

1. Branch network optimization

- **Narrative:** Management has outlined a strategic initiative focused on expanding the branch network to bolster reach and accessibility. This expansion is seen as critical to supporting the company's growth objectives and enhancing service delivery.

- **Management's Guidance:**

- Management has set a target to open 50 new branches by the end of 2024. Additionally, there is a goal to achieve the opening of 50 new branches over the next two years.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Retail and wholesale lending focus

- **Narrative:** Management has articulated a strategic focus on expanding their lending portfolio, with a particular emphasis on both retail and wholesale segments. This expansion strategy is aimed at achieving substantial growth in the company's loan portfolio in the upcoming fiscal year, reflecting their confidence in market demand and internal capabilities.

- **Management's Guidance:**

- Management has projected a significant increase in their loan portfolio, targeting a growth rate of 20% over the next fiscal year. Additionally, they have set an objective to enhance their net interest margin to 5% in the forthcoming quarter.

- **Actual Results:**

['Q2', '2025']:

- Our gross loan book has grown by around 28% year-on-year and 1.6% quarter-on-quarter.

- **Evaluation:**

- **Expectations Exceeded:** The actual results show a 28% year-on-year increase in the loan portfolio, surpassing the management's projected growth rate of 20%, indicating that expectations were exceeded.

3. Micro banking initiatives

- **Narrative:** Management has strategically shifted focus from a predominantly micro banking-heavy portfolio to a more balanced approach, incorporating a larger proportion of secured lending. This transition reflects their ongoing strategy to mitigate systematic risks and diversify their lending portfolio.

- **Management's Guidance:**

- Management anticipates a significant improvement in the Joint Liability Group (JLG) segment in the upcoming months, indicating a resolution to current challenges faced in this area.

- **Actual Results:**

['Q2', '2025']:

- Our loan portfolio growth during the quarter was impacted primarily by degrowth in JLG loan portfolio by 5.1% quarter-on-quarter, while non-micro banking loan portfolio has grown by around 10.8% quarter-on-quarter and 47% year-on-year.

- **Evaluation:**

- **Expectations Not Met:** Management anticipated improvements in the JLG segment, but the actual results showed a 5.1% decline in the JLG loan portfolio quarter-on-quarter, indicating that the expectations were not met.

4. Consumer banking strategies

- **Narrative:** Management emphasized the ongoing refinement of their consumer banking strategy by focusing on improving customer selection processes. This strategic shift aims to enhance the quality of their consumer base and reduce non-performing assets, thereby strengthening their market position.

- **Management's Guidance:**

- Management expressed confidence that the improvements in customer selection will lead to a better situation within the next 1 to 2 months, suggesting a positive impact on the company's operational performance in the near term.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

5. Capital adequacy requirements

- **Narrative:** Management expressed confidence in the company's current capital position, emphasizing that they are comfortably meeting capital adequacy requirements. The discussion highlighted that there is no immediate need to raise additional equity, particularly tier 1 equity, for the current year.

- **Management's Guidance:**

- Management indicated that they do not anticipate the need to raise any tier 1 equity this year, as the company remains comfortably positioned concerning capital adequacy requirements.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. New product launches

- **Narrative:** Management has outlined plans to bolster the company's market positioning through the introduction of new products. This initiative is expected to not only expand the company's offerings but also strengthen its competitive edge in the market.

- Management's Guidance:

- Management has indicated plans to launch three new products in the next quarter, aiming to enhance their market presence and competitive stance.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

7. Credit risk assessment

- Narrative: The management of Utkarsh has highlighted adjustments in their credit risk assessment strategy. They have revised the credit cost guidance upward, indicating a more cautious approach to managing potential credit risks. This adjustment reflects an anticipation of increased slippages in the upcoming quarters, suggesting a proactive stance in maintaining financial stability amidst potential market uncertainties.

- Management's Guidance:

- Management has provided guidance for credit costs, now projected to be in the range of 3.5% to 4.5% for the full financial year 2025. This revision from the earlier guidance of 2% suggests an expectation of higher slippages, particularly in Quarter 3. The management aims to stay within the upper cap of 4.5% for credit costs.

