



“Ujjivan Small Finance Bank Limited  
4QFY26 Earnings Conference Call”

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**MODERATOR: MR. JIGNESH SHIAL -- AMBIT CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to Ujjivan Small Finance Bank Limited 4QFY26 Earnings Conference Call hosted by Ambit Capital Private Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Jignesh Shial from Ambit Capital. Thank you, and over to you, Mr. Shial.

**Jignesh Shial:** Yes. Thank you, Michelle, and good evening, everyone. On behalf of Ambit Capital, I would like to...

**Moderator:** I'm sorry to interrupt you, sir. Sir, can you please start? Because your voice broke.

**Jignesh Shial:** Yes. Okay. So thank you, Michelle, and good evening, everyone. On behalf of Ambit Capital, I would like to welcome you all to 4Q and full-year FY26 earnings call of Ujjivan Small Finance Bank. We have, along with us, Mr. Sanjeev Nautiyal, Managing Director and CEO; Ms. Carol Furtado, Executive Director; and the senior management team of Ujjivan Small Finance Bank.

I will now hand over the call to Mr. Sanjeev Nautiyal, Managing Director and CEO, for his opening remarks. Over to you, sir.

**Sanjeev Nautiyal:** Thank you, Jignesh. Good evening, and thank you all for joining us today for Ujjivan SFB's 4Q and financial year 2026 earnings call. Please do note I will be referring to year-on-year comparisons with Q4 financial year '25 and quarter-on-quarter with Q3 financial year '26. The Indian economy continues to exhibit resilience as reflected in a stable GDP growth outlook. This is supported by strong domestic fundamentals, government initiatives, and interventions supported by adequate liquidity.

On the industry front, overall Bank credit recorded strong growth of 16%, reaching INR219 lakh crore, while deposits increased by 13.4 percentages to INR268 lakh crores as of March 31, 2026. The Reserve Bank of India has kept policy rates unchanged at 5.25%, while maintaining a neutral stance reflecting a balanced approach to support growth, while retaining flexibility amid evolving risks.

CPI provisional inflation for March '26 came in at 3.40%, up 19 basis points over February '26, and RBI expects headline inflation to average around 4.6% for the financial year '27. We do not expect rates to be increased unless there is a sharp surge in inflation above the RBI target range. Real GDP growth for the financial year '26-'27 is expected to be around 6.9% as per the RBI. The projection faces downside risks from geopolitical tensions, such as the West Asia conflict, oil price volatility, supply chain disruptions, and the super El Niño weather phenomenon, fuelling inflation. GDP expansion is likely to be supported by continued government capital expenditure and a recovery in private consumption.

I will commence with our financial year 2026 journey before I delve into quarterly performance. We received communication from the RBI on 13th April on our application for voluntary transition to a universal bank. The regulator, while returning our application, has acknowledged our ongoing efforts towards diversification of our loan portfolio.

We shall continue to engage with the RBI and reapply as per their constructive guidance at an appropriate time, demonstrating a diversified portfolio. We remain committed to our universal banking aspirations. During the year, we continued to widen and deepen our Board and management. At the Board, Mr. Aniruddha Paul brings expertise in complex transformation, innovation in AI and data, process, and technology.

In the financial year '26 till December '25, management additions of Mr. Umesh Arora, Mr. Deepak Agarwal, and Ms. Vijayalakshmi Muddu have strengthened business strategy and audit functions, respectively. In quarter 4 of the financial year '26, with the appointment of Mr. Pankaj Gupta as Chief Digital Officer and Mr. Mohd Shakil Khan as Head of Collections, our digital capabilities and collection portfolio are further strengthened.

Let me now enumerate a few important milestones achieved in financial year '26. Deposits and gross loan book each have crossed INR40,000 crores, taking the balance sheet across the INR50,000 crores mark. Retail deposits crossed INR30,000 crores, and savings accounts crossed INR10,000 crores. Housing vertical comprising of affordable housing and micro mortgage crossed INR10,000 crores, while MSME and FIG crossed INR3,000 crores each. Total secured advances portfolio crossed INR20,000 crores. Micro banking assets, GL and IL combined, grew past INR20,000 crores after a large contraction in financial year '25, and also in financial year '24.

Q4 concludes another important year for Ujjivan, marked by strong execution, improving operating performance, and continued strategic progress, with the outcomes in line with the guidance at the start of financial year '26.

We continue to see strong momentum in deposit growth. Total deposits stood at INR45,668 crores, reflecting Y-o-Y growth of 21.4% and 8.2% Q-o-Q, while CASA deposits grew higher, leading to an improvement in the CASA ratio to 28.6%. Retail TD plus CASA stood at INR31,995 crores (Correction: ₹31,955 Crore), contributing 70% of total deposits. Cost of funds for the quarter stood at 7% and for the year stood at 7.2%. In a period marked with tight liquidity, we maintained CD ratio at 89% with comfortable liquidity reflected in LCR at 142% as of March 31, 2026.

