



**Utkarsh Small Finance Bank**

**February 06, 2026**

**BSE Limited**

**Scrip Code:** 543942, 975790, 959644,  
958226, 976203

**National Stock Exchange of India Limited**

**Symbol:** UTKARSHBNK

Dear Sir/Madam,

**Sub: Transcript of earnings conference call with the investors and analysts held on February 02, 2026 - Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")**

**Ref: Earnings conference call with Investors and Analysts on February 02, 2026**

We submit herewith the transcript of the Earnings / Conference call held on Monday, February 02, 2026 scheduled at 05:00 p.m. (IST) in connection with the Un-audited Financial Results for the quarter and nine months ended December 31, 2025.

This disclosure is also available on the Bank's website i.e. [www.utkarsh.bank.in](http://www.utkarsh.bank.in).

This is for your information and records.

Yours faithfully,

For **Utkarsh Small Finance Bank Limited**

**Muthiah Ganapathy**

**Company Secretary & Compliance Officer**

**Encl.: As above**

**Registered & Corporate Office**

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“Utkarsh Small Finance Bank Limited  
Q3 FY26 Earnings Conference Call”  
February 02, 2026



**MANAGEMENT:** **MR. GOVIND SINGH – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – UTKARSH SMALL  
FINANCE BANK LIMITED**  
**MR. SARJUKUMAR PRAVIN SIMARIA – CHIEF  
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**MR. AMIT ACHARYA – CHIEF RISK OFFICER –  
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**MR. VIRENDER SHARMA– HEAD MICRO BANKING –  
UTKARSH SMALL FINANCE BANK LIMITED**  
**MR. SOURABH GHOSH – HEAD – CONSUMER BANKING  
– UTKARSH SMALL FINANCE BANK LIMITED**

**MODERATOR:** **MR. CHINTAN SHAH – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, you have been Connected to Utkarsh Small Finance Bank Q3 FY26 Earnings Conference call. Please Stay Connected, the call will begin at 05:15 PM.

**Moderator:** Ladies and gentlemen, good day, and welcome to Utkarsh Small Finance Bank Q3 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chintan Shah from ICICI Securities Limited. Thank you, and over to you, sir.

**Chintan Shah:** Yes. Thank you, Rudra. Good evening, everyone, and welcome to the Q3 FY26 Results Conference Call of Utkarsh Small Finance Bank. I would like to thank the management for giving us the opportunity to host their call. From the management side, we have Mr. Govind Singh, Managing Director and CEO; Mr. Sarjukumar Pravin Simaria, Chief Financial Officer; Mr. Amit Acharya, Chief Risk Officer; Mr. Virender Sharma, Head, Micro Banking and Mr. Sourabh Ghosh, Head, Consumer Banking.

So now without further ado, I would like to hand over the floor to MD Sir, for his opening remarks, post which we can open the floor for questions. Thank you, and over to you, sir.

**Govind Singh:** Yes. Thank you, Chintan. Thanks a lot. So good evening to all of you, and thank you very much for taking time to join us for our Q3FY26 earnings call. The third quarter of FY26 has been a period of recalibration, resilience and cautious optimism. The operating environment continues to evolve, shaped by regulatory transition under MFIN Guardrail 2.0 and the lingering effects of legacy stress.

While these dynamics have presented near-term challenges, they have also reinforced the importance of discipline, diversification and forward-looking transformation in our business model. We are navigating through a landscape that demands agility. The regulatory recalibrations introduced, particularly the borrower level leverage restrictions have reshaped the microfinance ecosystem.

These changes, while designed to foster long-term resilience, have temporarily slowed recovery sentiment and kept overdue accounts elevated. Yet, as we have consistently emphasized, our strategy is not about chasing short-term growth at the expense of stability. It is about building a fundamentally stronger institution, one that can withstand cycles, deliver sustainable returns and create enduring value for all the stakeholders.

Our approach this quarter has been deliberate. We have chosen stability over speed, quality over quantity and resilience over short-term expansion. The same is reflected in the contraction of our JLG portfolio, which declined by approximately 16% during the quarter. While this has contributed to a 3.9% YoY reduction in our overall Gross Loan Book, it is a conscious

recalibration designed to strengthen collections, moderate risk and lay the foundation for sustainable growth.

At the same time, we are encouraged by strong performance of our Micro Banking Business Loan, MBBL portfolio, which grew by 80% YoY and 38% QoQ, now represents 19% of our Micro Banking Loan Book. This segment targeted at graduating JLG customers with proven repayment discipline has demonstrated superior asset quality and collection efficiency. With penetration still below 10%, we see significant headroom for expansion, and we expect MBBL to become a cornerstone of our micro banking strategy in the years ahead.

Operational discipline has been reinforced through several initiatives. We have expanded our collection workforce for JLG and MBBL business to nearly 1,300 as on Dec-25, operationalized a centralized call center for overdue accounts and split larger micro banking branches to improve oversight. These measures are structural interventions designed to embed resilience at the grass root level. Training program for new frontline staff focused on core processes such as center meetings and customer on-boarding are ensuring that execution remains consistent and robust, reflected in our improved X-bucket collection efficiency of 99.1% in Q3FY26.

