Q2 2025

1. Net Interest Margin

- **Narrative:** Management provided insights into the company's financial performance, particularly focusing on the net interest margin. They highlighted strategic measures and financial targets aimed at maintaining robust profitability.
- **Management's Guidance:**
- Management expects to maintain a strong pre-tax profit (PBT) of INR 300 Cr, which reflects their confidence in sustaining favorable net interest margins. Additionally, they anticipate a post-tax profit (PAT) of INR 225 Cr, indicating a positive outlook for future financial quarters.
- **Actual Results:**

['Q2', '2025']:

- In Q2 FY25, the Net Interest Margin (NIM) was reported at 10.0%, which represents a 14 basis points year-over-year increase and a 32 basis points quarter-over-quarter increase.
- **Evaluation:**
- **Expectations Exceeded**: The actual results show a substantial increase in Net Interest Margin by 32 basis points quarter-over-quarter and 14 basis points year-over-year, indicating better-than-expected financial performance, surpassing management's confidence in maintaining robust profitability.

2. Loan Portfolio Quality

- **Narrative:** The management has provided insights into the company's expected credit costs and disbursement strategies for the upcoming quarters. They anticipate a significant cumulative credit cost for the year, with expectations of specific claim settlements. Furthermore, there is an emphasis on maintaining collection efficiency and adjusting disbursement strategies according to the market environment.
- **Management's Guidance:**
- 1. Management expects the credit cost to be in the range of INR 100 Cr to INR 110 Cr in the second half of the year, translating to about a 2% credit cost on the balance sheet. 2. A claim settlement of INR 135 Cr to INR 140 Cr is anticipated in the first half of the next year. 3. The overall credit costs for the year are projected to be INR 230 Cr, excluding a likely credit claim of INR 140 Cr expected next year. 4. The collection efficiency in the 1 to 30-day bucket is expected to improve from close to 70% to at least 60% by November. 5. Disbursements are likely to be in the 25% to 26% range, with a potential increase in Q3 disbursements compared to Q2. However, if the challenging environment persists, there may be a tapering in Q4 disbursements. 6. The collection efficiency is likely to inch closer to 98.5% and potentially reach 99%.
- **Actual Results:**

['Q2', '2025']:

- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

3. Cost-to-Income Ratio

- **Narrative:** Management has expressed a focus on improving the company's cost efficiency by reducing operating expenses as part of their broader strategy to enhance financial performance. This is indicative of their commitment to optimizing the cost-to-income ratio, ensuring sustainable profitability in the upcoming quarters.
- **Management's Guidance:**
- Management aims to achieve a 5% reduction in operating expenses over the next two quarters, which will contribute to improving the cost-to-income ratio.
- **Actual Results:**

['Q2', '2025']:

- The cost-to-income ratio for H1 FY25 was reported at 61.8%, slightly higher than 61.5% for the corresponding period last year. Operating expenses in Q2 FY25 were reported at INR 220.5 Cr, which is a 23.6% increase year-over-year from Q2 FY24's INR 178.5 Cr. This indicates that the management's guidance of a 5% reduction in operating expenses over the next two quarters was not achieved.
- **Evaluation:**
- **Expectations Not Met: The management's guidance to achieve a 5% reduction in operating expenses was not met, as operating expenses increased by 23.6% year-over-year, resulting in a higher cost-to-income ratio compared to the previous year.**

4. Return on Assets

- **Narrative:** Management is focusing on improving the company's financial performance with specific targets set for the upcoming financial year. This includes strategic measures to enhance their Return on Assets (ROA) as part of their overall growth plan.
- **Management's Guidance:**
- Management has set a target to achieve about a 2% Return on Assets (ROA) and a Return on Equity (ROE) in the range of 14% to 16% for the financial year.
- **Actual Results:**

['Q2', '2025']:

- RoA was reported at 1.9% in Q2 FY25, which falls slightly short of the management guidance target of 2%.
- **Evaluation:**
- **Expectations Not Met: The actual result for Return on Assets (RoA) was 1.9% in Q2 FY25, which slightly missed the management's target of 2%, indicating that the expectations were not met.**

5. Non-Performing Assets (NPA) Ratio

- **Narrative:** During the Q2 2025 earnings call, the management of Suryodaya outlined their approach towards managing Non-Performing Assets (NPA) ratios. They highlighted the coverage of NPAs through the CGFMU program, emphasizing a strong focus on recovering claims and gradually improving asset quality metrics.
- **Management's Guidance:**
- The management anticipates settling claims related to NPAs under the CGFMU program within the range of INR 135 Cr to INR 140 Cr, with the process expected to progress in Q1 or Q2 of the next fiscal year. They also project improving recovery rates, aiming for collections nearing 98.5% to 99% by October. Over the full year, the target for NPAs is set above 2%, adjusting for expected claims could bring it closer to 1.9% to 2%.
- **Actual Results:**

['Q2', '2025']:
- Our Gross NPA remained stable at 2.9% as of September 2024 compared to September 2023. The net NPA has improved to 0.8%, down from 1.4% a year earlier.
- **Evaluation:**
- Expectations Not Met: The management anticipated reducing NPAs to a range of 1.9% to 2% after claims, but actual results showed a higher Gross NPA of 2.9%, indicating that expectations for improving asset quality metrics were not met.

6. Geographic Expansion Plans
- **Narrative:** Management is focusing on expanding its operations in existing geographies, specifically aiming to enhance its commercial vehicle sector. This strategic move is intended to gradually increase revenue and strengthen the company's market presence in these areas.
- **Management's Guidance:**
- The company intends to increase its monthly revenue from the commercial vehicle sector from INR 70 Cr to a run rate of close to INR 100 Cr by the end of March, incrementally increasing by INR 5 Cr to INR 6 Cr every month.
- **Actual Results:**
['Q2', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

7. Client Acquisition Rate
- **Narrative:** Management articulated a focused strategy on expanding client acquisition by targeting a specific segment of 2.5 lakh curated customers. These customers are identified to align with the company's growth guardrails and are anticipated to contribute significantly to the company's client base expansion. Additionally, there is an emphasis on elevating customers from the Joint Liability Group (JLG) to the Vikas Loan category, indicating a strategic move to nurture and advance client relationships.
- **Management's Guidance:**
- Management has expressed a targeted approach towards growing the client base by focusing on 2.5 lakh curated customers who fit strategic criteria. This initiative is expected to drive client acquisition in the second half of the year.
- **Actual Results:**
['Q2', '2025']:
- Our customer base has grown to around 3.24 million as of September 2024 compared to around 2.51 million in September 2023, a 29% increase.
- **Evaluation:**
- Expectations Exceeded: The company not only achieved but surpassed its client acquisition target, expanding the customer base by 29% from 2.51 million to 3.24 million, indicating a successful execution of the strategic focus on the curated customer segment.

Q1 2025

1. Net Interest Margin
- **Narrative:** Management has outlined a clear strategy to maintain and potentially improve the net interest margin by structuring financial operations effectively. Their approach is focused on sustaining a stable margin while allowing for incremental improvements over the upcoming quarters.
- **Management's Guidance:**
- The guidance for FY '25 stands between 14% to 16%. Management is confident in structuring operations to consistently maintain a net interest margin in the 15% to 16% range, with an aim to incrementally increase by a few basis points each quarter. The target for the net interest margin is to maintain it above 4% for the next quarter. The current net interest margin of 10% is expected to adjust to a target range of 8% to 8.5%.
- **Actual Results:**
['Q2', '2025']:
- In Q2 FY25, the Net Interest Margin (NIM) was reported at 9.7%, showing a 32 basis points quarter-over-quarter increase from 9.4% in Q1 FY25. This indicates that the target range of 8% to 8.5% was not achieved, as the margin remained higher.
['Q1', '2025']:
- On the yield front, the yield for the quarter on the portfolio stood at 20.1% while the NIM stood at 10% in Q1 FY '25. The NIM percentage also reflects a decrease of 5 bps year-on-year and 8 bps quarter-on-quarter.
- **Evaluation:**
- Expectations Not Met: The actual Net Interest Margin in Q2 FY25 was 9.7%, which did not achieve the management's target range of 8% to 8.5%, indicating that their expectations for adjusting the margin were not met.

2. Loan Portfolio Quality
- **Narrative:** Management has outlined a strategy focused on maintaining a stable credit cost and improving collection efficiencies, while also expanding the loan portfolio significantly. The company aims to manage credit costs within a predetermined range and enhance the efficiency of collections to near-perfect levels.
- **Management's Guidance:**
- Management anticipates maintaining credit costs between 2% to 3% annually over the next 4 to 5 years. The company aims to increase its loan portfolio by 20% by the end of the current fiscal year. Credit cost is expected to be in the range of 2.7% to 3% on a full-year basis. The target for the upcoming quarters is to achieve a collection efficiency of 99.5%.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY '25, the bank's gross advances stood at INR 9,037 crores, marking a 41.8% year-on-year increase, surpassing the management's loan portfolio growth target of 20% by the end of the current fiscal year. However, the collection efficiency was reported to be slightly less than 99%, falling short of the 99.5% target set by management. The credit cost was indicated to be around 3% to 3.2%, slightly above the anticipated range of 2.7% to 3%.
['Q2', '2025']:
- In Q2 FY25, the gross advances stood at INR 9,360 Cr, representing a year-on-year increase of 35.2%. Disbursements were INR 3,421 Cr, up 22.7% from the previous year. The collection efficiency in the current bucket was reported at 98.0%, with the Vikas Loan collection efficiency at 97.6%. The cumulative credit cost

for the first half of the year was around INR 120 Cr.
- **Evaluation:**
- Expectations Exceeded: The loan portfolio growth target of 20% was significantly surpassed with a 41.8% increase, although collection efficiency and credit costs fell short of their respective targets. However, the substantial overachievement in loan portfolio growth leads to an overall evaluation of exceeding expectations.

3. Cost-to-Income Ratio
- **Narrative:** Management has outlined their focus on maintaining operational efficiency while strategically managing costs to achieve a favorable cost-to-income ratio. The discussions emphasize optimizing resource allocation and leveraging technology to streamline operations, which are expected to contribute to improved financial performance.
- **Management's Guidance:**
- Management is on track to achieve a favorable cost-to-income ratio of 57% to 58% by FY '25.
- **Actual Results:**
['Q2', '2025']:
- The cost-to-income ratio for Q2 FY25 was reported as 63.5%, which is higher than the management's guidance target of 57% to 58% for FY '25.
['Q1', '2025']:
- Our cost-to-income as of June '24, stood at 60.3%.
- **Evaluation:**
- Expectations Not Met: The cost-to-income ratio for Q2 FY25 was reported at 63.5%, which is significantly higher than the management's guidance target of 57% to 58%, indicating that expectations regarding operational efficiency and cost management were not achieved.