Focus remains on strengthening the granular and retail-driven deposit franchise and further improving the CASA ratio. On the gross loan book, during the year, we continue to progress towards building a more balanced and diversified loan portfolio with a clear focus on increasing the share of secured assets. The secured portfolio now contributes 49.4% of the overall book, up from 43.5% Y-o-Y and 48.1% Q-o-Q. This transition positions us well for more stable and sustainable growth going forward.

Disbursements during Q4 FY26 were the highest ever at INR9,811 crores, up 32.1% Y-o-Y and 18.3% Q-o-Q, reflecting strong demand across segments. The gross loan book reached INR40,655 crores, growing 26.6% Y-o-Y and 9.7% Q-o-Q. The secured portfolio scaled meaningfully to INR20,079 crores, up 43.5% Y-o-Y and 12.6% Q-o-Q. Within secured segments, housing portfolio continued to demonstrate strong traction with growth of 43.4% Y-o-Y and 9.6% Q-o-Q, while the MSME portfolio witnessed robust growth of 57.9% Y-o-Y and 12.8% Q-o-Q driven by strong execution on the formal and semi-formal focused MSME strategy. We also saw strong momentum across newer business lines with gold loans, vehicle finance, and agri banking, scaling up rapidly by 292%, 101% (Correction: 102%), and 126% (Correction: 127%) Y-o-Y respectively. I am pleased to note that these 3 newer lines now contribute around 6% of our loan mix against 3% in the financial year 2025.

In micro banking, as guided earlier, we witnessed healthy disbursement growth of 11.9% Q-o-Q to an all-time high of INR5,245 crores. During the quarter, MB portfolio grew to INR20,709 crore, up 6.9%. Implementation of guardrails has stabilized the portfolio, and durable demand has returned. The individual loan portfolio continued to grow steadily, while group loan growth remained calibrated. The new customer addition for the financial year '26 was at 5.4 lakhs.

Coming to the bank level asset quality. We have seen stable performance with improving trends across portfolios during the quarter. At a bank level, GNPA stood at 2.27% with sequential moderation in PAR, reflecting improving borrower behaviour and the effectiveness of our collection efforts. Overall, portfolio quality remained robust with credit cost improving to 2.2% of the average gross loan book for financial year '26, down by 20 basis points Y-o-Y, and a visible moderation in slippages during the period.

PCR improved to 81%, providing an adequate buffer. Bucket-X collection efficiency in micro banking remained strong at 99.8% in March '26 and above 99.7% across Q4, underscoring disciplined execution on the ground. Within the secured portfolio, asset quality continues to remain robust, with housing and MSME portfolios showing healthy performance and improving delinquency trends.

Our financial outcome for Q4 reflects near-normal portfolio and operational performance. Total income for FY26 stood at INR8,039 crores, up 11.6% Y-o-Y, while quarterly total income came in at INR2,186 crores, up 18.6% Y-o-Y, reflecting continued momentum. We delivered strong NII growth of 26.4% Y-o-Y and 9.2% Q-o-Q to INR1,092 crores, driven by a robust loan growth and a stable product yield. Net interest margin for the quarter improved further to 8.5%. This was largely due to reducing cost of funds, stable yields and optimal liquidity utilization.

Other income remained healthy, driven by processing fees and insurance income. Other income to ATA for FY26 is at 2.2%. Interest expenses were well managed through active liability management, while opex to ATA for financial year '26 came in at 6.4%, and cost to income for financial year '26 at 65.6%.

Net profit for financial year '26 came in at INR693 crores with ROA and ROE at 1.4% and 10.9%, respectively. The exit quarter PAT stood at INR282 crores. ROA and ROE were at 2.1% and 17.2%, respectively.

Future FY27 and beyond. For FY27, we plan to accelerate both branch and digital infrastructure, in line with the asset growth objective of around 25%. The current financial year will focus on the addition of about 20%, keeping with our growth plans for the current financial year.

Our digital, AI, and analytics investments will continue to better align with our existing and new customer needs, strengthening our data foundation through a cloud-led platform. An integrated architecture will ensure we deliver on a truly connected bank, thus augmenting our customer acquisition and retention through their life cycle.

Guidance FY27. Grow the advances by around 25%, expect credit cost to moderate to 1.4% to 1.5% of the average GLB, and reach ROA of around 1.6%. As I conclude, we remain committed to profitable growth with a focus on investments in distribution, technology, risk, and multiproduct infrastructure.

Additionally, to maintain an adequate buffer over the regulatory capital threshold, our Board has approved raising equity capital for an aggregate amount not exceeding INR2,000 crores. This capital infusion would propel growth for the medium term. I now hand the call to the moderator to commence the Q&A. Thank you. Thank you very much.

