%. So with this both are very nearer to each other now. So there is not a wide spread between these 2 numbers if we talk as on date.

Sagar Shah: Yes, the Y-o-Y numbers seem to be very good actually and so clocking very decent growth. But the Q-o-Q numbers, as you said, due to the agri portfolio, there were interest reversals and the same thing. Even in the net NPA uptick of around 2.76%, that led to the interest reversal. Is my reading correct, sir?

Munish Jain: Yes, that factor will be always there.

Sagar Shah: Okay, fine. And my second and the last question, sir, was related to our exposure to NBFC-MFI. In this quarter as well we saw our, the net NPA inching up to 17.3% actually. And our total portfolio is also very small at around ₹39 crores. But any color on the same that are we seeing any some green shoots there to as we are seeing the MFI cycle to reverse, like are you seeing some of the disburse, some of the company disbursement numbers. So any improvements in that portfolio are we seeing especially in asset quality and also loan growth?

Munish Jain: If I talk about the MFI NBFC MI segment, we are not very bullish on the NBFC-MFI segment. We are watching the market, MFI market. And when we get the comfort, then accordingly we will evaluate to jump again in the NBFC-MFI segment. But for the current quarter, we have not lendedany fresh money to the NBFC-MFI segment. We just recovered what we have alreadylent. And if I talk about the value, the value basis, this particular value, the outstanding net NPA now is ₹5.49 crores. And the same value a quarter back was ₹6.08 crores.

So we typically, in the current quarter, we recovered around ₹60 lakh to ₹70 lakh from those NPA accounts. So if I talk about the position as on date, keeping in view the present discussions with those lenders, so we are well confident that whatever is required to be provided has already been provided. And the remaining net NPAs, this amount of recovery, we have already signed off the OTS with one of the lenders and the money for the current quarter has recovery purely as per the OTS.

So I strongly believe the pain which was there in this NBFC-MFI segment which has come in Q1 is fully provided for in the current year, and we are not carrying any baggage in the next year. So whatever is pending left, which we optically just 17.3% looks very high. But if we drive

the value out of it, it is ₹5.49 crores, which is lesser than net NPAs, so which is lesser than the value which is there.

Moderator: The next question is from the line of Rahil S from Sapphire Capital.

Rahil S: Sir, just, if you can, I'm sorry if you have mentioned this earlier, but if you could just help me with the credit cost guidance for this year. And our cost to income has improved well in this quarter 4. So will it be range bound in the coming quarters? And if so, what will be the range.

Munish Jain: So if I talk about the credit cost, credit cost for the current fiscal, that is FY '26 was 0.26% and credit cost for the current quarter was also 0.26%. And for the factors for the same in the current year, we've seen some out-of-turn NPA slippage in NBFC-MFI. And we provided materially amount for that particular portfolio, which we expect the loss. So that's the reason currently the credit cost being 0.26%.

And in the current quarter, we opted to increase the PCR, the PCR which was 50.45%, we improved it to 51.89% at the end of this quarter, which was 50.45% at the end of the last quarter. So that is the factor so the current quarter credit cost is a provisioning driven, not a loss driven. So that is what we have done. And if I talk about the credit cost going forward, we always intend to maintain in the range of 0.15% to 0.25%, and we are quite confident to maintain in this particular range just with a negative bias for the next year. So it will be range bound between 0.15% to 0.25% for FY '27.

If I talk about the situation sitting in today, yes, we are looking at a lot of geopolitical environmental changes, which is happening. As on date, if I look, I am confident to maintain in the range of 0.15% to 0.25% for FY '27. And our stated objective is also very clear. We want to keep our credit cost downward to 0.3% up to FY '29. So that is what we strongly believe and we are confident to take it that way.

Rahil S: And sir, on the cost to income, yes, yes, yes.

Munish Jain: Yes, about the cost to income. Cost to income, if I look to this ratio, if we compare both from the cost-income perspective, this number was typically 58.9% or 59%. And for the full year, it is 61%. So we expect this cost-to-income ratio, if we calculate from the CI ratio or I compare it with the asset basis. So we believe in the coming period, coming FY '27, this number shall remain in the range of 2.9% to 3% if we calculate as a percentage to the average assets.

So that is the guidance, we are intending to improve cost-to-income ratio from the full year basis, what is the number for FY '26 versus what we were expecting for FY '27 given we have done all the costing or the middle management costing, all the senior management, head office costing has already been done.