4. Capital Adequacy Ratio (CAR)
- **Narrative:** Management has emphasized the importance of maintaining a robust capital adequacy ratio (CAR) to support strategic growth initiatives. They are particularly focused on ensuring sufficient capital to meet regulatory requirements and to stabilize their portfolio balance between inclusive finance and secure portfolio segments.
- **Management's Guidance:**
- Management anticipates needing capital requirements somewhere around the next 15 to 18 months. They aim to maintain a comfort level of approximately 25% CAR until the portfolio stabilizes to a 50-50 balance between inclusive finance and secure portfolio.
- **Actual Results:**
['Q2', '2025']:
- We continue to maintain a healthy capital position of CRAR at 24.9%, well above the regulatory requirement of 15%.
['Q1', '2025']:
- On the CRAR front, we continue to remain well capitalized given the capital adequacy of 27.3%.
- **Evaluation:**
- Expectations Met: The management aimed to maintain a CAR at a comfort level of approximately 25% until portfolio stabilization, and the actual results show a CAR of 27.3% in Q1 2025 and 24.9% in Q2 2025, aligning with management's guidance and exceeding the regulatory requirement.

5. Non-Performing Assets (NPA) Ratio
- **Narrative:** Management has outlined a focused strategy to significantly reduce the level of non-performing assets. The company plans to extinguish security receipts aggressively over the next three quarters and has set a goal to bring NPAs below 2% by the next year.
- **Management's Guidance:**
- The company aims to completely extinguish security receipts over the next three quarters. Additionally, they have set a target to reduce non-performing assets to below 2% by the next year.
- **Actual Results:**
['Q2', '2025']:
- Our Gross NPA remained stable at 2.9% as of September 2024 compared to September 2023. The net NPA has improved to 0.8%, down from 1.4% a year earlier.
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: The management aimed to reduce NPAs below 2% by the next year, but the actual Gross NPA remained at 2.9%, which fell short of the targeted reduction.

6. Adherence to Reserve Bank of India (RBI) Guidelines
- **Narrative:** Management emphasized their commitment to maintaining a Provision Coverage Ratio (PCR) above the regulatory requirement of 75%, aiming to sustain an 80% threshold for better financial resilience.
- **Management's Guidance:**
- Management intends to consistently maintain the PCR at or above 80% in the forthcoming quarters to ensure compliance and financial stability.
- **Actual Results:**
['Q2', '2025']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

7. Client Acquisition Rate
- **Narrative:** Management highlighted their strategic focus on achieving a balanced portfolio between microfinance and retail asset sectors. Their plan includes significant growth in client acquisition through targeted advances and deposit growth strategies. The company aims to enhance its market position by focusing on meaningful growth in both microfinance and secured retail assets.

- **Management's Guidance:**
- Management aims for a 20% client acquisition rate sequentially over the next three quarters, targeting advances growth between 30% to 35%. They also plan to drive growth in deposits, aiming for a 40% to 45% increase, which will support their advances growth target.
- **Actual Results:**
['Q2', '2025']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

8. Geographic Expansion Plans
- **Narrative:** Management is focused on expanding Suryodaya's footprint through a strategic approach involving the opening of new branches and entry into new markets. The company aims to open 50 new branches over the next two years while also targeting expansion into three new markets by mid-2024. This expansion strategy is part of their broader objective to build a robust financial infrastructure.
- **Management's Guidance:**
- The company plans to open 50 new branches within the next two years. There is an intention to expand into three new markets by mid-2024. The company aims to maintain the opening of 40 to 50 branches annually, balanced between liability and inclusive finance branches.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, Suryoday reported having a total of 701 branches. This includes 115 liability-focused branches, 325 asset-focused branches, and 189 rural centers. The total count of branches increased from 609 in Q1 FY24 to 701 in Q1 FY25.
['Q2', '2025']:
- During the quarter, we opened our very first retail banking branch in Jaipur, which signifies the commitment to expand the footprint in Northern India.
- **Evaluation:**
- Expectations Exceeded: Suryodaya successfully increased its total number of branches from 609 in Q1 FY24 to 701 in Q1 FY25, surpassing the planned annual target by opening 92 branches in a single year, and began expansion into Northern India earlier than mid-2024.

9. Sources of Funding and Cost of Funds
- **Narrative:** Management discussed their funding strategy, focusing on optimizing sources of funding to maintain liquidity while managing cost of funds effectively. They emphasized the importance of timing in accessing different funding channels to ensure the most favorable terms and conditions.
- **Management's Guidance:**
- Management indicated that they plan to make their last tranche of claims in the upcoming quarter, which is expected to impact their liquidity and cost of funds positively.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

Q4 2024

1. Net Interest Margin
- **Narrative:** Management is focused on optimizing the mix of their secured book to maintain a stable range within their net interest margin, indicating a strategic approach to balance risk and returns.
- **Management's Guidance:**
- Management aims to keep the net interest margin range bound between 2.3 to 2.5, reflecting their strategy to adjust the mix of secured assets in their portfolio.
- **Actual Results:**
['Q2', '2025']:
- Data Not Available
['Q1', '2025']:
- In Q1 FY25, the Net Interest Margin (NIM) stood at 10%, which significantly exceeds the management's guidance range of 2.3% to 2.5%.
['Q4', '2024']:
- NIM for Q4 FY24 was 10.1%, a decrease of 26 bps from Q4 FY23.
- **Evaluation:**
- Expectations Exceeded: The actual Net Interest Margin of 10% in Q1 FY25 significantly exceeded the management's guidance range of 2.3% to 2.5%, indicating exceptionally favorable performance.

2. Loan Portfolio Quality
- **Narrative:** Management has expressed a clear strategy to enhance the quality of the loan portfolio by increasing the proportion of secured loans. This reflects a shift towards more stable and less risky assets within their portfolio. The company's commitment to maintaining a consistent Provision Coverage Ratio (PCR) also underscores their focus on sustaining financial stability and mitigating potential credit risks.
- **Management's Guidance:**
- 1. By the end of next year, management aims to have a secured loan book of around 45%. 2. In about 2 to 3 years, management plans to increase the secured loan book to exceed 45%. 3. Management intends to maintain a 70% Provision Coverage Ratio (PCR) going forward.
- **Actual Results:**
['Q2', '2025']:

- Currently, the mix is 56% unsecured and 44% secured.
['Q4', '2024']:
- Kanishka Chaudhary reported that the secured loan book is currently at 41%, which is below the target of 45% by the end of next year. Additionally, the Provision Coverage Ratio (PCR) is at 71.2%, slightly above the guidance of maintaining it at 70%.
['Q1', '2025']:
- In Q1 FY25, the Provision Coverage Ratio (PCR) reached 83.9%, exceeding the management's target of maintaining a 70% PCR, indicating strong provisioning practices. However, there is no specific data available on the secured loan book percentage to determine if the target of 45% was met.
- **Evaluation:**
- Expectations Not Met: The secured loan book is at 41%, below the management's target of 45% by the end of next year, although the Provision Coverage Ratio (PCR) exceeded expectations, reaching 83.9% in Q1 FY25.

3. Cost-to-Income Ratio
- **Narrative:** Management has outlined a focus on optimizing operational efficiency through strategic cost management initiatives. There is a clear intent to reduce borrowing costs, thereby improving the cost-to-income ratio. This reflects a broader strategy to enhance financial performance and maintain competitive pricing.
- **Management's Guidance:**
- Management expects the cost-to-income ratio, including CGFMU expenses, to be in the region of 57%.
- **Actual Results:**
['Q1', '2025']:
- Our cost-to-income as of June '24, stood at 60.3%.
['Q2', '2025']:
- The cost-to-income ratio for H1 FY25 was reported as 61.8%, which is higher than the management's guidance of 57% and also slightly higher than 61.5% for the corresponding period last year.
['Q4', '2024']:
- The actual cost-to-income ratio including CGFMU expenses for Q4, 2024 was reported at 61.6%, which is higher than the management's guidance of 57%. The cost-to-income ratio excluding CGFMU expenses stood at 57.1%.
- **Evaluation:**
- Expectations Not Met: The actual cost-to-income ratio consistently exceeded the management's guidance of 57%, with reported figures of 60.3% in Q1 and 61.8% in H1 FY25, indicating that the strategic cost management initiatives did not achieve the expected improvement.

4. Return on Assets
- **Narrative:** Management discussed their strategic focus on maintaining a steady Return on Equity (ROE) in the range of 14% to 16% over the medium to long term. They emphasized the importance of achieving consistent growth in ROE by 25 to 50 basis points quarter-on-quarter. The management also highlighted their intention to maintain a balanced portfolio as a bank and not to aggressively alter pricing, particularly in micro mortgages, to achieve these targets.
- **Management's Guidance:**
- Management anticipates maintaining an ROE of 14% to 16% over the next two years. They aim for a Return on Assets (ROA) to be around 2.2% to 2.5% as the balance reaches approximately 50%.
- **Actual Results:**
['Q2', '2025']:
- RoA / RoE 1.9% / 12.2% (2.0% / 12.2%)
['Q1', '2025']:
- RoA / RoE Customers 2.3% / 15.2% 30 lakhs (+23.6% YoY)
['Q4', '2024']:
- RoA 2.1%
- **Evaluation:**
- Expectations Not Met: Management aimed for an ROA of 2.2% to 2.5%, but Q2 2025 results showed an ROA of 1.9%, indicating the target was not achieved.

5. Non-Performing Assets (NPA) Ratio
- **Narrative:** Management highlighted their approach to handling non-performing assets by implementing a provision strategy specifically for the unsecured microfinance book. This approach reflects a proactive stance in managing credit risk associated with non-performing assets.
- **Management's Guidance:**
- Management indicated that they will be making a 50% provision for the unsecured microfinance book when an account becomes NPA, suggesting a focused effort to mitigate risks associated with non-performing loans.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q4', '2024']:
- In Q4 FY24, Suryodaya reported that the gross non-performing assets (GNPA) ratio was reduced to 2.8%, down from 3.1% in FY23, and the net non-performing assets (NNPA) ratio decreased to 0.8% from 1.5% in FY23.
['Q2', '2025']:
- Data Not Available
- **Evaluation:**
- Expectations Exceeded: The management's proactive provision strategy for the unsecured microfinance book appears to have been effective, as evidenced by the reduction in both GNPA and NNPA ratios in Q4 FY24, surpassing expectations for managing non-performing assets.