Beyond microfinance, our non-JLG lending business have maintained healthy momentum, growing by 28% YoY and 8% QoQ. MSME loans expanded by 24% YoY to INR 4,275 crores, supported by our newly started Micro LAP segment with disbursement yield of around 18%. Housing loans grew by 13% YoY to INR 965 crores, while our business banking group portfolio fully secured against immovable collateral grew by 22% YoY. These segments not only diversify our portfolio, but also deliver attractive yields, reinforce our pivot towards secured assets.

In the CE and CV segment, the loan book contracted by 3% YoY to INR 1,102 crores. However, disbursement yield improved by over 30 basis points, rising from 12.5% in Q3FY25 to 12.8% in Q3FY26. Notably, the share of used vehicles in disbursement increased to around 35% in Q3FY26 from less than 15% a year ago, reflecting our overall strategic pivot towards more resilient asset classes.

This diversification is not incidental, it is intentional. Our JLG exposure has been consciously moderated to around 33% and including BC JLG around 35% of the gross loan book as on Dec-25, down from nearly 88% and including BC JLG 90% in Mar-20. Secured lending now comprises 50% of our overall loan book, up from 41% a year ago. This structural shift will eventually lead to a fundamentally stronger bank with less cyclicity in credit cost and multiple avenues for growth beyond JLG loans.

We are seeing healthy traction on cross-sell on both sides – asset products, i.e., MSME, Housing and Micro LAP through our liability-focused general banking branches and deposit account for our asset customer, essentially more product per customer. This multiproduct engagement is enhancing customer stickiness and improving wallet share.

With healthier diversified portfolio and improved underwriting standards, the bank is getting resilient and is now poised for a better trajectory for the period coming ahead. Through a more disciplined lending approach, we are already focusing on streamlining the portfolio growth.

On the liability front, we delivered 5% YoY growth in total deposits, driven by strong traction in retail term deposits, which grew by 24% YoY and 3% QoQ. Our CASA deposits increased by 16% YoY and 3% QoQ, resulting in an improved CASA + RTD ratio of 82% as on Dec-25 from 70% as of Dec-24, reflecting our conscious effort to reduce reliance on bulk deposits and build a granular, low-cost deposit franchise. CASA rate has improved to around 22% as on Dec-25.

In line with RBI repo rate cuts, we have trimmed interest rates for savings as well as for term deposits across various buckets in a phased manner, ensuring a balanced approach to market competitiveness, cost of funds optimization, and overall margin stability. These calibrated actions have driven a gradual reduction in our overall cost of funds by around 20 bps QoQ from 8.3% in Q2FY26 to 8.1% in Q3FY26 and it is expected to reduce further as repricing takes effect.

The bank continued to deepen its liabilities franchise through focused product segmentation and targeted customer outreach, driving penetration in newer innovative offerings. The quarter also marked the launch of NRI services, which has delivered encouraging traction within its first month. Alongside product expansion, the bank enhanced service excellence by strengthening digital capabilities to elevate customer experience. The overall strategy remains centered on improving the quality of account sourcing with a stronger emphasis on value-led acquisition and greater product penetration per customer.

We are consciously aligning deposit growth with disbursement pace, ensuring that liquidity remains prudent and sustainable. Deposit growth to accelerate in line with revival in disbursement, which has shown a meaningful improvement in Q3FY26. This pickup in disbursement is expected to improve the portfolio base in the coming quarter vis-a-vis supporting the stronger deposit trajectory. Our CD ratio declined to 79% as on Dec-25, which is against 92% as on Dec-24. We ended the quarter with surplus liquidity of approximately INR 4,700 crores, which is higher than our usual liquidity requirement and LCR ratio of 207%.

In terms of risk diversification, we registered with CGFMU for credit guarantee coverage on our eligible JLG and MBBL portfolio with effect from January 17, 2025. Accordingly, incremental JLG and MBBL disbursement from then onwards are getting covered under credit guarantee, which will help derisk our exposure and support portfolio stability. Around 35% of our microfinance book for disbursement till Q2FY26 is already covered under CGFMU and counting Q3FY26 disbursement, around 50% of microfinance book is covered.

We have tightened underwriting and reduced exposure to riskier segments. MFI stress is moderating, aided by calibrated disbursement and improved borrower discipline under new guardrails. Prequalified loans to existing customers with no delinquencies are streamlining field

operations and exploring innovations across products like unsecured business loans, individual loans, etc, will enable us to gain a higher wallet share of our existing customers with strong repayment track record while preserving credit discipline and robust risk management.

Asset quality remains a critical focus. We believe stress has peaked. X-bucket collection efficiency in the JLG segment improved to 99.5% in the month of Dec-25, up from 98.7% in the month of Sep-25, the highest in 3 quarters of FY26. Fresh NPA slippages has reduced significantly during Q3FY26 as compared to Q3FY25. These green shoots are indicating that our corrective actions are beginning to take hold. Overall, SMA pool have also reduced in Q3FY26.