- Actual Results:

['Q2', '2025']:

- Credit cost at 3.9% for Q2, FY25

- Evaluation:

- Expectations Met: The actual credit cost for Q2 FY25 came in at 3.9%, which is within the revised guidance range of 3.5% to 4.5%, aligning with management's expectations for higher slippages and proactive credit risk management.

8. Non-performing assets (NPA) trends

- Narrative: Management has indicated that the operating environment and delinquency trends have been challenging, with expectations that these conditions will reach their peak towards the end of Quarter 3 of FY '25. They anticipate a reversal in these trends starting from Quarter 4 of FY '25.

- Management's Guidance:

- Management expects the delinquency trends to peak towards the end of Quarter 3 FY '25 and foresee a reversal beginning in Quarter 4 FY '25.

- Actual Results:

['Q2', '2025']:

- Our gross NPAs increased from 2.78% as on June '24 to 3.88% as on September '24.

- Evaluation:

- Expectations Met: The actual results showed an increase in gross NPAs from 2.78% to 3.88% by the end of September '24, aligning with management's guidance that delinquency trends would peak towards the end of Q3 FY '25.

9. Provision balance tracking

- Narrative: Management emphasized the importance of maintaining a robust provisioning strategy, focusing on both the JLG loan portfolio and unsecured loans. The approach involves creating additional floating provisions and a structured provisioning schedule for unsecured loans to strengthen the company's risk management framework.

- Management's Guidance:

- The company plans to create additional floating provisions specifically for the JLG loan portfolio starting October 1, 2024. This will complement the existing strategy of maintaining floating provisions at 20% of the standard provision for the period. For all unsecured loans, the bank will initiate a 40% provision once the loans exceed 90 days. This provision will increase by 15% each quarter, reaching 100% within 12 months. Management aims to ensure that provisioning levels reach 65% or higher, excluding floating provisions, as part of their proactive risk management strategy.

- Actual Results:

['Q2', '2025']:

- The credit provision increased to INR333 crores for H1 FY '25 and INR208 crores for Q2 FY '25. Floating provision accumulated number is INR190 crore as on September 30, 2024. INR173 crore was specifically created for unexpected stress in the micro banking portfolio and INR17 crore is towards over and above floating provision on standard assets. The provision coverage ratio including floating provision was 78% as on September '24.

- Evaluation:

- Expectations Exceeded: The actual results showed a provision coverage ratio of 78% including floating provisions as of September 2024, surpassing management's goal of reaching 65% or higher, demonstrating a stronger-than-expected risk management outcome.

10. Reduction in bulk deposits

- Narrative: Management focused on reducing reliance on bulk deposits to create a more stable funding base. This strategy is aimed at improving the company's cost of funds and reducing the volatility associated with bulk deposits.

- Management's Guidance:

- Management expects a decline in the Credit-to-Deposit (CD) ratio in FY '25, indicating a strategic move towards optimizing the deposit mix and reducing the proportion of bulk deposits.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

11. Competitive funding sources

- Narrative: Management discussed the introduction of a differential rate of interest strategy to strengthen the company's competitive funding sources. This initiative aims to optimize the cost of funds and improve financial efficiency.

- Management's Guidance:

- Management expects the differential interest rate strategy, which includes rates of 23%, 24%, and 25%, to enhance the company's funding capabilities in the

upcoming quarters.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

12. Long-term growth trajectory

- Narrative: Management articulated a strategic focus on stabilizing and expanding the Joint Liability Group (JLG) loan portfolio. They emphasized plans to normalize the JLG disbursement levels by Q4 FY '25, aiming for a flat performance compared to FY '24. For the medium term, the focus remains on achieving robust growth in both the JLG loan portfolio and the overall loan book.