6. Adherence to Reserve Bank of India (RBI) Guidelines
- **Narrative:** The management has articulated its commitment to aligning with the Reserve Bank of India's guidelines, highlighting its strategic focus on enhancing regulatory compliance. This involves a structured plan to meet the criteria necessary for universal banking status, reflecting a proactive approach in regulatory adherence.
- **Management's Guidance:**

- The company anticipates taking approximately one year to satisfy all the necessary criteria to apply for universal bank status, indicating a clear timeline for their compliance efforts.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

7. Capital Adequacy Ratio (CAR)
- **Narrative:** The management has articulated a strategic shift in their capital structure, moving from a predominantly unsecured portfolio to a more balanced approach with increased secured lending. This transition aims to maintain a comfortable capital adequacy ratio even as they lower their target from 25% to around 20%.
- **Management's Guidance:**
- Management anticipates reaching a capital adequacy ratio where they would be comfortable at approximately 20% as they adjust their portfolio mix from unsecured to secured. They also indicate preparedness to raise capital once they approach this 20% threshold.
- **Actual Results:**
['Q2', '2025']:
- We continue to maintain a healthy capital position of CRAR at 24.9%, well above the regulatory requirement of 15%.
['Q1', '2025']:
- On the CRAR front, we continue to remain well capitalized given the capital adequacy of 27.3%.
['Q4', '2024']:
- Our CRAR at 28.4% which is well above the regulatory requirement.
- **Evaluation:**
- Expectations Not Met: The management expected to lower the capital adequacy ratio to around 20% while transitioning the portfolio mix. However, the actual CRAR remained significantly higher at 24.9% by Q2 2025, indicating the expectations were not met.

8. Geographic Expansion Plans
- **Narrative:** Management highlighted their strategic intent to broaden Suryodaya's geographic footprint, focusing on underpenetrated regions to drive growth. This expansion is seen as a key component of their long-term strategy to increase market share and leverage untapped opportunities in new locations.
- **Management's Guidance:**
- Management indicated plans to enter three new states in the upcoming fiscal year, aiming for enhanced market presence and customer base. They anticipate this geographic expansion to contribute significantly to revenue growth and market positioning in the next 12 to 18 months.
- **Actual Results:**
['Q4', '2024']:
- Baskar B. Ramachandran [we added around closer to 70 branches in a year.]
['Q2', '2025']:
- During Q2 FY25, Suryodaya expanded its geographic presence by opening its first retail banking branch in Jaipur, indicating progress in their strategy to broaden their footprint in Northern India. The total number of branches increased from 635 in Q2 FY24 to 704 in Q2 FY25, achieving significant growth in their branch network.
['Q1', '2025']:
- Suryoday currently operates in 15 states and UTs. There is no specific mention of entering three new states in the specified period, as guided by management.
- **Evaluation:**
- Expectations Not Met: Management intended to enter three new states within the fiscal year, but the actual results indicate that Suryodaya did not achieve the goal of entering new states as there is no specific mention of this expansion in the provided period.

9. Client Acquisition Rate
- **Narrative:** The management of Suryodaya is focused on significantly increasing their client acquisition rate, with a target of bringing in 40,000 to 50,000 new customers. This is a key strategic initiative aimed at enhancing their market position and growth trajectory.
- **Management's Guidance:**
- Management intends to elevate new customer acquisition numbers to between 40,000 and 50,000, which is already gaining traction.
- **Actual Results:**
['Q2', '2025']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
['Q4', '2024']:
- In Q4, 2024, Suryodaya added 122,000 new customers, surpassing the management's guidance target of 40,000 to 50,000 new customers.
- **Evaluation:**
- Expectations Exceeded: Suryodaya added 122,000 new customers in Q4 2024, significantly surpassing the management's guidance target of 40,000 to 50,000 new customers, indicating an exceeded expectation in client acquisition rate.

10. Use of Digital Platforms for Loan Disbursement
- **Narrative:** Management placed significant emphasis on advancing the company's technological framework, primarily by adopting a digital-first approach. This strategy intends to streamline customer interactions and enhance process efficiency through the integration of robotic process automation (RPA). The management aims to simplify the loan disbursement process, making it more customer-friendly and efficient over the next two years.
- **Management's Guidance:**

- Management anticipates that the primary focus for the forthcoming two years will be on establishing a digital-first, customer-centric approach, underpinned by RPA to simplify processes.
- **Actual Results:**
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

11. Sources of Funding and Cost of Funds
- **Narrative:** The management at Suryodaya has highlighted their awareness of the impending repayment obligations and the need to replace maturing low-cost SLTRO financing. They have emphasized the importance of growing the Current Account Savings Account (CASA) to serve as the primary substitute for these retiring funds.
- **Management's Guidance:**
- The company plans to repay 750 crores by December 2024 and is focused on increasing CASA to compensate for the retiring SLTRO financing, which was previously obtained at a favorable rate of 4%.
- **Actual Results:**
['Q4', '2024']:
- CASA Ratio for Q4 FY24 was 20.1%, an increase of 302 bps from Q4 FY23. Cost of Funds for Q4 FY24 was 7.4%, an increase of 57 bps from Q4 FY23.
['Q2', '2025']:
- Our CASA ratio has improved to 17.9%, up from 15.7% in September 2024 YoY basis.
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: The management aimed to increase CASA to compensate for maturing SLTRO financing. While the CASA ratio improved to 20.1% by Q4 FY24, the cost of funds rose to 7.4%, indicating challenges in effectively replacing the low-cost SLTRO funds.

12. Credit Risk Management Practices
- **Narrative:** Management has emphasized the strategic priority of improving credit risk management practices. This involves a focused effort on reducing concentration risk and enhancing the efficiency of the collection organization to better align with the portfolio size. These initiatives are key to strengthening the company's risk management framework.
- **Management's Guidance:**
- Management anticipates a progressive improvement in reducing concentration risk, targeting over a 2% improvement year-on-year. This year is highlighted as crucial for achieving a better risk mix. Additionally, there is an ongoing process to recreate the collection organization to ensure its effectiveness in handling individual borrowers commensurate with the portfolio size.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

13. Impact Assessment Studies
- **Narrative:** Management emphasized their long-term commitment to social impact, outlining a strategic vision to positively influence 1% of the Indian population. This initiative reflects a broader ambition beyond just financial achievements, focusing on meaningful societal contributions over the next 2 to 3 years.
- **Management's Guidance:**
- Management plans to achieve a societal impact on 1% of the Indian population over the next 2 to 3 years, indicating a shift towards integrating social objectives with business goals.
- **Actual Results:**
['Q4', '2024']:
- The CSR activities for the Bank are mostly undertaken by Suryoday Foundation. Currently 6 programs are under implementation. A total of 61,802 beneficiaries have been covered in FY 24 across these programs. Further, the Bank is also working with Rotary Club of Chennai for preventive dental care through mobile van covering all Chennai Municipal Schools. The said arrangement is for 3 years (FY 22, FY 23 and FY 24). A total of 38,529 students have been covered in this program in FY 24.
['Q2', '2025']:
- A total of 29,674 beneficiaries have been covered in H1 FY25 across these programs and have cleaned about 450 tons of trash accumulated around the mangroves lined from Nerul to Panvel.
['Q1', '2025']:
- The CSR activities for the Bank are mostly undertaken by Suryoday Foundation. Currently 6 programs are under implementation. A total of 11,790 beneficiaries have been covered in Q1 FY 25 across these programs.
- **Evaluation:**
- Expectations Not Met: Management aimed to impact 1% of the Indian population, approximately 13 million people, over 2 to 3 years; however, the actual beneficiaries reported are significantly lower, indicating that the expectations were not met.

Q3 2024

1. Loan Portfolio Quality
- **Narrative:** Management discussed the current state and expectations for the Vikas Loan (VL) portfolio, highlighting a balanced mix between different segments and focusing on maintaining strong collection rates.
- **Management's Guidance:**
- The company is targeting to improve the collection rate of its Vikas Loan portfolio from its current 98% back to the previous level of 99.5% by engaging more deeply with customers.
- **Actual Results:**
['Q2', '2025']:
- Baskar Babu: Same with VL remained flat in terms of current bucket collection efficiency at 97.3% in August and similar number in September.
['Q4', '2024']:
- Data Not Available
['Q3', '2024']:
- The Vikas Loan portfolio currently continues to have a collection rate close to 98%, as per the management's commentary.
['Q1', '2025']:
- Baskar Babu reported that the current bucket collection efficiency, which usually hovers around 99.5%, was slightly lower at 98% in the last quarter. This was noted as a decrease from the comfort level of 99.5% across the sector and in prior quarters for Suryodaya.
- **Evaluation:**
- Expectations Not Met: The management aimed to improve the Vikas Loan portfolio's collection rate to 99.5%, but the actual results showed a decrease to 97.3% in Q2 2025, failing to meet the targeted goal.

2. Cost-to-Income Ratio
- **Narrative:** During the earnings call, management elaborated on their strategic focus towards optimizing the Cost-to-Income Ratio. They emphasized initiatives to improve operational efficiency and cost management, aiming for enhanced profitability in upcoming periods.
- **Management's Guidance:**
- Management anticipates achieving a preoperative profit between INR550 crores to INR600 crores for the next full year. Additionally, they project consistent delivery of about INR45 crores by the end of the quarter.
- **Actual Results:**
['Q1', '2025']:
- Our cost-to-income as of June '24, stood at 60.3%.
['Q2', '2025']:
- The cost-to-income ratio for H1 FY25 was reported at 61.8%, which is slightly higher than 61.5% for the corresponding period last year, indicating a continued focus on cost management but with a slight increase year-over-year.
['Q3', '2024']:
- In Q3 FY24, the Cost-to-Income Ratio excluding the CGFMU expenses was reported at 57.3%, and including CGFMU expenses, it stood at 61.6%. This shows an improvement from the previous figures, indicating progress towards optimizing the Cost-to-Income Ratio as discussed in the management's narrative.
['Q4', '2024']:
- Our cost to income excluding CGFMU investment stood at 57.1% as compared to 60% in FY23. Cost to income including CGFMU expenses stood at 61.6%.
- **Evaluation:**
- Expectations Not Met: Despite management's strategic focus on optimizing the Cost-to-Income Ratio, the actual results showed an increase in the ratio from 60.3% in Q1 FY25 to 61.8% in H1 FY25, indicating that the anticipated improvements in operational efficiency and cost management were not realized.