We acknowledge, however, that legacy stress remains, and it is still to be provided for. This has kept credit costs elevated and weighed on near-term profitability, resulting in a net loss of INR 375 crores for the quarter. However, we see that fresh NPA accretion are declining meaningfully for few months, with asset quality improving further from Q4 onwards as a consequence of these measures.

Despite the losses, our Capital Adequacy ratio remains strong at 20.1% as on December 31, 2025, comfortably above the regulatory threshold. The successful rights issue of INR 950 crores in Nov-25 has further strengthened our Tier 1 capital base to meet our future capital requirements, underscoring investor confidence in our long-term strategy.

During the quarter, the filing of petition with NCLT is completed on December 26, 2025, for approval of scheme of amalgamation of holding company into the bank, that is reverse merger. The first hearing has happened on January 15, 2026, and the order is awaited.

Our Utkarsh 2.0 Technology Transformation Project is already delivering benefits in automation, productivity and risk control. Digital underwriting is helping us avoid lending to over-leveraged borrowers, while 360-degree control parameter mapping is strengthening monitoring across the credit cycle. These initiatives are not just about efficiency, they are about future readiness.

We also recognize the importance of our people. During the quarter, we incurred a one-time impact of INR 9 crores due to new Labour Law Codes, LTIPs and ESOP grant, etc, pertaining to employee benefits obligations. While this has weighed on near-term profitability, it reflects our commitment to compliance and employee welfare. Training programs, productivity initiative and organizational agility remains central to our transformation journey.

Looking ahead, FY26 is shaping up to be a year of strategic recalibration. We are prioritizing operational efficiency, disciplined execution and organizational agility. For the next 2 to 3 years, the bank targets loan book growth of 25% to 30% with a well-diversified portfolio with secured lending comprising more than 50%. By the end of FY28, we aim to maintain a NIM of around 8.5% and deliver a ROE of about 15%, as mentioned in the previous calls also, supported by efficient operations and moderate growth.

While sectoral headwinds and regulatory transitions may continue to influence near-term performance, we remain confident in the resilience of our franchise and the strategic direction we have charted for FY27 and FY28.

In conclusion, Q3FY26 has been a quarter of challenges, but also of progress. We have moderated risk, strengthened collections, diversified portfolios and reinforced our capital base. We are building a bank that is resilient, disciplined and future ready. The trajectory we are shaping is one of sustainable growth and long-term value creation.

We thank you for your continued confidence and support. With this, let us move to question-and-answer session. Thank you for your patient listening.

**Moderator:** Thank you very much. We will now begin the question and answer session. Our first question is from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** So just wanted to understand now on the credit cost. I mean, you mentioned though near-term challenges are there, but over the period, you expect improvement and even the stress in MFI book is reducing. So what's the steady-state credit cost we are looking at? And how should the credit cost trajectory look in coming quarters in fourth quarter and in FY27?

**Sarjukumar Simaria:** Hi, this is Sarju here, CFO. FY27, I guess we are looking at around 3% to 3.5% credit cost because we will have GNPA, NNPA both at a tolerable level. FY28 certainly will be under 2.5% of credit cost. This is part of the measure that led us to believe that with the pain going behind us, we will be back to ROE of 15%.

**Moderator:** Sorry to interrupt you, sir, but there is a lot of disturbance in the background.

**Sarjukumar Simaria:** Let me repeat that. Hello?

**Deepak Poddar:** Yes, please repeat, sir.

**Sarjukumar Simaria:** Yes, I was saying we are looking at a **MB** credit cost of 3% to 3.5% for the coming year.

**Deepak Poddar:** And FY28, 2.5%?

**Sarjukumar Simaria:** Yes. That is the target.

**Deepak Poddar:** And what about ROE and ROAs for both of this year?

**Sarjukumar Simaria:** I guess as Govind ji mentioned that for FY28, it's something that we have mentioned the guidance of ROE of around 15%. And that could be, again, it's a FY28 guidance and ROA of around 1.75%.

**Deepak Poddar:** So at 15% ROE, you are looking at ROA of 1.75%, right?

- Sarjukumar Simaria:** That's right.
- Deepak Poddar:** And what about next year, FY27?
- Sarjukumar Simaria:** FY27 would be around 10%. That's the number we are looking at, which is ROE.
- Deepak Poddar:** No. I missed that number?
- Sarjukumar Simaria:** 10% ROE.
- Deepak Poddar:** 10% ROE, Okay.
- Sarjukumar Simaria:** So gradual improvement to **10%**, as I said, FY28 will be back to normal years.
- Deepak Poddar:** FY28 is the normal year that we are looking at.
- Sarjukumar Simaria:** That is right. While FY27 also, because we are looking for profitability in FY27 itself. The trajectory will go back to profitability of good old days of FY24 in FY28.
- Moderator:** Our next question comes from the line of Avnish Tiwari from Vaikarya Change LLP.
- Avnish Tiwari:** Can you articulate the level of CET1 you will be comfortable before you come for next capital raise? And right now, it's like 17.1% I saw from your investor presentation?
- Sarjukumar Simaria:** No, it's 20.1%.
- Govind Singh:** Currently our capital adequacy is 20.1%...
- Sarjukumar Simaria:** While Tier 1 is 17.1%. That's right, 17.1%...
- Avnish Tiwari:** I'm actually focusing on Tier 1, which is 17.1%. So, till what level you can go, as you will grow, you will consume capital. So till what level you can go before you have to raise capital again?
- Govind Singh:** I think at least for next 12 months, we don't have to go to market for capital. This will be because, as you mentioned, worst is over and we'll back in the trajectory of profitability by Q1 of next year. So, some support for capital will come from there. So, our estimate is that for next 12 months, we need not go to market for capital.
- Avnish Tiwari:** And do you have in your modelling like what the minimum it will reach before -- like what's the lowest it will go this Tier 1 in your planning cycle where 12 months, you don't need to raise capital, but as you grow, you will consume some capital, right?
- Govind Singh:** Yes. Typically, overall, we will be in the range of 17% to 17.5% from this 20%, we don't want to go below that. And though we don't have any specific number for Tier 1, but around 15% of Tier 1, around 17.5% of overall capital, that is what we intend to not go below that level.