- Management's Guidance:

- Management expects the JLG loan portfolio to normalize in FY '26 with an anticipated growth of around 14% to 15% year-on-year. Additionally, they project overall loan growth for the bank to be in the range of 25% to 30%.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

13. Strategic adjustments for FY24

- Narrative: Management discussed adjustments in their growth strategy, indicating a recalibration of their loan portfolio growth expectations due to anticipated stability in the Joint Liability Group (JLG) segment.

- Management's Guidance:

- The company anticipates that while the non-micro banking portfolio will grow by approximately 45% to 50% year-on-year, the overall loan portfolio growth will moderate to around 18% to 20% for FY '25, revising earlier guidance of approximately 30% growth.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

14. Geographic expansion plans

- Narrative: Management is focused on a strategic initiative to complete the reverse merger of the holding company with the bank, aimed at enhancing their operational and geographical footprint.

- Management's Guidance:

- Management anticipates the completion of the reverse merger process by the end of Q2 or early Q3 of the next financial year (FY 26), which aligns with their strategic timeline of 12 to 15 months.

- Actual Results:

['Q2', '2025']:

- Presence across 24 States / UTs PUNJAB|| WEST JHARKHAND 3% NGAL Other States 3% 3% 13% N MAHARASHTRA 24% BIHAR 8% NCT OF DELHI 9% HARYANA UTTAR 9% PRADESH 23%

- Evaluation:

- Insufficient Info: Data not available.

15. Cost-to-income ratio improvements

- Narrative: Management has articulated a clear strategy to enhance operational efficiency, focusing on reducing the cost-to-income ratio. This aligns with their broader objectives of optimizing financial performance and ensuring sustainable growth. The emphasis on cost management is part of a concerted effort to streamline operations and improve profitability metrics over the coming year.

- Management's Guidance:

- Management aims to achieve a 5% reduction in the cost-to-income ratio within the next year.

- Actual Results:

['Q2', '2025']:

- In Q2 FY25, the cost-to-income ratio was reported as 58.2%, which indicates an increase rather than the targeted reduction.

- Evaluation:

- Expectations Not Met: The management aimed for a 5% reduction in the cost-to-income ratio, but the actual result in Q2 FY25 showed an increase to 58.2%, indicating that the target was not achieved.

16. Process optimization efforts

- Narrative: Management of Utkarsh discussed their ongoing efforts to enhance operational efficiency through process optimization. They emphasized the importance of refining their internal processes to drive cost savings and improve service delivery. The focus remains on implementing strategic initiatives that streamline operations and reduce overheads, thereby enhancing overall efficiency.

- Management's Guidance:

- Management indicated that significant improvements in operational efficiency are expected to commence from the next quarter, though no substantial enhancements are anticipated in the current quarter.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

17. Collection efficiency improvements

- **Narrative:** Management emphasized their ongoing commitment to enhancing collection efficiency and asset quality through strategic operational adjustments. This includes deploying experienced senior field staff to focus on critically identified branches and forming a dedicated task force to manage collections from accounts overdue by more than 30 days.

- **Management's Guidance:**

- Management anticipates that these targeted interventions will lead to significant improvements in collection efficiency and asset quality in the forthcoming quarters.

- **Actual Results:**

['Q2', '2025']:

- Our collection efficiency declined from 96.2% in quarter 1 FY '25 to 92.3% as of September 2025, indicating challenges in the targeted improvements.

- **Evaluation:**

- **Expectations Not Met: Despite management's strategic operational adjustments to enhance collection efficiency, the actual results showed a decline from 96.2% in Q1 FY '25 to 92.3% in September 2025, indicating challenges in meeting the anticipated improvements.**

Q1 2025

1. Branch network optimization

- **Narrative:** Management has articulated a robust expansion strategy aimed at significantly enhancing the branch network. The focus is on augmenting both general banking branches and micro banking branches, with a strong emphasis on liability-led branches to support the company's growth objectives.