3. Return on Assets
- **Narrative:** Management has indicated that the current Return on Assets (ROA) for the third quarter is approximately 2.5%. They are optimistic about the future, projecting a slight improvement in the ROA for the upcoming final quarter.
- **Management's Guidance:**
- Management expects the ROA to be a little over 2.5% for the final quarter.
- **Actual Results:**
['Q2', '2025']:
- RoA was reported at 1.9% for Q2 FY25, which is below the management's guidance of slightly over 2.5% for the final quarter of FY24.
['Q1', '2025']:
- RoA was reported at 2.3% for Q1 FY25.
['Q3', '2024']:
- Kanishka Chaudhary stated that for the third quarter, the ROA is around 2.5%.
['Q4', '2024']:
- RoA for Q4 FY24 was reported at 2.1%.
- **Evaluation:**
- Expectations Not Met: Management projected the ROA to be slightly over 2.5% for the final quarter of FY24, but the actual ROA was reported at 2.1%, which is below expectations.

4. Non-Performing Assets (NPA) Ratio
- **Narrative:** Management elaborated on the company's stringent write-off policy aligned with IRAC guidelines. Upon an asset turning NPA, there is an immediate 25% provision, with additional 25% provisioning each quarter if the asset is not regularized. This approach reflects a progressive asset impairment policy aimed at maintaining financial robustness.
- **Management's Guidance:**
- The company will continue with its progressive provisioning strategy, ensuring that non-recoverable assets are adequately written off after one year of becoming NPA.

- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q4', '2024']:
- GNPA has decreased to 2.8% in FY24 from 3.1% in FY23, and NNPA has decreased to 0.8% in FY24 compared to 1.5% in FY23.
['Q2', '2025']:
- Data Not Available
['Q3', '2024']:
- Our bank's GNPA has reduced to 2.9% in December 2023 from 4.2% in the corresponding period last year. Our net nonperforming assets currently stands at 1.4% during the 9-month period FY '24 from 2.7% in December 2022.
- **Evaluation:**
- Expectations Exceeded: The management's provisioning strategy aimed at reducing NPAs was highly effective, as evidenced by the significant decrease in GNPA from 4.2% to 2.8% and in NNPA from 2.7% to 0.8% over the period, surpassing expectations of maintaining financial robustness.

5. Geographic Expansion Plans
- **Narrative:** Management is focused on enhancing their branch network by converting existing branches into composite branches that offer a full range of services, including deposit products. There is a strategic plan to expand the number of these composite branches significantly in the next financial year. However, there are no major expansion plans into new states at this time, with only pilot branches being tested in certain regions.
- **Management's Guidance:**
- Management plans to convert existing branches into full-fledged service branches in the coming quarters. The company aims to convert 30 to 50 of the 383 asset-focused outlets into composite branches in the next financial year. There are no significant plans for expansion into new states like Bihar and Jharkhand in the next financial year, with only a few pilot branches in these regions for testing purposes.
- **Actual Results:**
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
['Q3', '2024']:
- We already do have closer to around 25 branches, which have converted branches -- offering all the products.
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: Management aimed to convert 30 to 50 branches into composite branches in the next financial year, but by Q3 2024, only around 25 branches had been converted, falling short of the target.

6. Adherence to Reserve Bank of India (RBI) Guidelines
- **Narrative:** Management reaffirmed its commitment to meet regulatory requirements set by the Reserve Bank of India. They have systematically reduced their Credit-Deposit (CD) ratio over the past two years, consistently hitting their targets. The management reiterated their strategic focus on achieving a 100% CD ratio by the end of the next financial year, demonstrating a proactive approach to regulatory compliance.
- **Management's Guidance:**
- Management has committed to achieving a 100% CD ratio by the end of the next financial year.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
['Q3', '2024']:
- ee9eb6455c9af7111ab6abfefbc5eb3e --> [Kanishka Chaudhary] "when we started this journey 2 years ago, we made a commitment to first reduce it to 120% by the end of last financial year, which we did." ee9eb6455c9af7111ab6abfefbc5eb3e --> [Kanishka Chaudhary] "We promised under 110% by the end of this financial year, which is where we are."
- **Evaluation:**
- Expectations Met: Management's target to reduce the Credit-Deposit (CD) ratio to under 110% by the end of the financial year was achieved, aligning with their stated goals.

7. Client Acquisition Rate
- **Narrative:** Management highlighted a strategic focus on expanding client acquisition through the development of new branches and partnerships. This includes an aggressive target for customer generation across newly opened branches and a new partnership aimed at enhancing service offerings to both existing and new clients.
- **Management's Guidance:**
- Management projects that the approximately 70 newly opened branches will generate between 300 to 350 new customers monthly over the next two years, which would contribute to disbursements ranging between INR125 crores to INR150 crores. Additionally, a partnership is set to be launched within the month to offer comprehensive wealth management services, aiming to bolster client acquisition rates.
- **Actual Results:**
['Q2', '2025']:
- Currently serving ~3.24 Mn customers
['Q3', '2024']:
- Data Not Available
['Q1', '2025']:

- Data Not Available
['Q4', '2024']:
- Kanishka Chaudhary [we have added 122,000 customers in Q4 and this number was 90,000 odd in Q3.]
- **Evaluation:**
- Expectations Met: The management projected new branches to generate 300 to 350 new customers monthly, and the Q4 data shows an addition of 122,000 customers, aligning with the expected growth trajectory.

8. Use of Digital Platforms for Loan Disbursement
- **Narrative:** Management has emphasized the enhancement of customer reach through digital means, including the use of automated calls and bots to engage with customers. Additionally, there is a focus on augmenting digital partnerships and strengthening the digital domain capabilities over the coming months. The company is seeing a significant portion of their loan customers engaging in online payment methods, indicating a successful shift towards digital platforms.
- **Management's Guidance:**
- Management plans to continue utilizing a monthly model with improved outreach to customers via automated calls, bots, and reminder mechanisms, targeting the remaining 4% of their customer base. There is an expectation of growth in digital partnerships and the digital domain over the next 12 to 18 months. 30% of the Vikas Loan customers are making payments online, with transactions going directly from their bank accounts to the company's bank account through various mechanisms.
- **Actual Results:**
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
['Q3', '2024']:
- Anil Tulsiram reported that 30% of the Vikas Loan customers make online payments.
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Expectations Met: The management's goal of having 30% of Vikas Loan customers making online payments was achieved, as reported in Q3 2024.

9. Sources of Funding and Cost of Funds
- **Narrative:** Management has emphasized the strategic importance of maintaining a diverse funding base, particularly through refinancing institutions, to ensure financial stability and optimize funding costs. This approach is aimed at supporting the company's growth objectives and enhancing its competitive position in the microfinance sector.
- **Management's Guidance:**
- Management reiterated its commitment to maintaining 30% of its funding from refinance institutions, which is expected to provide stability and favorable cost structures in future quarters.
- **Actual Results:**
['Q4', '2024']:
- Data Not Available
['Q2', '2025']:
- Data Not Available
['Q3', '2024']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

Q2 2024

1. Net Interest Margin
- **Narrative:** Management has detailed their focus on improving net interest margins through strategic measures and adjustments over the upcoming quarters. They aim to progressively enhance margins as part of their long-term financial strategy.
- **Management's Guidance:**
- Management aims to achieve a net interest margin of 9.5% to 10% on a full-year basis, maintaining this range consistently. They plan to improve the margin by at least 150 basis points over the next two quarters and have a target of reaching a 4% margin over an 18-month period, with an exit rate of 2.75% by Q4.
- **Actual Results:**
['Q1', '2025']:
- On the yield front, the yield for the quarter on the portfolio stood at 20.1% while the NIM stood at 10% in Q1 FY '25.
['Q4', '2024']:
- NIM for Q4 FY24 was 10.1%, a decrease of 26 bps from Q4 FY23.
['Q3', '2024']:
- NIM for Q3 FY24 is reported at 9.8%, an increase from 9.4% in Q2 FY24. This shows an improvement of 40 basis points quarter-on-quarter, aligning with the management's strategy to enhance net interest margins progressively.
['Q2', '2024']:
- In Q2 FY24, the net interest margin (NIM) was reported at 9.4%.
- **Evaluation:**
- Expectations Met: The actual results show a progressive improvement in net interest margin, reaching 10% in Q1 FY25, aligning with management's guidance of achieving a 9.5% to 10% NIM on a full-year basis, thereby meeting their stated goals.

2. Loan Portfolio Quality
- **Narrative:** Management highlighted a strategic expansion in their loan portfolio, particularly focusing on Vikas loans. This is part of their efforts to increase their loan volume and improve portfolio quality.
- **Management's Guidance:**
- Management is targeting a portfolio build of approximately INR 2,500 crores for Vikas loans, which is an increase from the initial target of INR 2,000 to INR 2,200 crores set at the beginning of the year.
- **Actual Results:**
['Q4', '2024']:
- Vikas Loans, the individual loan portfolio offered to Bank's graduating JLG customers, has surpassed Rs. 2,600 crores of AUM and now contributes over 53% of the inclusive finance portfolio. We have over 4.3 lakh Vikas Loan customers as of now.
['Q3', '2024']:
- The Vikas Loan portfolio has crossed the INR 2,000 crores mark.
['Q1', '2025']:
- Gross advances of Vikas loan product stood at INR2,776 crores in Q1 FY '25 as compared to INR1,283 crores in Q1 FY '24, an increase of 116.4% year-on-year.
['Q2', '2024']:
- On the gross advances front, the bank's gross advances is currently at INR6,921 crores, out of which Vikas loan portfolio is at INR1,621 crores.
- **Evaluation:**
- Expectations Exceeded: The Vikas loan portfolio surpassed the management's target of INR 2,500 crores, reaching over INR 2,600 crores by Q4 2024, demonstrating a stronger-than-anticipated growth in loan volume and portfolio quality.

3. Return on Assets
- **Narrative:** The management has expressed confidence in enhancing the company's return on assets by focusing on building their book at a slightly accelerated pace over the next half of the year. This strategy is expected to support their full-year guidance, maintaining their performance trajectory.
- **Management's Guidance:**
- Management maintains their full-year guidance and plans to increase the asset base at a slightly faster rate in the upcoming months, reinforcing their confidence in achieving the projected targets.
- **Actual Results:**
['Q1', '2025']:
- RoA for Q1 FY25 was reported at 2.3%.
['Q3', '2024']:
- Kanishka Chaudhary reported that for the third quarter, the Return on Assets (ROA) is around 2.5%.
['Q2', '2024']:
- ROA was reported to be approximately 2.2% in Q2 2024.
['Q4', '2024']:
- RoA 2.1%
- **Evaluation:**
- Expectations Not Met: Management aimed to enhance ROA by building the asset base faster; however, ROA declined from 2.5% in Q3 2024 to 2.3% in Q1 2025, indicating that the expected improvement in performance was not achieved.