- Avnish Tiwari:** And this Tier 1 of INR 2,433 crores versus your net worth, if I look at your balance sheet, what explains the difference? If you can just give me a broad high-level idea, what items basically creates that difference?
- Sarjukumar Simaria:** Yes. But I guess the net worth that you are looking maybe from the financials is the net worth that is RBI computed. There are risk weightage and haircuts out there. The book net worth is around INR 3,000 crores as we speak.
- Avnish Tiwari:** Correct. So, what are the key major haircuts, which as per the RBI calculation account for?
- Sarjukumar Simaria:** That's basically risk weighted by product that goes. There is a formula for each product and that becomes the reason for haircut. That's the CRAR computation by RBI. Generally, you would have around, say, 70%, 80% of the net worth, which will be equal to CRAR net worth.
- Avnish Tiwari:** Now coming to this slippage component. So last quarter, you had about INR 426 crores of slippages and collection efficiencies have materially improved for you. So, what is the kind of monthly run rate you are currently running at this 99.5% collection efficiency, but you do have an SMA pool, which is about INR 240 crores. So how much is the monthly slippage you are experiencing in December or in January, whichever data you have?
- Govind Singh:** So there has been a significant change and I mean positive change. October was a little tough month for us, it was almost at the similar level of Q2, the collection efficiency. But from November onwards, we have seen a significant improvement in what we call X-bucket or 0 DPD. So, it has not been below 99.5% in any of these months, say, November, December or January, I mean, that is a range. It is above 99.5% overall. So, we have seen a good improvement.
- And in fact, this quarter, some of the negative impact in terms of stress level or in terms of provisioning or in terms of profitability, higher impact was because of October, where there were a series of holidays and the collection got a little impacted for that particular month because as you are aware that 3 large festivals are there during that period. So that explains the reason for, you can say, a little poor October for us.
- But if you look beyond that in terms of overall collections, in terms of disbursement, in terms of X Bucket collection, I think all parameters, things have improved significantly. As I mentioned, it has not been below 99.5% in any of the periods after that. And in fact, January has been even better than that. So, we are expecting that we are almost at the normal level of 99.6% plus right now and which continues to be there.
- Avnish Tiwari:** And we have normal like monthly basis, sorry, go ahead.
- Govind Singh:** And obviously, the slippages also come down because of that. Some of the numbers, if I look at MB JLG, October slippages, 1 to 90 was around INR 378-odd crores. By January, it has come down to around INR 163 crores. You can imagine the numbers have really significantly come down. So that is changed on a consistent basis.
- Avnish Tiwari:** This is JLG 1 to 90 pool, you just mentioned?

**Govind Singh:** Yes, MB JLG 1 to 90 pool. Yes...

**Avnish Tiwari:** Significantly reduced.

**Govind Singh:** Significantly. Even 1 to 30 because October, we had a challenge. It was almost INR170 crores. Now it is below INR50 crores actually. So, in normal course, INR50 crores, we are able to manage on a day-to-day operation also. I can use the word near normal as far as the stress level in JLG is concerned.

**Avnish Tiwari:** So only then thing you have to take care of is the existing SMA pool and existing Net NPA, which you need to provide?

**Govind Singh:** Existing Net NPA we have to take care of that, wherever there has been partial provision, because these are almost normal numbers for any Micro Finance Institution or any SFB, but we need to take care of, there also we are finding improvements. But yes, you are absolutely right.

**Avnish Tiwari:** You also did this ARC sale of two accounts. Can you explain which pools did they belong to?

**Amit Acharya:** Previous quarter, this quarter, are you able to see any ARC sale because...

**Avnish Tiwari:** No. 9 months only, I saw, so maybe...

**Sarjukumar Simaria:** Yes. 9 months there. It was done in the previous quarter. There's an INR11 crores of income on other income line, which is in realization from sale of Aviom.

**Avnish Tiwari:** But these were like which segment these accounts belong to - Were they retail, wholesale?

**Amit Acharya:** It was one of the NBFC portfolio, Aviom Housing Finance. So that one case, and that is where we did one ARC sale.

**Avnish Tiwari:** And in the current book you have on this NBFC portfolio, what are your observations in terms of any account which is in the monitoring phase or anything?