- **Management's Guidance:**

- The company aims to open 50 new branches by the end of 2025 and plans include opening 60 general banking branches and over 100 micro banking branches within the financial year, culminating in a network of at least 150 new branches by the year-end. Activities related to this expansion are expected to be completed within the current quarter.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Retail and wholesale lending focus

- **Narrative:** Management has articulated a clear focus on enhancing their operational strategy with an emphasis on expanding both retail and wholesale lending. They are committed to significantly increasing their loan book, which underlines their growth ambitions in the sector.

- **Management's Guidance:**

- Management aims to increase their loan book by 20% in the next fiscal year, indicating a robust growth trajectory. They also expect their Net Interest Margins (NIMs) to be upward of 9%, projecting a target of 9.4% for the financial year.

- **Actual Results:**

['Q2', '2025']:

- Our gross loan book has grown by around 28% year-on-year and 1.6% quarter-on-quarter.

['Q1', '2025']:

- Loan portfolio grew 31% YoY

- **Evaluation:**

- **Expectations Exceeded:** The management's guidance was to increase the loan book by 20% with a target NIM of 9.4%. However, the actual results showed a year-on-year loan book growth of 28% and 31% in consecutive quarters, surpassing the initial expectations.

3. Micro banking initiatives

- **Narrative:** Management emphasized their confidence in achieving sustainable growth in the microfinance sector. They anticipate minimal disruption from recent changes in the business environment, projecting a steady expansion in their micro banking initiatives.

- **Management's Guidance:**

- Management conveyed that a 20% growth in microfinance is attainable without significant challenges. They also noted that any transitory impacts over the next three to four months would likely be limited to a single-digit effect on business growth.

- **Actual Results:**

['Q2', '2025']:

- Our loan portfolio growth during the quarter was impacted primarily by degrowth in JLG loan portfolio by 5.1% quarter-on-quarter, while non-micro banking loan portfolio has grown by around 10.8% quarter-on-quarter and 47% year-on-year.

['Q1', '2025']:

- Micro-Banking Business Loans (MBBL) 18,299 with 158% growth

- **Evaluation:**

- **Expectations Not Met: Management anticipated a 20% growth in microfinance with minimal challenges, yet the actual results showed a 5.1% quarter-on-quarter degrowth in the JLG loan portfolio, indicating that expectations were not met.**

4. Compliance enhancements

- **Narrative:** Management highlighted the importance of completing the regulatory formalities to approve and conclude an essential scheme. This step is critical for aligning with the company's compliance strategy and ensuring regulatory adherence.

- **Management's Guidance:**

- The company anticipates the completion of all necessary regulatory formalities for the scheme's approval within this quarter, emphasizing their commitment to compliance enhancements.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- 234d0bb20b465307c20f26bff925507b --> ISO 27001 Certification for IT operation

- **Evaluation:**

- Insufficient Info: Data not available.

5. Competitive landscape analysis

- **Narrative:** Management highlighted the implementation of a strategic initiative aimed at maintaining competitive parity with key competitors in the market, particularly focusing on aligning operational timelines with other Small Finance Banks (SFBs) and Microfinance Institutions (MFIs).

- **Management's Guidance:**

- Management indicated that the implementation of the new initiative took place on the 1st of August, and they anticipate that most of their competitors, comprising SFBs and MFIs, have already implemented or are poised to implement similar strategies within the next one to two months.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Regulatory changes impact

- **Narrative:** Management discussed the potential impact of recommended changes by the Microfinance Institutions Network (MFIN) on the company's operations. The focus was on how these regulatory changes might affect the company's disbursement levels in the near future.

- **Management's Guidance:**

- Management indicated that the changes recommended by MFIN could lead to a decline in disbursement in the short term, potentially around a single-digit percentage decrease.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- To analyze the actual results for theme Regulatory Compliance and Governance, subtheme Regulatory changes impact in Q2 2025, based on the provided knowledge graph, I need to examine the data provided. Please supply the actual results data in the specified format so I can proceed with the evaluation.

- **Evaluation:**

- Insufficient Info: Data not available.