4. Cost-to-Income Ratio
- **Narrative:** Management is focused on improving the Cost-to-Income Ratio by undertaking strategic measures aimed at reducing operational costs. The company is actively working towards optimizing its cost structure to enhance financial efficiency, with a clear target for the upcoming financial periods.
- **Management's Guidance:**
- Management has set a clear target to reduce the Cost-to-Income Ratio from 60% to 55% by the end of the current year, with a further reduction to 50% by the end of the next financial year. This strategic focus reflects their commitment to enhancing operational efficiency and profitability.
- **Actual Results:**
['Q1', '2025']:
- In Q1 FY25, the Cost-to-Income Ratio was reported at 60.3%, which is above the target of 55% set for the current year. The company has not achieved the target reduction in the Cost-to-Income Ratio.
['Q3', '2024']:
- Cost to income ratio for Q3 2024 stood at 57.3%. This represents a progress towards the management's guidance of reducing the ratio to 55% by the end of the current year, but it has not yet achieved the target.
['Q2', '2024']:
- Kanishka Chaudhary reported that the Cost-to-Income Ratio for this quarter stood at 60%, which is higher than the intended target of 55% for the current year.
['Q4', '2024']:
- Our cost to income excluding CGFMU investment stood at 57.1% as compared to 60% in FY23. Cost to income including CGFMU expenses stood at 61.6%.
- **Evaluation:**
- Expectations Not Met: The management's target to reduce the Cost-to-Income Ratio to 55% by the end of the current year was not met, as the ratio remained above the target, reaching 60.3% in Q1 FY25.

5. Non-Performing Assets (NPA) Ratio
- **Narrative:** Management emphasized their strategic goal of scaling up operations while maintaining a strong focus on asset quality. This is evident through their target of achieving a substantial increase in their portfolio size while keeping NPAs at minimal levels. Such efforts are indicative of the company's commitment to balancing growth with risk management.
- **Management's Guidance:**
- Management intends to scale up operations to INR500 crores while maintaining a par of less than 1% and an NPA of less than 0.25%.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available

['Q2', '2024']:
- Data Not Available
['Q4', '2024']:
- GNPA / NNPA@ 2.8% / 0.8% (3.1% / 1.5%)
['Q3', '2024']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: The actual results in Q4 2024 showed an NPA of 0.8%, which is higher than the management's guidance of maintaining an NPA of less than 0.25%, indicating that expectations were not met.

6. Capital Adequacy Ratio (CAR)
- **Narrative:** Management emphasized their strong capital position, indicating that the company is well-prepared to support substantial growth without the need for additional capital infusion.
- **Management's Guidance:**
- Management stated that they will not require additional capital to support a 35% growth in their book.
- **Actual Results:**
['Q1', '2025']:
- On the CRAR front, we continue to remain well capitalized given the capital adequacy of 27.3%.
['Q2', '2024']:
- In Q2, 2024, the Capital Adequacy Ratio (CRAR) was reported as 30.2%, indicating that Suryodaya continues to be well-capitalized.
['Q4', '2024']:
- Our CRAR at 28.4% which is well above the regulatory requirement.
['Q3', '2024']:
- We continue to remain well capitalized with our CRAR at 27.8%.
- **Evaluation:**
- Expectations Met: The management's guidance was that they would not require additional capital to support a 35% growth, and the actual CRAR results consistently remained well above the regulatory requirement throughout the quarters, indicating that their strong capital position was maintained as expected.

7. Adherence to Reserve Bank of India (RBI) Guidelines
- **Narrative:** Management highlighted their commitment to adhering to RBI guidelines, emphasizing the significance of regulatory compliance as a cornerstone for sustainable growth. The discussion underscored the company's strategy to maintain robust compliance frameworks, ensuring alignment with evolving regulatory requirements.
- **Management's Guidance:**
- Management projected a 35% growth in their book without the necessity of raising additional capital for the upcoming year, indicating confidence in their current capital structure's adequacy to support expansion while remaining compliant with RBI guidelines.
- **Actual Results:**
['Q1', '2025']:
- Data Not Available
['Q2', '2024']:
- Data Not Available
['Q4', '2024']:
- Data Not Available
['Q3', '2024']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

8. Client Acquisition Rate
- **Narrative:** The management focused on a substantial increase in client acquisition, particularly through strategic volume build-up and targeted product expansions. The approach aims to solidify the company's market position by enhancing customer reach and penetration, while maintaining a sustainable growth trajectory.
- **Management's Guidance:**
- The management plans to achieve a customer acquisition rate of approximately 60,000 to 70,000 new customers per month in the upcoming quarters.
- **Actual Results:**
['Q3', '2024']:
- Data Not Available
['Q1', '2025']:
- Data Not Available
['Q2', '2024']:
- Baskar Babu mentioned that the curated product currently runs with a preapproved number of customers closer to 5 lakhs, converting closer to around 70,000 to 75,000 on a month-on-month basis.
['Q4', '2024']:
- Kanishka Chaudhary [we have added 122,000 customers in Q4 and this number was 90,000 odd in Q3.]
- **Evaluation:**
- Expectations Exceeded: The management aimed for a customer acquisition rate of 60,000 to 70,000 per month, and the actual results in Q2 2024 and Q4 2024 show that they exceeded this target, acquiring 70,000 to 75,000 and 122,000 customers respectively.

9. Geographic Expansion Plans
- **Narrative:** Management has articulated a clear strategy for geographic expansion, focusing on significantly increasing their branch network. This expansion is part of their broader plan to strengthen their market position and support growth in the inclusive finance and retail banking segments. The addition of new

branches is aimed at enhancing their presence and service delivery across different regions.
- **Management's Guidance:**
- Management has indicated plans to open approximately 70 to 75 new branches in the inclusive finance segment, and an additional 30 to 35 branches in retail banking within the current financial year. They also plan to add about 30 to 35 new branch banking branches before the financial year ends.
- **Actual Results:**
['Q4', '2024']:
- This year also we have added 70 branches in micro-banking.
['Q3', '2024']:
- Baskar Babu [We have put up close to 30 new branches now at this point of time.]
['Q1', '2025']:
- Suryoday currently has a network of 701 branches, of which 115 branches were liability focused, while 392 branches are asset focus branches and the balance comprise of rural centers.
['Q2', '2024']:
- Data Not Available
- **Evaluation:**
- Expectations Met: Management planned to open 70-75 new branches in the inclusive finance segment and 30-35 in retail banking within the year. By Q4 2024, they added 70 branches in micro-banking and close to 30 new branches overall, aligning with their guidance.

Q1 2024

1. Net Interest Margin
- **Narrative:** Management highlighted the strategic focus on Vikas loan customers as a key element in navigating the current interest rate environment. They are considering adjustments to interest rates to maintain competitive Net Interest Margins amidst rising rates over the past year.
- **Management's Guidance:**
- Management is contemplating a rate hike of 25 to 50 basis points in the Vikas loan segment within the current quarter, in response to the consistent rise in rates over the last four quarters.
- **Actual Results:**
['Q4', '2024']:
- NIM for Q4 FY24 was 10.1%, a decrease of 26 bps from Q4 FY23.
['Q2', '2024']:
- The Net Interest Margin (NIM) for Q2 FY '24 was reported at 9.4%, a slight increase from 9.2% in the previous year, indicating a 12 basis points improvement.
['Q3', '2024']:
- NIM (%) increased to 9.8% in Q3FY24 from 9.3% in Q3FY23.
['Q1', '2024']:
- Consequently, the NIM improved to 10.1% in Q1 FY '24 compared to 9.1% in Q1 FY '23.
- **Evaluation:**
- Expectations Not Met: Despite management's guidance to adjust interest rates to maintain competitive NIM amidst rising rates, the actual results showed a decrease in NIM from 10.1% in Q4 FY23 to 10.1% in Q4 FY24, indicating that their strategy did not maintain the desired margin stability.

2. Loan Portfolio Quality
- **Narrative:** Management discussed their cautious approach towards maintaining the loan portfolio quality by not significantly increasing ticket sizes, while also focusing on building up floating provisions to mitigate risks. The company's strategy includes gradually increasing the loan portfolio, specifically through the expansion of the Vikas loan portfolio, which is projected to reach significant levels by the end of the financial year.
- **Management's Guidance:**
- Management anticipates the Vikas loan portfolio to approach INR2,000 crores by the end of this financial year. They also expect credit costs to be around 1% to 1.5% for the full year to ensure the buildup of floating provisions.
- **Actual Results:**
['Q3', '2024']:
- The Vikas Loan portfolio has crossed INR2,000 crores mark.
['Q4', '2024']:
- Baskar B. Ramachandran [Vikas Loans, the individual loan portfolio offered to Bank's graduating JLG customers has surpassed Rs. 2,600 crores of AUM and now contributes over 53% of the inclusive finance portfolio. We have over 4.3 lakh Vikas Loan customers as of now.]
['Q1', '2024']:
- The bank's gross advances INR6,372 crores, out of which, our Vikas loan portfolio is at INR1,283 crores
['Q2', '2024']:
- In Q2 FY24, the Vikas loan portfolio was reported at INR1,621 crores, which is below the management's guidance of INR2,000 crores by the end of the financial year. Credit costs were reported to be higher than expected, at around 1.5% to 2%, exceeding the anticipated 1% to 1.5% range.
- **Evaluation:**
- Expectations Exceeded: The Vikas loan portfolio surpassed the INR2,000 crores mark by Q3 2024 and reached over INR2,600 crores by Q4 2024, significantly exceeding the management's year-end target.

3. Cost-to-Income Ratio
- **Narrative:** Management has articulated a strategy focused on optimizing the cost-to-income ratio through operational efficiencies. They emphasize expanding their branch network which is expected to leverage operating efficiencies, aiming to achieve a targeted cost-to-income ratio. Their approach indicates a proactive stance towards maintaining cost discipline while scaling operations.
- **Management's Guidance:**
- Management is confident in reducing the cost-income ratio over the next three quarters, aiming to maintain it very close to 55%. They have planned to expand the number of branches which should offset some costs through operating leverage. In the medium term, they target to achieve and maintain a 55% cost-to-income ratio.

- **Actual Results:**
['Q3', '2024']:
- Cost to income ratio excluding expenses towards the CGFMU scheme stood at 56.9% as compared to 60.7% for the 9-month period ending FY '23. The cost-to-income ratio for Q3 FY24 was 57.3%.
['Q2', '2024']:
- In Q2 FY24, the cost-to-income ratio, including the CGFMU guarantee expenses, stood at 61.5%. Without the CGFMU scheme, it was at 60% for the quarter.
['Q4', '2024']:
- Our cost to income excluding CGFMU investment stood at 57.1% as compared to 60% in FY23. Cost to income including CGFMU expenses stood at 61.6%.
['Q1', '2024']:
- In Q1 FY '24, the cost-to-income ratio improved to 57.5% compared to 58.3% for the corresponding quarter last year.
- **Evaluation:**
- Expectations Not Met: Management aimed to maintain the cost-to-income ratio very close to 55% over the next three quarters, but the actual results showed the ratio fluctuating between 56.9% and 61.6%, indicating they fell short of the target.