- Moderator:** The first question is from the line of Digant Haria from Greenedge Wealth.
- Digant Haria:** Congrats on a good set of numbers. My first question is that we have an average ROE of more than 2%. And for the next year, we are guiding an ROA of around 1.6%. So, is it because you said that we'll open more branches? That is fine. But will it be like our opex grows at 40%, 50% because that's the only line item that will probably increase and pressurize our ROA? That's my first question.
- Sanjeev Nautiyal:** So I think, Digant, as I said, we would be entailing investments on the lines that I indicated, which is on tech, digital, AI, and branch expansion. So all these expenses or investments would actually lead to an ROA, which I indicated. And therefore, I would not see anything unusual about our numbers.
- Digant Haria:** Okay. Because the exit credit cost at this quarter end is around 1.1%. We are guiding for around 1.4%. So like what is -- so you don't see anything adverse there as well, right? It's just the higher investment, which is pushing the ROA down next year in our guidance?
- Siddharth Bharadwaj:** Digant, this is Siddharth here. The credit cost you're referring to is on DuPont. What we are reporting is on an average GLB. So that's the only difference. But Mr. Nautiyal will give the further response to your question.

- Sanjeev Nautiyal:** So Digant, we have got the guidance of Reserve Bank of India. So obviously, gradually, we will be scaling up the secured book also. And therefore, the configuration will alter and change and that would also have a bearing on the return on the assets.
- Digant Haria:** Okay. Perfect. Perfect. So, but I understand that this 200 -- see, like, we are at 51% in micro banking. We will not deliberately slow it down, right? We may increase the other part faster? Or how are we thinking about this, particularly to get...
- Sanjeev Nautiyal:** Absolutely. Absolutely. We continue to do the micro finance business as we do, and also see that the ratio of the secured book grows faster. So that is how we are going to calibrate the 2 sides of the loan books.
- Moderator:** We'll take the next question from Shreepal Doshi from Equirus.
- Shreepal Doshi:** Congrats on a great set of numbers. My first question was on the growth front. So while we've highlighted 25% growth on the overall book, what would be the segmental growth aspiration in segments like micro banking, as well as home loan, and the other segments that we have launched recently? That is my question number one.
- And the other question is on the margin front. So I think the earlier participant highlighted opex being one of the aspects, but would it also be margins, given that we would be focusing more on secured side? And therefore, from our exit margin of 4Q, we would see the whole year FY27 margin coming down? So these are my 2 questions, sir.
- Sanjeev Nautiyal:** So as far as the micro banking business is concerned, we would be growing it at less than 10%, I would say, a higher single-digit number, and correspondingly, the secured book would grow at a much faster pace. And this combination is going to lead to the return on assets that we have given as guidance at 1.6%.
- Shreepal Doshi:** And sir, on the margin front, NIM margin?
- Sanjeev Nautiyal:** NIM, I think the second question of yours was on the NIM side?
- Shreepal Doshi:** Right, sir. Right.
- Sanjeev Nautiyal:** All right. So what we are saying is the NIM for this year would be at the same level of the exiting quarter, right, close to that number.
- Shreepal Doshi:** Okay. So we will be at closer to 8.4%, 8.5% is what we're guiding for?
- Sanjeev Nautiyal:** Yes. Yes, please.
- Shreepal Doshi:** Got it, sir. Got it.
- Moderator:** The next question is from the line of Sarvesh Gupta from Maximal Capital.

- Sarvesh Gupta:** Congratulations on a good set of numbers. Sir, just to understand this guidance a little bit better. You are saying that the NIMs would remain at the same level as the exit quarter, which is Q4. So what kind of opex growth are we envisaging this year?
- Sanjeev Nautiyal:** Our cost-to-income. Our cost-to-income ratio, despite the investments that we are going to do will continue to remain at the same percentages as we had in the preceding financial year, which is for ~~FY'24~~ (Correction: removal of word) FY'25/'26. So you would expect to see the same cost-to-income ratio prevailing as of 31st March 2027.
- Sarvesh Gupta:** Okay. So, sir, in the absence of much of an increase in cost-to-income, also. So I just wanted to understand, like this 50 basis point compression in ROA, that would be caused by which particular line item in your P&L?
- Sanjeev Nautiyal:** So the investments and new projects would be on branches, on efficiency enhancements, and the others, which are about marketing and new training programs, efficiency would be on IT projects, AI investments, low-cost channels, and branches about infrastructure and staff costs.
- Sarvesh Gupta:** Okay. Sir, I'll maybe take it offline to understand a little bit better. Sir, secondly, like on the secured side, so we have seen a higher yield for the overall book on the secured side. So, given the plans for next year, how are we seeing this book behaving in terms of the secured book yield? And what would be the main drivers here?
- Sanjeev Nautiyal:** This would remain more or less the same as we have seen in the financial year '25-'26.
- Sarvesh Gupta:** Okay. So this year, we have seen a steady, sort of, increase in the secured book yield. So do we expect now to stabilize at this level? Or how do you see it?
- Sanjeev Nautiyal:** Yes. Yes. We seem to have the capacity to stabilize them at the same level as you've seen in the last quarter. In fact, in the third and the fourth quarter, the enhancement in the yield, which we have seen generally would continue in the financial year '26/'27 as well.
- Sarvesh Gupta:** Okay. And finally, sir, on this fundraising, when do you plan to do it? Will it happen this quarter itself? Or what is the plan there?
- Sanjeev Nautiyal:** Our plan is to do it in the second half of the current financial year, depending on the suitability of the circumstances.
- Sarvesh Gupta:** Okay. Sir, final one question, if I may. Sir, given this RBI guidance, is there any specific number in terms of the secured book mix that we would want to reach? Because generally, I think a lot of, given the degrowth in the microfinance industry that we have seen, I think normal microfinance growth could be higher than a single-digit number. So are we sort of -- do we have a plan, let's say, by when we want to reapply?
- And hence, we want to sort of not grow that book at a normative number and grow only at a single-digit number? Or do we have a mix in plan for the next year that we want to read this mix in secured? So if you can throw some more color on, how are you thinking, given that you guys want to reapply?