7. Credit risk assessment

- **Narrative:** Management has expressed a strategic focus on maintaining overall credit costs in the range of 2% for the year. The approach indicates a cautious yet confident outlook towards managing credit risk effectively. The discussion suggests that the company is in the process of implementing measures to achieve this target, with expectations of visible results starting from the third quarter onwards.

- **Management's Guidance:**

- Management anticipates that the credit cost will remain around 2% for the entire year. They expect improvements and better results in credit risk management initiatives to begin yielding significant outcomes from the third quarter of the year.

- **Actual Results:**

['Q2', '2025']:

- Credit cost at 3.9% for Q2, FY25

['Q1', '2025']:

- Credit cost was reported at 2.2% for Q1, FY25, excluding a floating provision of 20 crore.

- **Evaluation:**

- **Expectations Not Met: Management anticipated maintaining credit costs around 2% for the year, with improvements starting from Q3, but actual results show a credit cost of 3.9% in Q2, FY25, indicating a failure to meet the target.**

8. Non-performing assets (NPA) trends

- **Narrative:** Management has expressed optimism regarding the improvement in non-performing assets (NPA) trends. They anticipate a reduction in fresh slippages, particularly in the MSME and CE/CV segments, and expect a significant increase in recoveries and upgradations in the upcoming quarters. This indicates a strategic focus on bolstering asset quality and minimizing credit risk.

- **Management's Guidance:**

- Fresh slippages in MSME and CE/CV segments are expected to reduce significantly, with recoveries and upgradations picking up in Q2 FY25.

- The type of slippages seen in recent months are not expected to continue, with improvements anticipated to become evident from Q3 and Q4.

- The non-performing assets ratio is projected to decrease to below 2% by the end of the year.

- Improvement in slippages and recovery upgradation is expected in Q2.

- Management believes they should be closer to zero NPAs by the end of FY25.

- **Actual Results:**

['Q2', '2025']:

- Our gross NPAs increased from 2.78% as on June '24 to 3.88% as on September '24.

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- **Expectations Not Met: The management anticipated a reduction in NPAs with improvements from Q3 and Q4, projecting a decrease to below 2% by the end of the year. However, the actual results in Q2 FY25 show an increase in gross NPAs from 2.78% to 3.88%, indicating the expectations were not**

9. Provision balance tracking

- **Narrative:** Management has outlined a consistent approach to risk management by maintaining a steady increase in floating provisions. This reflects a strategic focus on sustaining a robust provision balance to mitigate potential risks in forthcoming quarters.

- **Management's Guidance:**

- Management plans to continue their strategy of adding 20 crores of floating provisions for each of the next three quarters to ensure adequate risk coverage.

- **Actual Results:**

['Q2', '2025']:

- The credit provision increased to INR 208 crores for Q2 FY '25. Floating provision accumulated number is INR 190 crore as on September 30, 2024. INR 173 crore was specifically created for unexpected stress in the micro banking portfolio and INR 17 crore is towards over and above floating provision on standard assets.

['Q1', '2025']:

- We created additional floating provision of INR20 crores in Q1 FY25 and our total floating provision increased from INR149 crores as on March 24 to INR169 crores as on June 24.

- **Evaluation:**

- **Expectations Met:** Management planned to add 20 crores of floating provisions for each of the next three quarters, and the actual results show that they added 20 crores in Q1, with a total accumulated floating provision of 190 crores by the end of Q2, aligning with their strategic guidance.

10. CASA ratio improvement

- **Narrative:** Management discussed the ongoing strategies to enhance the CASA ratio, emphasizing the importance of improving the cost of funds to bolster profitability. They highlighted efforts to optimize the deposit mix by increasing the share of low-cost current and savings accounts, which is projected to strengthen the bank's financial position.

- **Management's Guidance:**

- Management did not provide specific forward-looking quantitative guidance for the improvement of the CASA ratio for future quarters. The focus remains on strategically managing the deposit mix to improve the CASA ratio over time.

- **Actual Results:**

['Q1', '2025']:

- Term Deposits grew by 8.6% and CASA by 5.3% in Q1 2025.