Now for any new branch expansion, that cost is required for the current fiscal, that is FY '27. Only the periphery, that is the last mile cost at the branch is being required, which is giving us the confidence that we can look forward for some cost optimization, slight cost optimization in FY '27 and very larger cost optimization as we move forward with the scale increase.

Just a pretax basis, if we look into our vision statement, we are targeting 1.5x in the branch and 2x in the advance growth. So that indicator itself clearly that we're looking forward for the cost optimization. So we can see a better cost optimization coming in the medium-term basis. But if I talk about FY '27, you will see this in the range of 2.9% to 3% for the current fiscal calculated as a percentage to the average assets.

Moderator: The next question comes from the line of Ashwini Agarwal from Demeter Advisor LLP.

Ashwini Agarwal: Good set of numbers. So a couple of questions. One is one of the participants had asked a question about the weather patterns and so on and so forth. Could you take us through sort of your experience in previous drought cycles in 2015-'16 or maybe '11-'12? How did your portfolio behave during this period? Is there any historical anecdote you could share with us?

Munish Jain: Ashwini ji, rather than just for a drought cycle, if we have a very recent development that was in the last FY '26, we've seen a high flooding-like condition in all of Punjab. So we've seen that condition a lot of portion of the Punjab. So that is just very recent, around 9 months or 8 months back. So we'll look into that particular aspect and look into the SMA number of Capital Bank and look into the net NPA and the gross NPA and the write-off numbers. So which is giving us a very, very clear signal that what we are doing.

Point number two. When we're talking about the drought like situation, even if we go back to the history and look back into the all historical data points, we are lender in the agriculture since year 2000. So we have a track of 26 years. If you go back to the drought, last drought, which is 2014-'15 or '15-'16 or other '14-'15, there if we go back -- I'm not having a handy number, so I can't comment upon that number at least with that authority.

But to the recall, since I was handling that time also, some portion of this particular portfolio. So to my recall that there was no sudden suffer in that year also. But the biggest testimony is even if I talk about the high flooding period also. So last year and our broad operating model, our operating model is typically diversified income and assessing the income basis the agriculture as a business in which -- and we're lending to the farmer who is a progressive and cultivating ideally 3 crops in a year.

So resulting in if there is some damage on one of the crop for some maybe 20%, 30% damage. So there is no loss which is passing on to the banker. Point two, we are with an LTV downward of 50% in whole of the agri portfolio. Three, we are in a full-fledged banking with that gentleman that is whole of products. His and his family banking are with us. So with the relationship banking approach, point number 2.

So all these pillars, all these hooks are an enabler hook, and we are an agri lender for now 26 years, seeing all the cycles, maybe environmental, maybe political, maybe geopolitical or maybe even enmity actions. So all those statistics, all those scenarios we have seen. And we have not written off anything from the agriculture portfolio over the last 26 years. The number of NPA which you are seeing is a cumulative and that value is what we are not able to recover even if we and not write-off. It is fully with recovery effort only.

So with these things, we are giving us a confidence that with the operating model, which is time tested, we are confident. So whatever we are hearing about the MAT, M-A-T. But one important point, we are a Punjab and Haryana lender. And quickly look into Punjab and Haryana, one good thing which has happened is reaching off of the canal water even up to the last mile.

Reaching of the canal water to the last mile is one of the big milestones. And we are -- if we took statistically, Punjab and Haryana, where the ground level consumption is very miniscule and other ground level store table is not showing a depletion over the last 1 or 2 years. So with that static. And there is a huge irrigation-based infrastructure available for the ground level as a last measure also. So ground-level irrigation is also available in Punjab and Haryana in all the farms.

So that particular challenge is not fully looking that problematic for us in the coming period. But yes, we are keeping our eyes and ear open. And that's the reason we are always very conscious in the growth in all the segments wherever we see any bad time, there may be some scenario, maybe certain challenges may be coming. We are always in a conscious growth -- we are consciously aggressive banker.

Ashwini Agarwal: Okay. And sir, second question is that in the new states like UP, HP, Jammu, Rajasthan, you said you won't do agriculture. So what kind of loan composition do you expect in these markets?

Munish Jain: So like if I talk about Rajasthan. Rajasthan is a huge MSME and mortgage market. So we will be doing MSME and mortgage. Jammu is a huge MSME market. UP is a good MSME and mortgage market. So there is a huge opportunity available in these 2 product lines. So we're having a multiproduct organization rather than a monoline product, we are a multiline product organization. So the opportunity available in those states are phenomenally high in the products which we are mentioning. Punjab, Haryana have a very good agri.