**Sanjeev Nautiyal:** So, the RBI does not share, direct, or guide a particular ratio. We will have to devise our own means of arriving at a particular ratio by an appropriate time before we contemplate applying to the Reserve Bank of India for a transition to a universal banking license. So we will continue to strengthen and enhance the secured book in a manner that the journey is palatable, maintaining the profitability underpinnings, and to also ensure that the ratio is better than what we had shown to the Reserve Bank of India.

So this will be a self-discovery, I would say. But certainly, we will calibrate and decide at what ratio by what time we need to abide by, so that we are in a position to apply to the Reserve Bank of India. For this year, I can only guide that our secured portfolio would be a little upwards of 56%.

**Moderator:** We'll take the next question from the line of Abhishek M from HSBC.

**Abhishek M:** So 2 questions. One is your guidance on margins. So when you say margins will be stable from here, and the secured book would reach 56% from 49%, yes. If I look at the yields, most of the secured book yields are lower. I mean, I understand you have some pricing power with your customer set, but still, most of the secured book yields are lower than your MFI and individual loan yields.

So how do you plan to protect your margin with such a sharp change in loan mix? And at the same time, do you see any further cuts in your TD rates? Do you think you have room, or you're actually going to have to increase it a bit because of the competitive scenario? So, I just wanted to understand your margin guidance in the context of these 2 things.

The second question is on opex. So, if I split your opex into business costs where you are pushing up your secured book and trying to change your mix versus any kind of technology upgrade or system upgrade or anything else that the RBI may have asked you to do as part of your conversion into a bank, how would you split it? Like the kind of opex growth you're seeing this year, what would it be driven by? Yes, those are the 2 questions.

**Sanjeev Nautiyal:** So I think on the margin side, we will continue to see some release on the cost of deposit side. So we will benefit from the cost of funding side that also needs to be factored in. And also because of the health of the microfinance portfolio now in its prime shape, the reversals of the interest on account of the NPAs would also be lessened -- much lessened. So that is an area where we would also -- and the release of the cost of funds or the cost of deposits is also what we are going to witness. So these would be the...

**Abhishek M:** In terms of your cost of deposits coming off, how much more repricing would be left?

**Sanjeev Nautiyal:** Benefit of around 30 basis points.

**Abhishek M:** Is still left?

**Sanjeev Nautiyal:** Yes. Yes.

- Abhishek M:** Okay. And in terms of the interest reversal, now I guess that would already be there in the 4Q numbers, right? Because now your PAR has gone down quite substantially. So do you see further sharp improvements over there? Or how should we...
- Sanjeev Nautiyal:** Not sharp improvement, not sharp improvements. But at least the new book or the new exposure will behave very properly, and therefore, we'll not have any stress on that account.
- Abhishek M:** Yes, sir, but that would be in your 4Q numbers. In your 4Q numbers, you are already replacing a 22.5, maybe closer by 10, 20 bps. So the mix change impact still remains the main issue.
- Sanjeev Nautiyal:** Right. Right.
- Abhishek M:** So, how will your NIM be stable? That's again, maybe 20, 30 bps improvement from the cost of fund side, that will be able to offset the mix change, is it?
- Sanjeev Nautiyal:** We also have the 2-wheeler and the proposed used car product that we are going to launch. The 2-wheeler has a substantive yield sitting on it. Then we also have the gold loan, which is upward of 14%, and micro mortgages, which are at 19.8% (Correction: 19.7%). So these 3 business verticals would continue to support us on the yield side and the other secured businesses, which are the housing and the MSME, would continue to maintain the yields that they have shown and basically help us to maintain the NIM overall with the support of reduced cost of funds that I spoke about.
- Abhishek M:** Got it. Got it, sir. And the opex question?
- Sanjeev Nautiyal:** On the opex, I would request you if you can get in touch offline to have more details about it.
- Abhishek M:** Okay, sure, sure. Got it.
- Moderator:** The next question is from the line of Kaushik Agarwal from Haitong Securities.
- Kaushik Agarwal:** Congratulations on a good set of numbers. Sir, my first question is on the deposit front. So see, broadly, your deposit growth has been slightly lagging the overall advances growth. However, the CASA ratio has been improving consistently. So broadly, how do you see your CASA ratio for the next year? Number one. And is there any possibility that you have taken any price hike on the TD side, because a lot of competitors have indicated that they have taken some price hike on the term deposit side? That is question number one.
- Number 2 is in the gold portfolio. So gold, I was just checking the average ticket size on a Y-o-Y basis for your book, which has gone up by 60%. But the yields are also inching up marginally. So I have seen there is a 30 basis point increase in the gold loan portfolio yield on a Q-on-Q basis. So, can you just help us understand what your strategy with respect to the gold loan book is?
- And then last is broadly on the asset quality piece. Is there anything that you can indicate on a qualitative basis for your customer segment, in terms of any issues they are facing from this