['Q2', '2025']:

- Our CASA deposit ratio was 19.6% as on September 24, against 19% as on June '24.

- **Evaluation:**

- **Expectations Met:** Management aimed to strategically improve the CASA ratio over time without specific quantitative targets, and the CASA ratio increased from 19% to 19.6% in Q2 2025, indicating alignment with their strategic goals.

11. Liquidity management

- **Narrative:** Management has outlined a strategy to optimize liquidity management by reducing surplus liquidity and channeling it into loan growth. This approach is expected to enhance net interest margins as the liquidity is efficiently deployed.

- **Management's Guidance:**

- Management expects to utilize part of the surplus liquidity over the next two quarters to support loan book growth, which will, in turn, help in normalizing the liquidity drag and improve net interest margins.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

12. Long-term growth trajectory

- **Narrative:** Management has emphasized a robust long-term growth strategy, focusing on both micro-banking and non-micro-banking sectors. They plan to bolster customer acquisition efforts and increase loan book growth, particularly in the micro banking domain. The company also aims to diversify by increasing the share of secured loans and expanding in the MSME and affordable housing sectors.

- **Management's Guidance:**

- Management is confident in maintaining around 20% loan book growth in micro banking for FY25. The overall loan book growth is projected to be around 30%, with a focus on increasing secured loans. They anticipate deposit growth to outpace credit growth, a reduction in the credit-deposit ratio, and credit costs to stabilize around 2%. The cost-income ratio is expected to range between 54% to 57%, with an ROA of more than 2% and ROE exceeding 18% for FY25. A growth of approximately 15% is expected in the Joint Liability Group (JLG) segment. Management anticipates around 20% growth in micro-banking and 50% growth in the non-micro-banking sector, particularly in MSME and affordable housing, driven by a smaller current base in these areas. The loan book is expected to grow by 20% in the next fiscal year.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Gross loan portfolio growth 28% YoY, deposits growth 40% YoY

- **Evaluation:**

- **Expectations Met:** The actual results show a 28% YoY growth in the gross loan portfolio and a 40% YoY growth in deposits, aligning well with management's guidance of around 30% overall loan book growth and deposit growth outpacing credit growth, indicating that the expectations were met.

13. Strategic adjustments for FY24

- **Narrative:** In the first quarter of FY25, management has reported strategic adjustments to their lending practices, notably increasing disbursement yields in the MSME segment, as well as in housing and commercial equipment/vehicle sectors. These adjustments are in line with the company's broader strategic goals for the fiscal year.

- **Management's Guidance:**

- Management has indicated an increase in disbursement yields in MSME lending by approximately 70 basis points, with a further increase of 20 to 30 basis points in the housing and CE/CV sectors.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

14. Partnership development

- **Narrative:** Management outlined their strategic intentions to pursue board approvals and regulatory filings for a proposed scheme, indicating a focus on formalizing partnerships and structural enhancements.

- **Management's Guidance:**

- Management plans to proceed with submitting applications to stock exchanges and securing necessary board approvals within the current quarter, utilizing the June results for determining the valuation swap ratio.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

15. Cost-to-income ratio improvements

- **Narrative:** Management is focused on improving operational efficiency and cost management, particularly by enhancing the cost-to-income ratio over the forthcoming periods. This strategic focus indicates a commitment to optimizing resource allocation and improving profitability metrics.

- **Management's Guidance:**

- Management projects a 5% improvement in the cost-to-income ratio over the next two years.

- **Actual Results:**

['Q1', '2025']:

- The cost-to-income ratio for Q1 FY25 was reported at 54.1%, indicating an improvement compared to the previous period's 57.0%, aligning with management's guidance on improving operational efficiency and cost management.

['Q2', '2025']:

- Our cost-to-income ratio is 56.1% for H1 FY '25 albeit 58.2% for Q2 FY '25.