**Govind Singh:** No, our PAR 1 is 0 for our NBFC book. Entire book is on 0 PAR. PAR 1, I'm talking PAR 1, not any other PAR. So there's not even a single day PAR in any of my NBFC book today.

**Avnish Tiwari:** And is there any rating change in any of these NBFCs?

**Amit Acharya:** It keeps on changing.

**Avnish Tiwari:** On the negative side, not on the positive side?

**Amit Acharya:** So, there is one NBFC where they have been downgraded to BB. And except that, if you see by choice, we do not increase much of the NBFC portfolio, and we are below **13%** for last more than 12 months, the entire portfolio. And our portfolio close to 70% is up to rating A and above companies only.

**Avnish Tiwari:** Which NBFC was there, which was downgraded to BBB?

- Amit Acharya:** TruCap was the company.
- Moderator:** Our next question comes from the line of Sagar from Spark Capital.
- Sagar:** I have few questions, sir. My first question was related to our deposit growth actually in this quarter. Our deposit growth sequentially has actually declined. So, what are the reasons for the same? May I know? Actually, this a very low sequential growth? That was my first question?
- Govind Singh:** Yes. So normally deposit growth, as I mentioned in my initial speech also, because there has been less deployment of money because of degrowth of microfinance, our funds requirement was very, very low. We have restructured the whole liability business. In sense, there are more than INR 2,000 crores of institutional term deposits which we have repaid and we have not renewed those cases, whereas our retail term deposit in CASA has gone up by almost same amount. So, the idea was not to increase because, as I mentioned, more than INR 4,500 crores is my liquid cash as on 31st December. So, we don't want to increase our deposit base, but we are changing the mix of deposits from institutional to retail, in fact. That is what we have done during this period.
- Sagar:** But sir, you have borrowed more INR 400 crores, sir, in the quarter sequentially, if you see. I understand that because of the lack of asset growth, the deposit growth is very tepid. I understand that. Then what was the need for incremental borrowings sequentially actually of over INR424 crores, INR114 crores with the price?
- Govind Singh:** I'll just check, but this must be some treasury transactions maybe on the balance sheet date. But otherwise, we are not into borrowing at all. I mean there must be some transaction done by treasury for some counter transaction. Maybe give me a few minutes, I think I'll be able to respond to that also. But we are not into borrowing at all. In fact, not today. For a few years now, we have not borrowed anything in the market. It might be some transaction, bilateral transaction on those 1 or 2 days. That is the only reason, might be for 1 day or 2 days, but otherwise, we don't require this at all.
- Sagar:** Okay, I got your point in that you can give the clarity later. Actually, because that will have a negative bearing on the cost of funds, that was my concern. Now my second question is what is the GNPA and PCR on our JLG and our CV portfolio?
- Amit Acharya:** Yes, so on JLG Portfolio, our overall PCR stands around 68.5%. And on CV & CE portfolio the PCR is around 34% being the secured portfolio. So that is how it is.
- Sagar:** So, the NPA of 25% so we have provided around 68% of the assets, right, 68% of the assets. So, in the next few quarters, are we looking to provide 100% of that?
- Amit Acharya:** Yes. So, see, we have the policy where once the -- on JLG especially once the account turns into NPA, we provide higher than the prescribed norms as per IRAC, and we have been following this for years. So, as per those norms, a little higher provisioning we already do as per the IRAC norms. And we follow that, and we'll keep on increasing our -- every quarter when the bucket movement happens, the 15% gets added in each of the buckets. So, that is how the provisioning will keep on increasing.

**Sagar:** And you write-off after 365 days?

**Govind Singh:** Correct. 90+ GNPA for 365 days. You're right.

**Sagar:** So in the micro banking portfolio, what is the exposure of Utkarsh plus 3 lenders right now, sir? What is the percentage of the assets?

**Virender Sharma:** Utkarsh plus three lenders, is close to 8% now in our own portfolios.

**Sagar:** So out of INR 6,046 crores so around 7% is at Utkarsh plus 3, so around INR 423 crores, right?

**Virender Sharma:** Yes.

**Sagar:** Okay. What is the asset quality on that? I mean how is the book shaping in that front, sir? Can you provide a color?

**Virender Sharma:** So, it (Utkarsh plus three lenders book) was around 25% one year back which has come down to 8%.

**Sagar:** And in the other unsecured retail lending, actually your incremental disbursement are seeing a decline YoY. If you talk of CE and CV disbursement from 127, it has come down to 57. For housing, it is from 102, it has come down to 78. And around for MSME, it has also relatively coming down. And as compared to micro banking, it has actually has been almost 2.4x growth in the disbursement growth, I'm saying, micro banking business loans and JLG, obviously, the disbursements have been coming down. So, your other retail lending is also actually not growing right now. So, when you talk of ROE of 10% for FY27 and 15% for FY28, which is in line with some good banks, so which segments actually are exactly going to help you in that metric? And related to that question, how is the digital underwriting is going to shape and how has that helped you actually in the other segment and how it is going to help in the future?