West Asia conflict, or any sort of early warning indicators that you are noticing in your portfolio?  
So yes, these were the 3 questions from my side.

**Hitendra Jha:** So, if you look at our CASA ratio, it has improved by Y-o-Y 1.75% and Q-o-Q 1.28%, we are at 28.6%. We expect it to increase further. It's very difficult to give you an exact number, but it will be around 30% will be the CASA ratio. Our focus will continue to be CASA, but yes, the overall book will continue to grow.

**Vibhas Chandra:** Kaushik, this is Vibhas. On gold loan, you're right, our ticket size has increased during the financial year. At the same time, our yields have also increased. Ticket size naturally has increased because when we started gold loan initially, we were experimenting and working with mostly microfinance customers.

But today, as we have gradually increased focus on the open market and leads from other verticals as well, leading to higher ticket size. At the same time, during the year, we have also adjusted interest rates for lower ticket size loans positively, which impacted yield positively.

**Sanjeev Nautiyal:** On your question about -- it was about CD ratio. So we have basically tried to pivot ourselves around 88% to 89% CD ratio, which helps us to manage with a lower deposit growth that came in the last year. And the CASA ratio is what we are going to achieve somewhere around 29% -- 29% to 30%. The CASA ratio would be around 29% to 30%.

**Kaushik Agarwal:** Okay. So sir, just continuing on this -- sorry. Just checking that, are you building in any price hike or have you taken anything on the deposit front?

**Hitendra Jha:** As of now, we are not contemplating any change in the deposit rate; we'll continue. We'll watch this space closely. And if anything happens, we'll calibrate accordingly.

**Sanjeev Nautiyal:** As far as the risks to the various businesses on account of the Middle East crisis, what we would like to say is that our portfolio is overwhelmingly domestic, granular, and retail in nature. And we do not have any foreign currency lending exposure, no exposure to oil, gas, defense, or aviation. And therefore, our customer segment is more or less insulated from the first-order geopolitical disruption. But we are mindful of the situation, and therefore, we have taken steps to ensure that we refresh our scenario frameworks across all major verticals.

We have stress-tested our portfolio. Origination posture is calibrated geography-by-geography, and we have a heightened monitoring system in place, for example, for 2-wheelers, used vehicles, MSME working capital, and monitoring has been tightened, and with strong provisioning and capital buffer, this provides us a very meaningful absorption capacity for any second-order impacts.

**Moderator:** The next question is from the line of Jitark Shah from Union Mutual Fund.

**Jitark Shah:** Yes. Okay. So sir, I just have 2, 3 questions. So first, on the ROA front. Sir, I understand what you're trying to say is that since secured book will grow at a much faster pace, there could be some pressure on the yield. But at the same time, it will be likely compensated by the cost of

funds, and that's why the margins are going to remain steady state. Is that the correct understanding?

**Sanjeev Nautiyal:** Yes, please.

**Jitark Shah:** So then on what are the levers where from current state of 2% ROA, you are guiding for about 1.6% ROA for FY27. So what could really drive ROA compression from the current exit ROA? That's my first question. And the second question is since earlier, you had guided for a 70-30 mix between secured and unsecured piece over the next 5 years with almost 5% of change.

So now will there be any change in that time lines considering the RBI's decision? And will there be any change in strategy in that? And lastly, from the INR2,000 crores cap raise front, would you have -- I mean, could any sort of inorganic acquisition of secured book be on the cards? So these are my 3 questions, sir.

**Moderator:** Excuse me sir. Sir, if you are speaking, I suppose you are on mute.

**Jitark Shah:** Yes, yes, I can hear you.

**Sanjeev Nautiyal:** So, we have no plans at this point in time for any inorganic acquisition. And we are maintaining the 1.6% at this point in time. These are the numbers that we have worked out. If there is any upside, it could be possible.