Just UP may be considered as, some part of the UP for agri depending upon our combing. Our process of the growth is combing and carpeting. We comp that is we understand that geography well by being present there in 1 or 2 branches. Comb it, then we carpet it. So that is the way after our learning with the combing activity, then we will expand it further.

Moderator: The next question is from the line of Harshit Khadka from RoboCapital.

Harshit Khadka: Sir, just wanted to understand like what kind of ROA and ROE profile are we looking for in FY '27? And also going forward when our book reaches ₹16,000 crores in FY '29?

Munish Jain: We're targeting ROA of 1.35% to 1.4% in FY '27, and we are targeting ROA of 1.6% plus in FY '29. If I talk about the ROE, we are targeting 15% plus ROE by FY '29. So we are looking for the margin expansion, both in FY '27, and significant expansion by FY '29.

Moderator: The next question is from the line of Rishi Mody from RDM Advisory LLP.

Rishi Mody: So, sir, I just wanted to understand on the operations front, a few longer-term questions, right? So now that you expand beyond Punjab, how does the new branch evolution look like, say, year

1, what are the costs that you have to invest in? What is the cost to assets that a new branch possesses?

And then if you have to compare it with a new branch which you add in, say, your core Punjab market as well as a mature branch in your Punjab market, how much time does it take for a noncore as in say, Rajasthan branch to reach your Punjab branch levels? If you could give me that and then I have another question after that?

Munish Jain: If we come statistically, statistically, if I talk about my Punjab branches, Punjab branches, we typically categorize our branches into 4 buckets, that is ultra new branch, new branch, midterm branch and long-term branches. If I talk about the business per branch in my Punjab state, which is long-term branches, that is the old branches that we can see 5-year plus branches. Punjab, we have a lot of very older branches.

If I talk about the average of put together, all of them, our business per branch in above 5year (1hr) segment is typically ₹106 crores. But similarly, if I go ahead with a similar thing, our out of Punjab branches, the business per branch of 5 years plus, this is around ₹73 crores . So I'm talking about average, not a single branch.

So the business per branch, if I look into the business per branch from both the sides and despite the fact in Punjab more than 5 means we have a 15- to 20-year-old branches also. But out of Punjab, more than 5 is technically 5 to 7 years only. So with that thing in sight, we believe the traction which we are getting in Punjab versus out of Punjab is very nearer to each other.

And similarly, if we look into the opex or just with the sensitized market, the business will be slightly larger in the sensitized market. So now being Punjab is not just our sensitized market, Haryana is also entering into our sensitized market. With Haryana is also being in sensitized market becoming, we internally call we want to make Haryana our next Punjab. So that is our internal wording which we typically use. So with that statistical outlook, we believe the growth business per branch number is quite decent, and we are talking about the larger businesses of these particular branches.

And if I talk about the operating costing and operating efficiency, just in year 1 or year 2, Punjab branches will be more efficient. It is -- I mean, not -- so this is an open secret, I can say. Now up to the year 3, Punjab branches will be contributing more. But if I talk about our long-term aspiration of the growth. So out of Punjab branches have also started growing significantly. The number I shared, ₹72 crores business per branch more than 5 years, out of Punjab.

So we are quite confident of reaching there. So that's the reason we are maintaining a very, very fine balance. That is 50% branches we are opening out of Punjab and around 40% to 45% branches in Punjab. So that we can reap the benefit of the P&L and reap the benefit of the growth business expansion. So that's the way the business strategy is being aligned.

Rishi Mody: Understood. Second, I wanted to understand is your underwriting capabilities outside of Punjab. So from what I understand, you are opting theNBFC route currently to build the book outside of Punjab. So how -- what sort of data or what sort of insight are you able to generate given this

is an indirect way of lending versus, say, when you lend directly in Punjab? And is there a significant gap or it will take a longer period?

Munish Jain: Rishiji, I think there seems to be some gap in the actual what we are doing on Punjab as well as out of Punjab. Our business acquisition is through the branch channel. So what I think you are talking about is the partnership-led channel, which is we just started in the last quarter, last to last quarter and which is not a larger pie. But the number which I'm talking does not include those numbers, which I call those numbers as part of our alternate channel.