4. Return on Assets
- **Narrative:** Management has outlined a strategic target for the upcoming fiscal year, focusing on enhancing the company's financial performance metrics. The key emphasis is on achieving a more robust return on assets (ROA), with specific numerical guidelines provided to track progress throughout the year.
- **Management's Guidance:**
- The company aims for a return on assets of 2.25% for FY '24. Management provides guidance for a 2.2% ROA for the year. There is an aspiration to reach an ROA upwards of 3% towards the end of the year.
- **Actual Results:**
['Q3', '2024']:
- Kanishka Chaudhary reported that for the third quarter, the Return on Assets (ROA) is around 2.5%.
['Q2', '2024']:
- The actual Return on Assets (ROA) for Q2 2024 was reported at 2.0%, which is below the initial guidance of 2.2%.
['Q4', '2024']:
- In Q4 FY24, the reported Return on Assets (RoA) was 2.1%, which is below the initial guidance of 2.25% and the aspirational target of 3% towards the end of the year.
['Q1', '2024']:
- RoA for Q1 FY24 is 2.0%, which is below the initial guidance of 2.2%.
- **Evaluation:**
- Expectations Not Met: The actual Return on Assets (ROA) did not meet the management's guidance of 2.25% for FY '24, with Q4 reporting an ROA of 2.1%, falling short of both the initial target and the aspirational goal of 3%.

5. Non-Performing Assets (NPA) Ratio
- **Narrative:** Management has outlined a strategic focus on reducing and managing non-performing assets (NPAs) effectively. They are committed to maintaining a Gross NPA (GNPA) level below 2%, indicating a stringent approach to asset quality management. The management is also actively working towards recovering from the adverse impacts of the COVID period by setting internal targets for recovery and provisioning. This strategic focus is aimed at building floating provisions over the next several quarters to further decrease the net NPA ratio.
- **Management's Guidance:**
- Management aims to maintain a GNPA level below 2% in the upcoming quarters. Over the next three quarters, management will continue to make provisions in the books to build floating provisions, helping to reduce net NPA numbers. Management is confident in redeeming all security receipts by the end of the year. They plan to accelerate recovery from written-off GNPA pools, aiming for a recovery increase from INR4 crores to INR5-6 crores monthly over the next 12 months.
- **Actual Results:**
['Q2', '2024']:
- On the asset front, the bank's gross non-performing asset (GNPA) has reduced to 2.9% in H1 FY '24 from an elevated 9.9% in H1 FY '23. For the net non-performing assets, the NNPA has decreased to 1.4% from 4.8% in the corresponding period last year.
['Q4', '2024']:
- Our Bank's gross non-performing assets have reduced to 2.8% in FY24 from 3.1% in FY23.
['Q1', '2024']:
- Our gross nonperforming assets have reduced to 3% in Q1 FY '24 from 10% in Q1 FY '23. And net nonperforming assets have decreased to 1.6% in Q1 FY '24 from 5% in Q1 FY '23.
['Q3', '2024']:
- In Q3 FY24, the Gross NPA (GNPA) ratio was reported at 2.9%, which is above the management's target of maintaining it below 2%. The Net NPA (NNPA) ratio stood at 1.4%.
- **Evaluation:**
- Expectations Not Met: Management aimed to maintain a GNPA level below 2%, but actual results showed the GNPA consistently above this target, at 2.9% in Q2 and Q3 FY24 and 2.8% in Q4 FY24, indicating the expectations for asset quality management were not met.

6. Capital Adequacy Ratio (CAR)
- **Narrative:** Management highlighted their current capital position, indicating no immediate need for additional capital to meet regulatory requirements. This suggests a strong capital adequacy, enabling the company to focus on strategic initiatives without the pressure of raising capital in the short to medium term.
- **Management's Guidance:**
- Management anticipates no requirement for raising capital over the next 24 to 30 months, from a regulatory standpoint.
- **Actual Results:**
['Q2', '2024']:
- We continue to be very well capitalized, and currently the CRAR of our bank is 30.2%.
['Q4', '2024']:
- Our CRAR at 28.4% which is well above the regulatory requirement.

['Q1', '2024']:
- Our capital adequacy ratio continues to be strong and currently at 32.7%. Healthy CRAR of 32.7%, well above statutory requirement.
['Q3', '2024']:
- We continue to remain well capitalized with our CRAR at 27.8%.
- **Evaluation:**
- Expectations Met: The management's guidance anticipated no need for raising additional capital in the short to medium term, and the actual results show consistently high CRAR figures well above the regulatory requirements, aligning with their stated goals.

7. Geographic Expansion Plans
- **Narrative:** Management has outlined plans for geographic expansion through branch network growth. They indicated that an increase in operational expenses is anticipated as a direct result of this expansion strategy.
- **Management's Guidance:**
- Management expects an uptick in expenses beginning in Q4 due to the ongoing branch expansion efforts.
- **Actual Results:**
['Q4', '2024']:
- In Q4 FY24, management reported the addition of around 70 branches over the year, contributing to a branch network growth of 20.5% year-over-year.
['Q1', '2024']:
- We have a network of 609 branches, of which 95 branches are deposit-focused, while 325 branches are asset-focused branches.
['Q3', '2024']:
- Baskar Babu [We have put up close to 30 new branches now at this point of time.]
['Q2', '2024']:
- Currently, our bank has a network of 635 branches, of which 96 branches are deposit focused, while 350 branches are asset-focused branches, and the balancing comprise of URCs.
- **Evaluation:**
- Expectations Met: Management anticipated an increase in operational expenses due to branch expansion, and by Q4 FY24, they successfully added around 70 branches, achieving a 20.5% year-over-year growth in branch network, which aligns with their guidance.

8. Credit Risk Management Practices
- **Narrative:** Management emphasized their proactive approach towards strengthening credit risk management practices. They highlighted the implementation of strategies to establish direct relationships and coverage through CGFMU (Credit Guarantee Fund for Micro Units), ensuring robust risk mitigation. This approach is underscored by their confidence in maintaining stable credit loss levels in the microfinance sector.
- **Management's Guidance:**
- Management anticipates no significant credit loss in the current or upcoming year, consistent with typical patterns in the microfinance and inclusive finance sector. They aim to sustain a normalized credit loss of 2% over a five-year period.
- **Actual Results:**
['Q3', '2024']:
- Data Not Available
['Q2', '2024']:
- Baskar Babu reported that currently, around 80% of the portfolio, including JLG and IF, is covered under CGFMU.
['Q4', '2024']:
- Kanishka Chaudhary: "more than 90% of the portfolio is insured."
['Q1', '2024']:
- I'm sorry, but it appears there is no input data provided for me to analyze. Please provide the actual results data from the knowledge graph for ['Q1', '2024'] so that I can assist you further.
- **Evaluation:**
- Expectations Met: Management's guidance anticipated no significant credit loss and aimed for a normalized credit loss of 2% over five years. With more than 90% of the portfolio insured under CGFMU by Q4 2024, the company demonstrated robust risk mitigation, aligning with their stable credit loss expectations.

9. Client Acquisition Rate
- **Narrative:** Management is focused on diversifying and expanding its product offerings to boost client acquisition rates. This includes plans to introduce new products that transition from micro home loans to micro Loan Against Property (LAP) with larger ticket sizes. The aim is to stimulate consistent business growth on a quarter-on-quarter basis.
- **Management's Guidance:**
- Management plans to introduce new products over the next three quarters, transitioning from micro home loans to micro LAP and exploring slightly larger ticket sizes to ensure growth on a quarter-on-quarter basis.
- **Actual Results:**
['Q3', '2024']:
- Data Not Available
['Q2', '2024']:
- Data Not Available
['Q4', '2024']:
- Kanishka Chaudhary [we have added 122,000 customers in Q4 and this number was 90,000 odd in Q3.]
['Q1', '2024']:
- As of Q1 FY '24, the customer base of the bank stood at 24.3 lakh, a growth of 21%.
- **Evaluation:**
- Expectations Met: Management aimed for consistent growth through product expansion, and the actual results showed a significant increase in client acquisition from 90,000 in Q3 to 122,000 in Q4, indicating alignment with their goals.

10. Management Experience in Microfinance
- **Narrative:** Management emphasized a steady approach with no immediate plans for expansion over the next two years, focusing on stabilizing current

operations.
- **Management's Guidance:**
- Management has indicated no plans for expansion in the next two years.
- **Actual Results:**
['Q4', '2024']:
- Data Not Available
['Q1', '2024']:
- Our retail branch banking CBO has just joined us a couple of months back, 4 months back. They have been with us, both the retail leaders, asset leaders, have been with us for more than a year. Employee Count 6,386 (5,239 June-22)
['Q3', '2024']:
- Data Not Available
['Q2', '2024']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

Q4 2023

1. Net Interest Margin
- **Narrative:** The management has emphasized their commitment to maintaining current margins and ensuring strategic financial management to minimize market-to-market volatility. Their approach includes a careful allocation of their investment portfolio to hold-to-maturity securities and treasury bills, which supports their stability in Net Interest Margins (NIM).
- **Management's Guidance:**
- Management intends to maintain a 10% NIM on an overall portfolio basis. They plan to continue with the current strategy of managing their investment book with a focus on minimizing mark-to-market dependency.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the Net Interest Margin (NIM) was reported at 9.8%. This is slightly below the management's target of 10% NIM as per the guidance provided.
['Q2', '2024']:
- In Q2 FY2024, Suryodaya's Net Interest Margin (NIM) was reported at 9.4%.
['Q1', '2024']:
- The Net Interest Margin (NIM) improved to 10.1% in Q1 FY '24 compared to 9.1% in Q1 FY '23, which indicates that the company slightly exceeded its NIM target of 10%.
['Q4', '2023']:
- NIM: 10.4% in Q4FY23, 7.8% in Q4FY22, an increase of 260 bps.
- **Evaluation:**
- Expectations Not Met: Management's guidance aimed for a 10% NIM, but the actual results in Q2 and Q3 FY24 were below this target at 9.4% and 9.8% respectively, indicating the expectations were not met consistently.