**Jitark Shah:** Okay. So basically, if I understand correctly, the margins are going to remain steady state. And so you are just guiding it on your estimates, the 1.6%, but the current opex and credit costs also, you don't see any material deterioration that could lead to any compression at an ROA level, right?

**Sanjeev Nautiyal:** No.

**Jitark Shah:** Would that be the right understanding?

**Sanjeev Nautiyal:** Yes, please. Yes.

**Jitark Shah:** Okay. And sorry, sir, I just missed this part on your time lines about the 70-30 mix between secured and unsecured, if you could just repeat that.

**Sanjeev Nautiyal:** So we have broadly constructed our secured and unsecured ratio for this year. For the remaining years, which is '27, '28, '29, we are still in the process of deciding the configuration, and we would perhaps come back to after a short period.

**Jitark Shah:** Sure. Got it. And sir, sir, just trying to understand this one thing. So you already have a significant CAR in your book. So you are fairly well capitalized. Then what would be the rationale behind having a fresh capital raise since you are already well capitalized, and you can grow organically also this well. So just trying to understand the logic behind that.

**Sanjeev Nautiyal:** So we have already guided for a 25% growth on the asset side per year. And our Board mandated threshold is 20%. We also need growth capital to fund our appetite for the next 3 years. And therefore, we think this would be the right time to fund ourselves and to be replete with the capital that we would need for our -- fuelling our growth for the future.

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

**Ashlesh Sonje:** Two or 3 questions from my side. Firstly, on the CASA deposit book, good to see the progress there in spite of cutting rates. The question is, do you see any further scope to cut the pricing on TDs as well as SA deposits, and get them closer to where the mid-tier banks are? That is one.

Secondly, on the MFI book, is there room to increase the pricing there because we are still, let's say, at the lower end of the pricing of the market in general? And the last one is a data keeping one. Can you share the MFI slippage for the quarter?

**Hitendra Jha:** Ashlesh, this is Hitendra. So on the savings account side, we have changed some rates, interest rate on higher buckets, okay? So we are expecting close to 25 to 30 bps reduction on SA cost of fund. We have no plan as of now to reprice our retail TD or bulk TD. We will wait and watch this space, and we'll be competitive in the market. If anything happens in the market, we recalibrate. But as of now, we have no plan to change our interest rate on deposits.

**Vibhas Chandra:** Ashlesh, this is Vibhas. On similar lines, as Hitendra mentioned, in the MFI book, we are also not thinking of changing interest rates at this point in time. We want to hold on to what we are charging at this point in time.

**Ashlesh Sonje:** Understood, sir. And if you can share the slippages number for MFI for the quarter?

**Gaurav Sah:** Slippages for MFI. This is Gaurav. Slippages for MFI regards -- around for group loan individual and put together would be in the range of INR130 crores.

**Moderator:** The next question is from the line of Rajiv Mehta from Yes Securities.

**Rajiv Mehta:** Very good numbers. I just have one question about this overall mix change in the current year. So we demonstrated pretty strong recovery in microfinance business in recent quarters. Now we're talking about growing the book by 8% to 9% in the next year, FY27. So how would you restrain growth?

I mean, we have a seasoned leadership team that has navigated the cycle very well. And you also have a large on-ground team in MFI. So then would you just limit customer acquisition to pull down growth or to pull down the current momentum? And if you do that, wouldn't it be difficult to retain good people in the microfinance business?

**Ashish Goel:** Rajiv, so we were slow. Actually, we were degrowing our microfinance book post Guardrail 1.0. Even after Guardrail 2.0, we -- our customer base was degrowing. So the growth of this year would have 2 components. One, the new customer acquisition and the second is the repeat loans. Now most of the repeat loans that -- most of the customer acquisition that we have done would not be eligible for repeat loans.

Which is why you will see a slightly lesser growth this year as compared to the last -- as compared to what it could have been if we had done customer acquisition in the last cycle. So that is the reason why you will see a slightly lower growth. It may not cross maybe 10%, 10%, 11%, single digit -- a higher single digit means around 9%, 10%. So it is on account of the repeat loans that this is happening.

**Rajiv Mehta:** No. But Ashish, you will also have a lot of place or space for acquiring new customers as the guardrails impact has got kind of -- is going behind us and the eligibility of the customer pool who were restricted by the guardrail in the industry, once they come out of that eligibility become eligible for loans. Then, I mean, the obvious lever to kind of not grow faster is to limit the new customer acquisition.

**Ashish Goel:** So Rajiv, the way we've been looking at growing our business is approximately 25-odd percent new-to-bank customers and 75% repeat. We don't see a very big swing there in favour of the new-to-bank in the coming financial year. A higher growth would mean that we may have to actually cross 40%, 45% new-to-bank. That's something that we will be a little cautious about doing. Maybe 25% could go up to 30%, but certainly not more than that.