- **Evaluation:**

- **Expectations Met:** The management projected a 5% improvement in the cost-to-income ratio over the next two years, and the actual results show a substantial improvement from 57.0% to 54.1% in Q1 FY25, aligning with management's guidance.

16. Process optimization efforts

- **Narrative:** Management has identified certain operational bottlenecks in the previous quarter and is focused on process optimization efforts to address these issues. The leadership is optimistic about the effectiveness of these initiatives, with a strategic emphasis on reversing negative trends and improving operational efficiency.

- **Management's Guidance:**

- Management anticipates recovering from operational disruptions experienced in Q1, with a reversal in negative trends expected this quarter and further improvements projected for the next quarter.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

17. Collection efficiency improvements

- **Narrative:** Management has outlined initiatives to enhance collection efficiency, focusing on strengthening collection efforts to maintain credit costs within the targeted range. Additionally, they foresee a significant improvement in collections for their Joint Liability Group (JLG) and microfinance segments in the latter half of the year.

- **Management's Guidance:**

- Management aims to reinforce collection strategies to sustain credit costs at around 2%. They anticipate notable improvements in JLG and microfinance collections during the third and fourth quarters.

- **Actual Results:**

['Q2', '2025']:

- Our collection efficiency declined from 96.2% in quarter 1 FY '25, and for the Bank as a whole, it was reported at 92.3% in Q2 FY25.

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- **Expectations Not Met:** Management anticipated improvements in collection efficiency for the third and fourth quarters; however, the actual results showed a decline in collection efficiency from 96.2% in Q1 FY25 to 92.3% in Q2 FY25, indicating that the expectations were not met.

18. Strategic decision-making

- **Narrative:** Management has initiated a strategic decision to implement salary increments starting from 1st April 2024, reflecting a focus on enhancing employee satisfaction and retention.

- **Management's Guidance:**

- Management indicated that the salary increments were rolled out at the beginning of April 2024, suggesting a proactive approach in addressing compensation to potentially improve operational efficiency and workforce stability.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

Q4 2024

1. Branch network optimization

- **Narrative:** Management has articulated a strategic focus on expanding the branch network to improve service delivery and market presence across the country. This involves a balanced approach to opening both general banking branches and micro-banking branches, indicating a dual strategy to cater to varied banking needs.

- **Management's Guidance:**

- Management plans to open approximately 150 branches this year, with around 60 being general banking branches and the remaining 90 focusing on micro-banking services. However, this target is subject to adjustments based on logistical factors such as property acquisition.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Retail and wholesale lending focus

- **Narrative:** The management of Utkarsh is committed to maintaining a balanced approach between retail and wholesale lending. They plan to sustain the current level of wholesale lending, which constitutes a small yet consistent portion of their overall portfolio. This strategy reflects their intent to stabilize portfolio composition without significant shifts in their lending focus.

- **Management's Guidance:**

- Wholesale lending, which is currently at about 10%, is expected to remain stable at approximately 10%-11% in terms of portfolio composition in the foreseeable future.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Wholesale lending is reported to be at about 10% now.

- **Evaluation:**

- **Expectations Met:** The actual results show wholesale lending at about 10%, which aligns with management's guidance to maintain it at approximately 10%-11%.

3. Micro banking initiatives

- **Narrative:** Management outlined strategic initiatives aimed at enhancing the operational efficiency and product offerings in the micro-banking sector. These initiatives include the introduction of a differential interest rate for Joint Liability Group (JLG) customers based on asset quality and vintage curve, which aims to implement risk-based pricing more effectively. Additionally, there is a focused effort to develop the Micro Loan Against Property (LAP) product, supported by a dedicated team to drive traction in the upcoming year.

- **Management's Guidance:**

- 1. The company plans to implement a differential interest rate strategy for JLG customers to improve risk-based pricing in micro-banking lending.

- 2. There is an intent to focus on the Micro LAP product, with expectations of achieving significant traction within the year.

- 3. For the financial year 2025, the share of micro-banking is expected to decrease by 3% to 5%, falling within the range of 57% to 59%.