2. Loan Portfolio Quality
- **Narrative:** Management highlighted their focus on improving the quality of the loan portfolio, with strategic efforts to enhance recovery rates and manage non-performing assets. They emphasized the importance of countercyclical provisions to strengthen the resilience of the unsecured loan book. The company aims to achieve a high portfolio quality with recovery rates surpassing forward flows in the upcoming quarters.
- **Management's Guidance:**
- 1. The management expects the overall portfolio quality to improve to 98% to 99%, starting from Q2. 2. They anticipate that by Q2, recoveries will exceed any forward flows. 3. The company plans to gradually increase countercyclical provisions for the unsecured book on a quarter-on-quarter basis.
- **Actual Results:**
['Q3', '2024']:
- Data Not Available
['Q1', '2024']:
- Data Not Available
['Q4', '2023']:
- In Q4 FY23, management reported that the loan portfolio quality was around 98% plus, which aligns with the management's guidance of improving portfolio quality to 98% to 99%. Additionally, the collection efficiency reached 102%, indicating that recoveries are on track to surpass forward flows as expected.
['Q2', '2024']:
- Data Not Available
- **Evaluation:**
- Expectations Met: In Q4 FY23, the loan portfolio quality aligned with management's guidance of 98% to 99%, and the collection efficiency of 102% indicates that recoveries were on track to surpass forward flows as expected.

3. Cost-to-Income Ratio
- **Narrative:** Management has outlined a strategic focus on maintaining and improving the cost-to-income ratio, emphasizing their goal to achieve a medium-term target.
- **Management's Guidance:**
- Management expects the cost-to-income ratio to be around 57% for the full year, with a medium-term objective to reduce it to 55%. The guidance includes a 1% premium for CGFMU insurance, which is projected to be around INR40 crores to INR45 crores.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the cost-to-income ratio, excluding the expenses towards the credit guarantee (CGFMU scheme), stood at 56.9%. Including CGFMU expenses for

the 9-month period, the ratio was 61.5%. The cost-to-income ratio for Q3 FY24 was reported as 57.3%.
['Q2', '2024']:
- The cost-to-income ratio, including the CGFMU guarantee expenses, stood at 61.5% for Q2 FY '24. Cost-to-income, excluding CGFMU, was reported at 59.7%. Additionally, the cost of income, including the CGFMU scheme, was at 65.4% for Q2 FY '24, and cost-to-income for the quarter was at 60%.
['Q4', '2023']:
- Cost to income: 58.4% in Q4FY23, 70.9% in Q4FY22, a decrease of 1,250 bps.
['Q1', '2024']:
- In Q1 FY24, the cost-to-income ratio was reported at 57.5%, showing an improvement from 58.3% for the corresponding quarter last year.
- **Evaluation:**
- Expectations Not Met: The management expected the cost-to-income ratio to be around 57% for the full year, but the actual results showed a higher ratio of 61.5% when including the CGFMU expenses, indicating that the expectations were not met.

4. Return on Assets
- **Narrative:** Management has outlined a strategic focus on enhancing their financial metrics with a specific emphasis on improving the return on assets (ROA) over the coming financial year. The discussions highlight a clear objective to strengthen key financial indicators, which reflects management's commitment to robust financial health and operational efficiency.
- **Management's Guidance:**
- The company aims to achieve a return on assets of 2.2% in the coming financial year. Furthermore, management has set a target to gradually increase the ROA incrementally each quarter as part of their strategic financial objectives for the next year.
- **Actual Results:**
['Q3', '2024']:
- For the third quarter, our ROA is around 2.5%.
['Q4', '2023']:
- Renish [Q4 ROA at 1.8%]
['Q2', '2024']:
- ROA for Q2 2024 is reported as 2.0%, which is below the management guidance target of 2.2%.
['Q1', '2024']:
- In Q1 FY24, the Return on Assets (RoA) was reported to be 2.0%, which is below the management's target of 2.2% for the financial year.
- **Evaluation:**
- Expectations Exceeded: The ROA achieved 2.5% in Q3 2024, surpassing the management's target of 2.2% for the financial year, demonstrating stronger-than-expected operational efficiency.

5. Non-Performing Assets (NPA) Ratio
- **Narrative:** Management is strategically focusing on maintaining a robust NPA profile, with targets set to keep Gross NPA (GNPA) below 2% and Net NPA (NNPA) below 0.5% in the upcoming financial year, FY '24. This is part of a broader operational strategy that includes product diversification and leveraging digital initiatives.
- **Management's Guidance:**
- The bank is targeting a GNPA of less than 2% and NNPA of less than 0.5% for the financial year FY '24. Additionally, there is an expectation to redeem the entire ARC portfolio by the end of the next financial year. The management also anticipates an increase in the Provision Coverage Ratio (PCR) in the first two quarters, aiming for a PCR of 90% plus.
- **Actual Results:**
['Q2', '2024']:
- On the asset front, the bank's gross non-performing asset (GNPA) has reduced to 2.9% in H1 FY '24 from an elevated 9.9% in H1 FY '23. For the net non-performing assets (NNPA), the NNPA has decreased to 1.4% from 4.8% in the corresponding period last year.
['Q1', '2024']:
- Our gross nonperforming assets have reduced to 3% in Q1 FY '24 from 10% in Q1 FY '23. And net nonperforming assets have decreased to 1.6% in Q1 FY '24 from 5% in Q1 FY '23.
['Q3', '2024']:
- Our bank's GNPA has reduced to 2.9% in December 2023 from 4.2% in the corresponding period last year. Our net nonperforming assets currently stands at 1.4% during the 9-month period FY '24 from 2.7% in December 2022.
['Q4', '2023']:
- Excluding ECLGS loans, GNPA and NNPA reduced to 2.09% and 0.49% respectively as on March 31st, 2023.
- **Evaluation:**
- Expectations Not Met: The management aimed to maintain a GNPA below 2% and NNPA below 0.5% for FY '24, but the actual results showed a GNPA of 2.9% and an NNPA of 1.4% in Q3 FY '24, indicating that the targets were not achieved.

6. Geographic Expansion Plans
- **Narrative:** Management has outlined a comprehensive geographic expansion strategy that focuses on increasing branch presence in key states such as Karnataka, Gujarat, and Madhya Pradesh. This strategy includes the conversion of existing asset branches into multiproduct branches to enhance market penetration. The expansion plan is expected to diversify the company's portfolio and reduce reliance on specific regions, notably Maharashtra, by increasing the footprint in other states.
- **Management's Guidance:**
- Management plans to add approximately 80 to 90 new branches, with half of these coming from the conversion of asset branches into multiproduct branches. This expansion is targeted at enhancing market depth in states like Karnataka, Gujarat, and Rajasthan. Additionally, the aim is to reduce the portfolio concentration in Maharashtra from 40% to closer to 30% over the next 12 to 18 months.
- **Actual Results:**
['Q1', '2024']:
- Data Not Available
['Q3', '2024']:
- Data Not Available

['Q4', '2023']:
- We have currently a network of 577 branches, of which 95 branches are liability-focused while 324 branches are asset-focused and the balance comprised of rural outlets. The Maharashtra percentage is still around 40%.
['Q2', '2024']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: The actual results show that the Maharashtra concentration remains at 40%, with no significant branch expansion or conversion reported, falling short of the management's guidance to reduce concentration and expand geographically.

7. Client Acquisition Rate
- **Narrative:** Management has outlined a robust strategy for expanding their client base, emphasizing the growth of their Vikas Loan portfolio. They aim to double the number of Vikas Loan customers, targeting a significant increase from 2 lakh to 4 lakh customers. The strategic intent is to establish a strong presence in financial inclusion over the next two years, with a focus on scaling their inclusive finance portfolio significantly. Additionally, management plans to leverage existing customers for substantial growth, while also experimenting with introducing new-to-bank customers on a small scale in the upcoming quarters.
- **Management's Guidance:**
- The intent is to grow the Vikas Loan Portfolio from the current 2 lakh customers to around 4 lakh customers, indicating a key focus area. Management aims to double the number of Vikas Loan customers within the year. The company is targeting approximately 5 lakh to 6 lakh customers for Vikas Loan, with an overall target of 20 lakh customers, including those recently exited. They plan to introduce new-to-bank Vikas loan customers at a small scale in Q2, focusing on individuals with a credible track record.
- **Actual Results:**
['Q3', '2024']:
- We have over 3.3 lakh Vikas Loan customers as of the current period.
['Q4', '2023']:
- Data Not Available
['Q2', '2024']:
- We have over 2.75 lakh Vikas loan customers as of now.
['Q1', '2024']:
- We have over 2.1 lakh Vikas loan customers as of now and expanding the same.
- **Evaluation:**
- Expectations Not Met: Management aimed to double the Vikas Loan customers to 4 lakh within the year, but by Q3 2024, they only reached 3.3 lakh, indicating a shortfall in achieving their target.

8. Credit Risk Management Practices
- **Narrative:** The management of Suryodaya has outlined a robust approach towards credit risk management with a focus on maintaining sustainable credit costs and enhancing countercyclical provisioning. They have emphasized a strategic direction to align credit risk management more closely with evolving market conditions and regulatory expectations.
- **Management's Guidance:**
- The management anticipates credit costs to be around 1%, excluding the impact of year-end adjustments. They plan to incrementally increase countercyclical provisions on a quarterly basis, targeting a provision range of 3% to 5% over and above the existing CGFMU insurance cover.
- **Actual Results:**
['Q3', '2024']:
- Data Not Available
['Q4', '2023']:
- Kanishka Chaudhary reported that approximately 0.5% of the unsecured book was provisioned as countercyclical provision for the quarter. Pratik Kumar mentioned that the overall uncovered exposure was INR35 crores on an AUM base exceeding INR6,000 crores, which translates to roughly 50 basis points of AUM.
['Q2', '2024']:
- Data Not Available
['Q1', '2024']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: The management anticipated credit costs around 1% and an incremental increase in countercyclical provisions, targeting a range of 3% to 5%. However, actual results show only 0.5% provisioning of the unsecured book and roughly 50 basis points of AUM, indicating that expectations were not met as the provisions fell short of the target range.

9. Sources of Funding and Cost of Funds
- **Narrative:** Management has provided insights into the company's strategy concerning sources of funding and the cost of funds. They have addressed expected changes in the cost of funds, factoring in potential interest rate hikes, to maintain financial stability and support growth.
- **Management's Guidance:**
- Management anticipates the cost of funds to be approximately 7.5% overall. This projection includes the assumption of at least two interest rate hikes of 25 basis points each in the upcoming periods.
- **Actual Results:**
['Q2', '2024']:
- Data Not Available
['Q1', '2024']:
- Data Not Available
['Q3', '2024']:
- Data Not Available
['Q4', '2023']:
- Data Not Available

- **Evaluation:**
- Insufficient Info: Data not available.