**Moderator:** The next question is from the line of Shailesh Kanani from AMSEC.

**Shailesh Kanani:** Yes. Sir, just my first question, the more clarification on the ROA guidance. Are we building in any contingency buffer to be built up next year, that is FY27, so that when ECL implements happen, we can kind of apply or reapply for the universal banking license?

**Ashish Goel:** By contingency buffer, you would say additional provisions, Shailesh?

**Shailesh Kanani:** Yes. Yes. Yes. Strengthening of the balance sheet more.

**Ashish Goel:** No, we don't have a plan to that effect, Shailesh for the next financial year.

**Shailesh Kanani:** Okay. And okay, the second question was with respect to SA bucket. So I remember Jan, you had indicated that we had taken cuts in the SA bucket and you alluded to that as well, right? But when I see the cost of the funds, the cost of SA remains to be quarter-on-quarter flattish at 5.2%. So just wanted to understand that part. I guess even in April, we have taken one more SA rate cut, right? So why this is not getting reflected in the numbers?

**Hitendra Jha:** So our -- am I audible? Hitendra here. So our cost of fund, if you look at SA exit March was 5.21%, okay? And what rate we have changed in April, we'll see impact coming now. So around 25 to 30 bps reduction will happen as we go along from here.

**Shailesh Kanani:** So we had taken on in the month of Jan as well, right, if my memory serves, right?

**Hitendra Jha:** No, no. This rate cut, what we have taken, I'm talking in April.

**Shailesh Kanani:** Okay. In Jan, we had not taken the SA rate cut?

- Hitendra Jha:** SA, we had taken that advantage. If you look at January cost of fund was around -- sorry, it was 5.25, which came down to 5.20.
- Shailesh Kanani:** Okay. So it's 5 bps came. A minimal impact over the...
- Hitendra Jha:** That's right.
- Shailesh Kanani:** Okay. Fair enough.
- Hitendra Jha:** So this time, we have taken rate cut on a meaty book where the maximum book lies close to 33% of my book lies in INR10 lakhs to INR10 crores. There, we have reduced our rate. So we'll see higher impact this time.
- Moderator:** The next question is from the line of Mehul Panjuani from 40 Cents.
- Mehul Panjuani:** Most of my questions have been answered, but I have just one correction -- I mean one confirmation because I may have missed something. Sir, can our secured lending continue to grow at 35% to 45% while maintaining a low GNPA?
- Ashish Goel:** So the growth of our secured book is coming from both our established products, which is affordable housing and MSME. And new businesses, which we have started in the last 3 years, micro mortgages, gold loans, 2-wheeler, agricultural loans. We've also initiated -- we've also built a book on working capital. That's about INR600 crores, INR700 crores already. So when we are building our book, the newer customer acquisition is a very diversified income profile.
- Working capital book for us is about INR1 crore average ticket size. LAP is about INR60 lakhs, INR65 lakhs. And then there are the other businesses, 2-wheeler, micro mortgages, which are at the lower end. So on the secured side, as far as GNPA is concerned, while the book is now seasoning, but at the same time, we've put an adequate guardrails around maintaining our collection efficiencies.
- So micro mortgages, 2-wheeler, all of them are above 99.5% on Bucket-X. Affordable housing, MSME, they are all at 99.77%, 99.75%. So in terms of GNPA, I think we are broadly maintaining the asset quality as far as the secured benchmarks are concerned.
- Mehul Panjuani:** Sir, so can we expect to grow in that range, 35% to 45%?
- Ashish Goel:** Yes, 40% is something that we have already planned. So 10% on unsecured, 40% on secured and therefore, 25% average.
- Mehul Panjuani:** Right. And sir, my next question is on the time line for going back to RBI on the banking license. Do we have any -- I mean, I may missed the commentary, but if you can help me or say anything.
- Sanjeev Nautiyal:** As in the initial part, I had enumerated that the Reserve Bank of India has only given us the guidance to improve further the secured, unsecured ratio. And that is not a number that RBI guides or directs. So we will have to see how much this ratio can be delivered. And what is the appropriate time, we will have to sit down and decide and build a plan. And based on an

appropriate ratio being achieved by us with a further guidance in the next few years, we'll be in a position to take the call. Obviously, that's not going to happen immediately.

**Mehul Panjuani:** Sir, what does this do to our 2 to 3 years road map? Because we may have some road map based on the license being wanted and now that -- I'm not saying it's a setback, but I'm just trying to understand how -- what will be a change in strategy for the next 3 years?

**Sanjeev Nautiyal:** For '27, we have given the guidance. And as I said, we are in the process of building the plan for the next 2, 3 years. And we would then, after finalization of our plan, we would certainly sharing that with you all in some -- at some point in time in the very near future.

**Mehul Panjuani:** Right. So can we expect in the next quarter...

**Moderator:** I'm sorry to interrupt you, sir. Sir, I would request you to kindly re-join the queue for follow-ups, please. There are others who are waiting for their turn. We'll take the next question from the line of Sagar Shah from Spark PWM.