**Govind Singh:** So, in terms of product, there was a big focus on the collections and JLG in interim period. Now we are seeing a good traction as far as the non-JLG disbursement is also concerned. It is improving month-on-month basis. I mean, just broad numbers, obviously, we don't have detailed numbers. When we talk of October last year, we have around INR 800 crores disbursement. But in November we have around INR 1,000 crores. It's a mix of all these things, INR 1,100 crores in the month of December and January had been more than INR 1,200 crores. Now I think we are back on the track as far as the disbursement is concerned, and we are seeing a month-on-month increase. That is one part.

Second part is that the LAP in various form has been our key product, like we mentioned small LAP -- it is around where the sweet spot is 8 lakhs to 10 lakhs type of cases. So that is what we have been doing. We have started the gold. Besides the LAP in form of MSME, HL, retail LAP and even when I talk of BBG, this is also a LAP product.

So, LAP is certainly going to be a large product from Utkarsh side going forward also. And because these products are having a very low base right now, and we expect that we will be growing much, much faster than even the JLG and micro banking type of books, those are with

us. So largely LAP driven by in various things, as I mentioned, micro LAP and other things is what we will be focusing upon besides, obviously, we have a belief in micro banking part also, starting with JLG and then going to individual lending also.

**Sagar:** So, in our housing of INR 965 crores outstanding portfolio, how much is affordable housing, sir?

**Amit Acharya:** So, we are present right now more than 80 centers and the majority of them are covered under Tier 2, Tier 3 centers. So, if what we call affordable housing is up to INR 25 lakhs or INR 30 lakhs of the loan amount, and that should constitute around 30%.

**Sagar:** 30%. Okay. Sir, what is the GNPA of our CV loan, sir? You mentioned about PCR.

**Amit Acharya:** Yes. As on December, it was 12.2% was the gross NPA as on December.

**Sagar:** For commercial equipment and commercial vehicle loans?

**Amit Acharya:** Putting together, yes.

**Sagar:** So, are we running down that portfolio, sir? Because compared to FY25 and 9MFY26 is down also by around more than 10%?

**Govind Singh:** Yes. So, what we have done, we are not growing that book right now, and we have done a few changes in the underwriting and process part. And we are seeing that the portfolio that we have created during last maybe for 12 to 15 months, it is behaving properly. There are old portfolio where we had done a lot of changes. That's why growth may not be there because whatever are the collections we are trying to keep with disbursement within that level only. We are doing lower ticket and higher yield second-hand vehicles also in the same segment. We have stopped some of the geographies where we are finding the delinquencies are higher.

And we are seeing good results for this. And I mean, our expectation is the next 1 quarter or so, we should see the decline of stress level or the NPA level for wheels also. Especially as I mentioned, whatever new portfolio we have created during the last 15-odd months, it is behaving very well. This is the older portfolio in which we have made a lot of changes now. We have created a separate team to take care of that also. In fact, after JLG, I mean, this is one segment where we had little challenges, which we are addressing right now. And we are seeing a good traction for a few months in that also.

**Sagar:** And this is a completely secured portfolio?

**Amit Acharya:** Yes, against the hypothecation of the vehicle, so asset-backed finance.

**Moderator:** Our next question comes from the line of Shreya Chatterjee from Ageless Capital Finance. Please go ahead.

**Shreya Chatterjee:** I have few questions. One is regarding your cost-to-income ratio. Where do you see it going forward in FY27 and FY28? And what will be the share of your JLG versus non-JLG portfolio in FY27 and FY28?

**Sarjukumar Simaria:** Yes. So, cost-to-income ratio, you would obviously -- since you asked for FY27, FY28, you certainly understand that the income -- the denominator, given the slippages is low and expenses appears high. We are looking at a cost-to-income ratio somewhere around 75% kind of, which is 110% today, bringing it down to, say, 57% in FY28. So, trajectory will come down from 110% to say, 65%, 75% to 57% in FY28. We are looking at doing at the same cost, higher top line. We are not going to do any extension in terms of branches. So, it's productivity and at the same cost, higher disbursement and lower cost that will see the cost-to-income ratio coming down.

**Shreya Chatterjee:** So, no branches would be added, it's just the productivity going up?

**Govind Singh:** Just to add that during -- since FY21 after COVID, we had opened quite a number of branches. Currently, we have more than 1,100 branches across the country. 331, we have general banking branches and around 770-plus branches, which are the micro banking branches. So we have enough network of branches in 27 states and UT.

And in fact, we don't intend to go for new product lines also through branches because we have enough number of product lines. So, our idea is, and that is what we have been discussing that we'll not add branches right now other than in case we have to split some branches, where there is a large branch of micro banking. Otherwise, we don't intend to open new branches. And we'll have a limited number of branches where we are operating for our MSME or HL or Wheels and those businesses. Wherever we have to expand, we'll add those locations from the existing branches for those businesses also. So that is the idea. We understand that from this we'll be able to get a big cost optimization also because I don't have any additional cost other than the manpower cost for opening new locations for my existing businesses. So that is what we expect. One my cost of funds comes down in the next 2 years' time. Also, my cost of operations will come down through this strategy. That is what we are working on right now.