Q3 2023

1. Net Interest Margin
- **Narrative:** Management has expressed a clear focus on optimizing net interest margins in the coming quarters. They have laid out a strategy to gradually enhance margins by implementing targeted financial measures and maintaining a disciplined approach to cost management. The discussions reveal an intent to stabilize and improve the margins while carefully navigating interest rate dynamics and market conditions.
- **Management's Guidance:**
- Management aims to achieve net interest margins of 9.5% to 10% on a full-year basis, indicating a range-bound strategy despite fluctuations in deposit rates. They are targeting a net interest margin of 4% for the current year, with a specific focus on achieving a Q4 exit rate of 2.75%, which would serve as a foundation for further improvements next fiscal year. Additionally, management has set the goal to moderate margins by 55 basis points in the immediate term, with an ambition to increase this by at least 150 basis points over the next two quarters. They are also concentrating on maintaining operational efficiency by managing expenses to around INR 20 crores per quarter.
- **Actual Results:**
['Q2', '2024']:
- Data Not Available
['Q3', '2023']:
- Net Interest Margin for Q3 FY23 was reported as 9.2%, compared to 9.9% in Q3 FY22.
['Q1', '2024']:
- Consequently, the NIM improved to 10.1% in Q1 FY '24 compared to 9.1% in Q1 FY '23.
['Q4', '2023']:
- NIM: 10.4% in Q4FY23, 7.8% in Q4FY22, an increase of 260 bps.
- **Evaluation:**
- Expectations Exceeded: The actual Net Interest Margin for Q4 FY23 was 10.4%, which exceeded the management's guidance of a 9.5% to 10% range for the full year, indicating successful implementation of their margin optimization strategy.

2. Loan Portfolio Quality
- **Narrative:** Management highlighted their proactive strategy in expanding the loan portfolio, emphasizing a noteworthy increase in their target for Vikas loans. This adjustment reflects the company's commitment to scaling their operations and capturing a larger market share in the microfinance sector.
- **Management's Guidance:**
- Management is currently aiming for a portfolio build of around INR 2,500 crores for Vikas loans, which is an increase from the initial target range of INR 2,000 to INR 2,200 crores.
- **Actual Results:**
['Q1', '2024']:
- Data Not Available
['Q4', '2023']:
- Data Not Available
['Q2', '2024']:
- In Q2 FY24, the Vikas loan portfolio was reported at INR 1,621 crores, which is below the management's guidance target of INR 2,500 crores.
['Q3', '2023']:
- In Q3 2023, the Vikas loan portfolio was reported at INR 1,621 crores, which is significantly below the management's guidance target of INR 2,500 crores.
- **Evaluation:**
- Expectations Not Met: The actual Vikas loan portfolio reported in Q3 2023 and Q2 FY24 was INR 1,621 crores, significantly below the management's guidance target of INR 2,500 crores.

3. Return on Assets
- **Narrative:** Management has maintained a consistent focus on enhancing Return on Assets (ROA) through strategic growth initiatives. They are committed to building their loan book at an accelerated pace to achieve their ROA targets for the full year.
- **Management's Guidance:**
- Management reaffirmed their guidance to achieve an ROA of around 2% for the full year. They are confident in their ability to expand their asset base at a faster rate in the coming half year to meet this target.
- **Actual Results:**
['Q4', '2023']:
- In Q4 2023, the Return on Assets (ROA) was reported at 1.8%, which is below the management's guidance of achieving around 2% for the full year.
['Q2', '2024']:
- ROA reported at approximately 2.2% for Q2 2024, slightly exceeding the target of 2%.
['Q3', '2023']:
- Data Not Available
['Q1', '2024']:
- RoA for Q1 FY '24 was reported at 2.0%, meeting the management's guidance target.
- **Evaluation:**
- Expectations Exceeded: The Return on Assets (ROA) exceeded expectations by Q2 2024, reaching approximately 2.2%, surpassing the management's target of around 2%.

4. Cost-to-Income Ratio
- **Narrative:** The management has outlined a clear strategy to progressively reduce the cost-to-income ratio. The focus is on achieving significant efficiency improvements over the coming quarters, with specific targets set for the near and medium term. This reduction is indicative of the company's commitment to

operational efficiency and financial performance enhancement.
- **Management's Guidance:**
- The management aims to reduce the cost-to-income ratio to below 55% by the end of the current year, with an ultimate goal of bringing it down to below 50% by the end of the next financial year. The management has also reiterated their target to achieve a cost-to-income ratio of below 50% by end of 2024.
- **Actual Results:**
['Q2', '2024']:
- Data Not Available
['Q4', '2023']:
- Cost to income: 58.4% in Q4FY23, 70.9% in Q4FY22, a decrease of 1,250 bps.
['Q3', '2023']:
- Our cost-to-income stood at 56.7% as compared to 55.9% in H1 FY '23.
['Q1', '2024']:
- In Q1 FY24, the cost-to-income ratio was reported at 57.5%, showing an improvement from the previous year's corresponding quarter. However, this result is above the management's target of reducing the ratio to below 55% by the end of the current year.
- **Evaluation:**
- Expectations Not Met: The management aimed to reduce the cost-to-income ratio to below 55% by the end of the current year, but the actual result in Q4 2023 was 58.4%, indicating that the target was not achieved.

5. Non-Performing Assets (NPA) Ratio
- **Narrative:** The management of Suryodaya articulated a focused strategy to manage and minimize the Non-Performing Assets (NPA) ratio. Their approach is geared towards achieving a more robust financial health by systematically reducing NPAs over the forthcoming quarters.
- **Management's Guidance:**
- The management has set a target to reduce non-performing assets to below 2% by Q4 2024.
- **Actual Results:**
['Q2', '2024']:
- On the asset front, the bank's gross non-performing asset GNPA has reduced to 2.9% in H1 FY'24 from an elevated 9.9% in H1 FY '23.
['Q3', '2023']:
- On the asset front, the bank's gross non-performing asset (GNPA) has reduced to 2.9% in H1 FY '24 from an elevated 9.9% in H1 FY '23. For the net non-performing assets, the NNPA has decreased to 1.4% from 4.8% in the corresponding period last year.
['Q1', '2024']:
- Our gross nonperforming assets have reduced to 3% in Q1 FY '24 from 10% in Q1 FY '23. And net nonperforming assets have decreased to 1.6% in Q1 FY '24 from 5% in Q1 FY '23.
['Q4', '2023']:
- The actual Gross Non-Performing Assets (GNPA) ratio for Suryodaya in FY '23 was reported to be 3.1%, a reduction from 11.8% in FY '22. The Net Non-Performing Assets (NNPA) ratio was reported to be 1.5%, compared to 5.9% in FY '22.
- **Evaluation:**
- Expectations Exceeded: Suryodaya's management targeted reducing NPAs to below 2% by Q4 2024, and by Q2 2024, the GNPA had already reduced significantly from 9.9% in H1 FY'23 to 2.9%, showing a substantial improvement ahead of schedule.

6. Capital Adequacy Ratio (CAR)
- **Narrative:** Management expressed confidence in the company's current capital position, indicating no immediate need for additional capital infusion based on the regulatory requirements and anticipated growth trajectory.
- **Management's Guidance:**
- Management stated that a 35% growth in the loan book is expected not to necessitate raising capital for the next year.
- **Actual Results:**
['Q1', '2024']:
- Our capital adequacy ratio continues to be strong and currently at 32.7%.
['Q4', '2023']:
- The capital adequacy ratio for Suryodaya in Q4 2023 stands at 33.7%, with Tier 1 at 30.8% and Tier 2 at 2.9%. Additionally, the CRAR is reported at 33.7%, compared to 37.9% in FY22.
['Q2', '2024']:
- We continue to be very well capitalized, and currently the CRAR of our bank is 30.2%.
['Q3', '2023']:
- We continue to be very well capitalized, and currently the CRAR of our bank is 30.2%. CRAR 36.4% (41.4% 9MFY22)
- **Evaluation:**
- Expectations Met: Management aimed to maintain a strong capital adequacy ratio without the need for additional capital infusion, aligned with a 35% growth prediction. The actual results show a robust CAR around 30% to 33.7% across multiple quarters, meeting management's expectations.

7. Client Acquisition Rate
- **Narrative:** Management is focusing on strategic initiatives to enhance client acquisition rates, with a strong emphasis on scaling their loan book and customer base. They have set ambitious growth targets for the next few years and are making adjustments to their product mix to support these growth objectives.
- **Management's Guidance:**
- Management aims to increase the loan book by 20% over the next fiscal year while achieving a consistent acquisition rate of around 60,000 to 70,000 customers per month. Additionally, they are targeting a loan book growth to approximately INR 2,500 crores and expect to grow their business by 35% to 40% annually over the next three years.
- **Actual Results:**
['Q4', '2023']:
- Baskar Babu: "They are quite closer to around 30,000, 35,000 new customers every month, which comes through Vikas and graduate, they go to Vikas loan."
['Q2', '2024']:
- Baskar Babu reported that the curated product is currently running with a pre-approved number of customers around closer to 5 lakhs and converting closer to

around 70,000 to 75,000 on a month-on-month basis.
['Q3', '2023']:
- Baskar Babu [So the curated product currently we run with probably a preapproved a number of customers around closer to 5 lakhs and converting closer to around 70,000 to 75,000 on a month-on-month]
['Q1', '2024']:
- As of Q1 FY '24, the customer base of our bank stood at 24.3 lakh, a growth of 21%.
- **Evaluation:**
- Expectations Met: Although the client acquisition rate initially fell short, later quarters showed alignment with management's expectations, achieving 70,000 to 75,000 new customers per month, meeting the guidance targets.

8. Geographic Expansion Plans
- **Narrative:** Management is focused on expanding the branch network across tier-2 and tier-3 cities, indicating a strategic emphasis on increasing market presence in less saturated areas. The bank is investing in its branch network and manpower, with planned expansions in both the inclusive finance segment and retail banking.
- **Management's Guidance:**
- The company plans to open 50 new branches by the end of next year, with an expectation to add 30 to 35 fresh branches before the financial year ends. Additionally, they are targeting 70 to 75 branches in the inclusive finance segment and 30 to 35 in retail banking. This expansion is anticipated to enhance the company's market position significantly in the coming quarters.
- **Actual Results:**
['Q1', '2024']:
- We have a network of 609 branches, of which 95 branches are deposit-focused, while 325 branches are asset-focused branches.
['Q4', '2023']:
- We have currently a network of 577 branches, of which 95 branches are liability-focused while 324 branches are asset focus and the balance comprised of rural outlets.
['Q2', '2024']:
- Data Not Available
['Q3', '2023']:
- Currently, our bank has a network of 635 branches, of which 96 branches are deposit-focused, while 350 branches are asset-focused branches, and the balancing comprise of URCs.
- **Evaluation:**
- Expectations Not Met: The management planned to open 50 new branches by the end of the year, yet the actual results show a decline from 635 branches in Q3 2023 to 577 branches by Q4 2023, indicating a failure to meet expansion targets.