**Sagar Shah:** Yes. First of all, congratulations to the entire team of Ujjivan for posting an excellent set of earnings, actually. Now my -- sir, first question was related to our opex. You highlighted in your opening commentary that we are guiding for around 20% increase in the branches, actually. As of March '26, we are at around 776 branches. So it is safe to assume that we are likely to open at around 140 branches in the next year or maybe in the next 2 years. Can you please clarify that?

**Sanjeev Nautiyal:** Broadly, yes.

**Sagar Shah:** So, I mean, in FY27, we are going to open 140 branches?

**Sanjeev Nautiyal:** Yes, please.

**Sagar Shah:** Okay. Fine. And my second question, sir, was related to our deposit growth. Deposit growth has lagged in this quarter by around 200bps, actually, as compared to our advances growth. Now going ahead, are you guiding even for a very -- your guidance for CASA is at around 30%. So we are not assuming very strong growth in CASA, even though this quarter has been actually very good on the number front.

Now my question was related to that, that how are we seeing basically on the TD growth? Are you assuming at least a 25% plus growth in this quarter? And what exactly measures have you taken? Are you banking on some new geographies for such kind of healthy growth? Or what is your strategy going on this on the liability front?

**Hitendra Jha:** Sagar, so for this 30%, what we said was the CASA ratio, not the CASA growth rate.

**Sagar Shah:** Yes, sir. CASA ratio. Yes.

**Hitendra Jha:** Okay. So see, our deposit book will grow in line with our credit growth, okay? We will not lack here. And if you look at our growth in deposit has been steady since July, August, okay? We

had deliberately slowed down on deposit for 3 months because we had some excess liquidity. Thereafter, we are seeing a very healthy growth of deposits, and our focus will be continue to book a retail TD book than a bulk side. I hope that answers your query.

**Sagar Shah:** Yes, yes, sir, certainly. Now my last question, sir, was related to asset quality. Asset quality in terms of GL, now the entire microfinance segment is doing well, and it's actually rebounding. And I hope Ujjivan does well, especially in IL loan. So, is it safe to assume that the last 2 years, the kind of growth that we got in the secured front?

And that is why our ratio between secured and unsecured was relatively very quick towards secured growth. So now, over the next 2 years till FY28, is it safe to assume that it will be -- our book will look like 55-45, 55 towards secured and 45 towards unsecured, what can be the ratio that you can drive for, sir?

**Ashish Goel:** So, as Mr. Nautiyal had initially said in his comments, we will end March '27, somewhere in the range of 56-44. So yes, while you said 55-45, that is roughly the number that was suggested earlier.

**Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Darshil Jhaveri from Crown Capital.

**Darshil Jhaveri:** Firstly, congratulations on a great set of results, sir. Sir, sorry to harp upon the question that a lot of people have asked. But we are saying our NIM growth, NIMs will be around the same level. Our opex will be around the same level. Our credit cost is similar to Q4. Then why will our ROA decrease from 2% to 1.6%?

I'm just trying to find that a bit like hard to reconcile, right, right? So right, sir, like if everything is the same, then ROA should be similar to Q4, right? Like -- is there anything wrong with that assumption, sir?

**Siddharth Bharadwaj:** Darshil, this is Siddharth here. Darshil, as Mr. Nautiyal has -- you rightly said, this is the fourth of the time you've got this question on the call. What you are not catching right now is the fact that we are being conservative on both our opex and our credit cost. And our guidance is coming from that place.

We do appreciate that there are certain dynamics, which may play out on a couple of our key products, and covering for eventualities is where you're seeing the ROA at the guide level. We will certainly update you as we see any meaningful change in this particular number. We appreciate the sensitivity of the same, and that's where we would like to leave it for now.

**Darshil Jhaveri:** Fair enough, sir. And just wanted to understand, like a few of your peers were saying, that they are seeing some kind of intense competition in terms of deposits. So, if we feel that there might be a 30 basis points improvement that we are hoping for, they can come under some kind of pressure because of the deposits. You know our deposits are just a bit hard to get right now. What are your comments on that, sir?

**Hitendra Jha:** Hitendra here. As of now, we don't see any stress on deposit side. It is growing as per our expectation. And going forward, we will maintain the same level of growth.

**Moderator:** As that was the last question for today. I would now like to hand the conference over to Mr. Sanjeev Nautiyal, MD and CEO, for closing comments. Thank you, and over to you, sir.

**Sanjeev Nautiyal:** Once again, thank all the participants for their time and interest. We at Ujjivan SFB remain focused on delivering on profitable growth while we build an enduring institution. Please reach out to our IR team for any queries that you may have. I would finally like to give the guidance of NIM around 8.5%. The opex to ATA ratio would be 20 to 30 basis points above financial year '26 due to the investments that we are making for the future growth. And thereafter, this de would decrease. Hence, the base case ROA of 1.6%. Thank you. Thank you very much. .

**Moderator:** Thank you, members of the management. On behalf of Ambit Capital Private Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.