**Sarjukumar Simaria:** Yes, to your second question, JLG, I think, should be around 30% of the portfolio as we go along, somewhere around 30% or mid-25% to 30%. Only the JLG portfolio we are talking.

**Shreya Chatterjee:** Got it. And sir, what about the NIMs going forward since you are increasing the share of retail deposits and CASA deposits, how do you see the NIM going forward in FY27 and FY28?

**Govind Singh:** So FY28, we have indicated around 8.5% type of NIM. As I mentioned, because our cost of fund is expected to go down from here, and we have already seen a little reduction. And when our fixed deposits also get repriced, this will further go down. So that is one part. And as I mentioned, the operational efficiency on multiple accounts because we launched our Transformation Project 2.0, where a lot of things are getting automated and we'll get benefits of that.

And plus, as I mentioned, we are not going to open branches, but do expect that 25% to 30% growth in the balance sheet in next 2 years' time, annual growth in balance sheet. So, without adding much in terms of manpower. In fact, even we had enough manpower for middle and senior management at the bank level. Whatever manpower is required will be at the front line only, first 2 levels only. So, my cost of funds will come down, my cost of operations will come down and overall efficiency will go up, and that will compensate for the differential. So, our expectation is in the range of 8.5% or so NIM if you look at towards the end of FY28.

- Moderator:** Our next question comes from the line of Bhumini Shah from Equirus. Please go ahead.
- Bhumini Shah:** So, when can we start our gross AUM growing? Can we expect that in Q4?
- Govind Singh:** Sorry, can you just repeat that? We could not hear properly. Can you repeat the question, please?
- Bhumini Shah:** Yes. So when can we start seeing the growth in terms of the AUM? Can we expect that in Q4 or Q1?
- Govind Singh:** No, no. As far as AUM growth is concerned, we will see from this quarter itself. In fact, in January also, we have seen, I mean, good growth, maybe around close to INR 250 crores – INR 300 crores of AUM growth. I mean, at least on pre-write-off basis, we should see a good growth in the Q4 because now our JLG is also growing. I mean, because the pain is over, JLG is growing, micro banking is overall growing and other portfolio is also growing. So, we should expect a good growth in quarter - very difficult to define what is the good growth, but we should have a reasonable growth in Q4. And obviously, Q1 will be much better from that perspective. And this growth is expected in all segments, including the JLG segment, where we are degrowing for many quarters now.
- Bhumini Shah:** So, are we expecting any lower loss on PBT basis for Q4 or it should be green?
- Govind Singh:** So, Q4, maybe it is a little too early to talk about the numbers. We do expect that the provisions will be coming down significantly. The portfolio growth is going to happen. The balance sheet will grow from here. And all the ratios will improve significantly, but what will be the final number in terms of PBT or PAT, I think it's very difficult to tell today.
- Bhumini Shah:** So, I'm just asking if it is -- will be in positive or negative. Can we give color on, sir?
- Govind Singh:** I'm sorry, sir, but it may be difficult today because we are still in the middle, just only 1 month is over. I think 2 months are there. And we are seeing that the trajectory should be much, much better from here onwards. That is what I can tell today.
- Moderator:** Our next question comes from the line of Ashlesh Sonje from Kotak Securities.
- Ashlesh Sonje:** Sir, firstly, a few questions on the MFI portfolio. This 99.6% collection efficiency roughly that you are running at in January, do you expect any disruption to that in February or March? That is one. And along with that, if you can share the microfinance slippages in the quarter and the PCR for the entire MFI book, including JLG and individual?
- Govind Singh:** Okay. As far as I mean, PCR -- I'll just ask Sarju and Amit to talk. But one thing I'm sure, Ashlesh, now the way we have seen cycles and we have seen month-on-month because this may be monthly against demand, but we are tracking this on a daily basis. And our experience, it should not go below 99.5% from now onwards. That is what we can, I mean, assure all the investors now. Because we have seen all these things after that.
- Virender Sharma:** The geographies where we are present, we don't see any disruption coming in because of the stability of all the activities, normally in Q4, JFMs are normally better ones. So, we don't expect any disruption coming on. So, we are hopeful of quite a stable collection efficiency and also we

have attrition under control and the manpower there. So, we are hopeful of continuing with the same numbers in that sense. And the PCR coverage on the JLG book is close to 68.3%.

**Amit Acharya:**

He asked including MBBL. So, the entire MB book as on Dec-25, PCR stood at 69%.

**Ashlesh Sonje:**

And along with that, if you can also share microfinance slippages -- while you do that, let me ask one more. On the MFI book, the disbursements in the JLG book were still weak in this quarter. Do you expect that also to pick up? And secondly, the MBBL portfolio is seeing good disbursements. Do these MFIN guardrails apply to that business as well?

**Virender Sharma:**

Okay. So, your first question, JLG portfolio will also start seeing a positive turn, and that has started happening in this quarter. So, we will see a book growth over there because that's what we are looking at, number one. So, MBBL is a slightly different product where the guidelines are different and it's an individual credit assessed program. So, it is not a program which is governed through the MFI guidelines, but more of a credit and business model, that's how we assess the customer on an FOIR base thing. So, it doesn't come under that part of the business.