So as part of the branch channel, in Punjab as well out of Punjab, our business acquisition strategy is identical. That is the branch-led business acquisition in which we believe we need to know our customer well before we underwrite for them, and that is being sourced and serviced by our own on-roll relationship managers.

And the underwriting capabilities are identical in Punjab and out of Punjab. We follow the Tier 3 model. That is the branch, cluster office, regional office and head office. And our branches are the sourcing agent, which is being governed by 1 PD officer, which we call CCH, who are -- whose line of control is 4 to 6 branches and then the underwriting gentleman, who is typically taking care of the 16 to 18 branches, who is a credit underwriter. And we have one commonality. In both Punjab and Haryana or all part of area wherever we are, we follow the MIG customer segment only. And we are following the formal income channel and also property, which is a prime property-based lending.

So we have a complete similarity, and we have the complete information available. We have the formal income document. We have the complete PIDs available. We have the complete scrub available, and we look forward for the primary lending relationship with that gentleman. If he has a relationship with a couple of NBFCs, we aspire to be it in all or if we are not doing it, we consider it part of the FOIR.

So the assessment is completely done on a similar model what we are doing in Punjab and out of Punjab. I think you are mentioning about a very small portion, which we are doing a partnership channel in which credit risk is not ours. But that is a very different business and very small value business, which we are doing differently and with a different ambition and a different outlook with the high-yielding products.

Rishi Mody: Got it, sir. So if I have to understand, say, your Punjab lending today, how much of the credit decision-making would be data-based versus, say, relationship-based. And for you to replicate that outside of Punjab, the relationship lending will be a tie-in factor. So just trying to understand, firstly, the reliance on relationship-based lending versus data-based credit decision-making in Punjab and to replicate the same where would you say you are in non-Punjab states?

Munish Jain: I believe if I talk today, our majority of the lending is information based, that is a database, and it is being supplemented by the PD, which is my relationship. We are following a similar model out of Punjab that is also a data-driven, as I said, with all the data with the income data and the property data and the need data, and supported by the PD, which is again the CAO and CCH,

which we are doing Punjab, which is out of Punjab. Yes, in Punjab my 1 CCH can handle my 7 branches.

In out of Punjab, my 1 CCH is able to handle 4 branches. That's the only difference point. But the more important thing is in both the states, our underwriting system, our underwriting process is identical. And the data flow, which we are using, we are consuming all the APIs. If you mentioned the API, whether we are talking about Udyam API, whether we talk about all the API, we are consuming all the APIs.

If we talk about the relationship-based decision, we do the PD. We do the PD or we go to the staff over my own team member, 2 different team members visit to the client and its neighbouring geographies and understanding that business. Surely for any proposal which is more than ₹10 lakhs or ₹12 lakh. And even ₹5 lakh to ₹10 lakh, 1 person.

So that is the unsaid rule which we are following in the whole of the system. So we are following a similar underwriting capability and the thing which will give you comfort is presently we have 24% of the lending out of Punjab and 76% in Punjab. Our out of Punjab book has a lesser NPAs and lesser SMAs as compared to the Punjab book and significantly lesser.

Rishi Mody: Ex of agri as well, like if I compare ex agri Punjab versus ex agri, you're not talking agri outside of Punjab. So you're not at lower SMA-1, SMA-2 in -- outside Punjab.

Munish Jain: Yes, and significantly lower

Moderator: The next question is from the line of Chinmay Nema from Prescient Capital.

Chinmay Nema: Sir, 2 questions from my side. If you could just give or share what does cost-to-income ratio look like on the fully scaled up branches, the long-term branches that you spoke of, which are like 5-plus years? If you could give what does that look like?

And second question is over a medium term, what is the strategy for CASA as in is there enough headroom to grow within the state of Punjab at 3-odd percent interest rate, which can fund growth in rest of the states? Or would you eventually move out and also expand deposit base in rest of the states?

Munish Jain: Chinmay, I will take the second question first and just a clarification. We are getting a decent deposit Punjab versus out of Punjab, that is Haryana also. And the CASA share in Haryana is identical to what we are getting in Punjab. So the deposit, we are able to get both in Punjab and out of Punjab, Haryana is now almost a fully sensitized market. So we believe Haryana is a big growth driver over the periods to come.