**Amit Acharya:**

And just to add, in MBBL, the credit underwriting is separate from the business and the sourcing team. So, it is led by a national credit head and the full-fledged zonal, regional area manager, credit manager structure is there. For each and every case, the credit guy goes and conduct the personal discussion and assessment of income and expenses, and then he does the entire underwriting and the eligibility part also. So, it's very separate from the business.

**Ashlesh Sonje:**

And this staff cost, which has been quite high, now that your X-bucket collections and SMA book in microfinance have declined quite materially, do you expect the staff cost to also decline meaningfully in the next quarter?

**Govind Singh:**

So, Ashlesh, I want to break it in two parts. One part is when I'm talking about my overall cost, this cost has gone up in recent past because one, there are some additional costs involved, there are some incentive cost involved. There is a collection cost involved also. And our sense is that the cost for JLG will not go down. I'm talking employee cost for a simple reason because now we have a collections team. In fact, our expectation is that it will stabilize here only, but I should be able to get a much better collection because now one portion is taken care of. My normal collection has got stabilized. So, we are focusing through a big way in the write-off and NPA collections.

So, our idea is I'll not try to control cost on the employee for JLG or for MB. Rather, I'll try to get revenue off these people, which is expected much, much better in terms of P&L and in terms of overall trajectory, it should play much better for us. And I mean, it's difficult to talk of numbers only, but my sense is on each month basis, my collection from NPA and write-off will go up significantly from here.

So, my cost of employee may not go down because of that reason. And one more thing, what will also happen, Ashlesh, our portfolio number will grow, as Virender just mentioned, we have seen in the month of January that portfolio has first time actually grown after almost 12, 13 months gap. So, we have started growing that portfolio also.



- Ashlesh Sonje:** Understood, sir. And last question from my side on the liability side, the cost of term deposits, which you report for 9MFY26, that is higher than the H1 number. What is the reason for that one? And along with that, if you can just give the MFI slippages number, please?
- Sarjukumar Simaria:** So, one of the reasons, if you know that we are reducing the institutional side of the borrowing, they generally are short term at lower fund rate. Once you reduce that, your coverage of TD becomes retail, which comes at a bit higher rate. So, that's really a long term. And that's necessarily because even when we are moving from unsecured to secured, from ALM point of view, also, we need to do more retail and keep that stable. But the impact largely comes because the decline in the institutional is significant, calibrated thought process because, obviously, as disbursement pick up, we'll go back to that bucket of borrowing. But at the moment, that's the reason for the cost being a bit elevated given that the short-term fund that we have taken also that we have, at the moment, stopped taking.
- Govind Singh:** You wanted these slippages in?
- Ashlesh Sonje:** In microfinance -- combined JLG plus individual is also okay, if you can share?
- Amit Acharya:** This you need for Q3?
- Ashlesh Sonje:** Yes, sir.
- Amit Acharya:** Yes. So, in JLG it was close to INR272 crores out of INR426 crores.
- Ashlesh Sonje:** That includes individual also?
- Amit Acharya:** We will confirm you. I'm just not able to figure out MBBL separately.
- Moderator:** Our next question comes from the line of Avnish Tiwari from Vaikarya Change LLP.
- Avnish Tiwari:** In your microfinance NPAs, how much of them is covered by CGFMU scheme? And for that, do you intend to make some provision or keep it as it is because it's covered under guarantees?
- Govind Singh:** So, close to 50% of portfolio is covered under that right now because we started around a year back. And within 1 year, my current portfolio, and it is for both for JLG as well as for individual business loans, and around 50% of portfolio is covered. And currently, we don't take any benefit of in terms of from the provision angle.
- We will provision as if there is no coverage at all, and we are not taking any benefit of that. And that we will continue to as per our policy. We'll not take advantage of that. Whenever something happens, we'll have to look at that part. But currently, we are not taking any benefit of that.
- Avnish Tiwari:** So, 50% of your book is covered, what was the INR751 crores Net NPA? How much of those are covered by CGFMU?
- Govind Singh:** That may not be significant. I don't have the exact number right now, but I can share separately also because most of our NPAs from the legacy book. So new book anyway, NPA levels are very, very low, and if you look at MOB 8, 9, 10, 11, obviously, there will be some NPA, but the

NPA numbers are very low. Most of our NPAs are from the legacy book. But I don't have the exact breakup right now in front of me.

**Moderator:** Sorry to interrupt you, sir, but if you have a follow-up question, please rejoin the queue.

**Avnish Tiwari:** Sure.

**Moderator:** Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Govind Singh:** Okay. Thanks, Chintan, and thanks, everyone, for joining this call. And as I mentioned, we are in the right trajectory right now. We have seen good traction, good growth in all aspects, in all parameters. And that is what is expected to continue from here in terms of disbursement, in terms of bringing cost of fund down from bringing cost of operations down and growing our conventional joint JLG book as well as the new book that we have started.

So that is what we're expecting, and that is how we have seen January month also. So this trajectory will continue. And thanks very much for your patience listening, this interaction as well as for your support. So look forward. Thank you very much.

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