So the sensitization part in Haryana, majority of the Haryana has already been done, and we have already moved towards unbanked rural branches also in Haryana. So we have reached to that place where we have start opening the unbanked rural branches in Haryana also in addition to the semi-urban and the rural branches. So the deposit and the CASA, if I talk about the percentage CASA, which we are getting in Haryana, is identical to what we are getting in Punjab. So that is the one statement I'd like to make.

Second statement, if I talk about the branches, branches instead of giving you the answer basis the opex because opex calculating will be subject to a lot of TPMs. But if I talk about our operating profit ratios, if I talk about our PPOP, PPOP which is typically 2.1% on the entity level. If I talk about the PPOP levels at the above 5-year branches, which is above 5 years, the same number remain presently is in the range of 2.75% to 3.25%.

So over more than 5-year branches, the PPOP number will be 2.75% to 3.25%, getting the opex of this is a very complex environment. So I can derive the PPOP from those branches, so which is much larger, which is typically 35% more than what my total PPOP. So that is what is the present number will look like. So they are contributing in a significant way to our operating profit, given the TPMs are also being used.

So we are -- as a steady state branches, as we are moving towards the steady state branches, the PPOP is getting maturely improving. So that is the point number two, I'd like to mention, Chinmay. So even if you look into the current year, we improved our pre-operating profit, that is operating profit by 28% in the current quarter despite the fact top line has grown by 20%. Point number two, our PPOP margin has also improved.

So both the things are giving a thing, in some part of the current year, given the interest rate change, which was a difficult period for the industry as a whole. So those time the margin was a bit squeezed. But now I believe that thing is coming out of it.

Moderator: The next question is from the line of Vaibhav Jain, an investor.

Vaibhav Jain: So I had some questions regarding the other income piece, particularly the Banca piece. I just wanted to know what is our model for that business? And what is our vision? Because I think we can probably scale up that business. So I just wanted to know what are your thoughts?

Munish Jain: Yes, that is a scalable business. Presently, the model is typically selling to the customer who are our customers. Our objective is to be the holistic service provider and providing him the complete range of the product which my customer wants. So we are presently selling as a Banca partner for our various manufacturers, which I call it the various service provider. It may be the -- we include -- we work with the general insurance companies.

We work with the general insurance as well as the health products, for the life insurance businesses, for the 3in1 accounts and for the MTSS business. So these are the 4 line of businesses which we are presently catering. That is the life, journal, health, 3in1 and 5 line of business, MTSS.

Going forward, we want to keep on expanding this particular type, this particular peak size. We're including more and more products as you ventured into because we believe we have reached to a place where we have a decent set of customers, and we can take care of the other -- all emerging financial needs through adding into the Banca businesses.

Banca here doesn't mean the Banca insurance. I mean to say Banca. Means when we can sell the third-party products to our customers, but the third-party financial products. So that is what our

vision are. Our vision is that we intend that all the financial products of our customers shall be sold by us to them. That is our medium- to long-term vision, that we should be the complete product provider for our customer. So that is the vision how we are taking in this particular regard.

So presently, Banca, which is typically contributing around ₹9.5 crores of the operating income is consisting of LI, GI, Health, MTSS and 3in1. And going forward, we intend to add a few more products in each of the year as we move forward.

Vaibhav Jain: Okay. So this is starting from next year you're going to add new products? Or how will that work?

Munish Jain: We intend to add one more product in FY '27. So I will not be able to name the product. So I have not got the approvals. So yes, we intend to add one more product in FY '27 and one more product in coming year.

Vaibhav Jain: Got it, sir. And as a percentage of average assets, where do you see this business, say, in the next 3 years?

Munish Jain: There is a good upside opportunity available if I talk about my other peer bankers. From the peer banker, I mean my midsized private sector universal bank. This number goes net of the AD-1 business), if I talk about the trade finance business, typically in the range of 1.05 to 1.15. We are today 0.9. We believe the arbitrage between 0.9 and 1.15 is what we need to bridge.

So yes gradually we intend to bridge that particular gap between what we are and where my peers in the similar set of customers are there. So that is our wish list to move towards that direction rather than giving any specific number for this in the current year. So this is what the opportunity is there if we look into my banking landscape.

Moderator: Thank you. That was the last question for the day. I now hand the conference over to the management for closing comments.

Sarvjit Samra: Yes. I would like to thank everyone for being part of this call. We hope we have answered your questions. If you need more information, please feel free to contact our Investor Relations team or Strategic Growth Advisors, our Investor Relations advisor. Thank you. Have a good day.

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