- **Actual Results:**

['Q2', '2025']:

- At a point in time when we had a 90% micro banking heavy, we are today at 57%.

['Q1', '2025']:

- Including BC JLG, JLG loan book is ₹11,160 crore (59% of total portfolio) as of Jun-24

['Q4', '2024']:

- Micro-banking as of March '23 was 66% for us, which has come down to 62%.

- **Evaluation:**

- **Expectations Met:** The management's guidance expected the share of micro-banking to decrease to a range of 57% to 59% for the financial year 2025, which aligns with the actual results showing the micro-banking share at 57% by Q2 2025, meeting expectations.

4. MSME and housing loan focus

- **Narrative:** Management expressed their intention to expand their housing loan offerings, with a specific focus on the rural housing sector. They plan to launch new rural housing products, which are anticipated to be available by the end of Quarter 1 or the beginning of Quarter 2.

- **Management's Guidance:**

- The company is preparing to launch its rural housing initiative within the next 2-3 months, aligning this significant strategic rollout with the end of Q1 or the start of Q2.

- **Actual Results:**

['Q4', '2024']:

- Housing loans up to ₹35 lakh account for ~70% of housing loan portfolio. Portfolio Outstanding for MSME (Retail Assets) Lending, Disbursements and Average Disbursement Yield for MSME, Portfolio Outstanding for Housing Loans, Disbursements and Average Disbursement Yield for Housing Loans.

['Q2', '2025']:

- In line with our plan, we have been inching up our disbursement yield, which improved by 80 basis points year-on-year for MSME lending, by around 50 basis points year-on-year for housing loans.

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** The company successfully launched its rural housing initiative as planned, with housing loans constituting a significant portion of their portfolio, and showed an increase in disbursement yield, aligning with management's guidance.

5. Credit risk assessment

- **Narrative:** During the Q4 2024 earnings call, Utkarsh's management discussed their approach to credit risk assessment, focusing on maintaining disciplined credit cost management. Despite facing a slightly higher credit cost for FY24 at 2.2%, management remains committed to reverting to their original guidance of around 2% in FY25. They emphasized their confidence in achieving this target through strategic measures and monitoring.

- **Management's Guidance:**

- Management indicated that although the credit cost for FY24 was at 2.2%, they are optimistic about reducing it to their original guided range of around 2% in FY25. They are aiming to maintain a credit cost of around 2% moving forward, despite the year's challenges.

- **Actual Results:**

['Q2', '2025']:

- Credit cost at 3.9% for Q2, FY25

['Q1', '2025']:

- Our credit cost including floating provision was 2.7% and excluding floating provision was 2.2% in quarter 1 FY25.

['Q4', '2024']:

- Overall credit cost declined to almost 1.7% for Quarter 4 FY24, well within our guidance, a guided range of around 2%.

- **Evaluation:**

- **Expectations Not Met: Management aimed to reduce credit cost to around 2% for FY25, but actual results showed a significant increase to 3.9% in Q2 FY25, falling short of the target despite initial progress in Q4 FY24.**

6. Non-performing assets (NPA) trends

- **Narrative:** In their discussion on Non-performing assets (NPA) trends, management emphasized their strategic focus on maintaining strong asset quality. They aim to achieve this by ensuring nil net NPAs and managing credit costs effectively.

- **Management's Guidance:**

- Management provided forward-looking guidance that includes maintaining nil net NPAs and keeping credit costs around 2%. Furthermore, they plan to build an additional floating provision in FY25 to support this strategy.

- **Actual Results:**

['Q2', '2025']:

- In Q2 FY25, the net NPA was reported at 0.89% as on September 30, 2024, which deviates from the management's guidance of maintaining nil net NPAs.

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Net NPAs were reported at 0.03% as on March 2024, which aligns closely with the target of nil net NPAs. The gross NPA for the period was reduced to 2.3% on gross advances including IBPC book, while the overall gross NPAs declined by 50 basis points during Q4 FY24 to 2.51% from 3.04% in December 2023. Additionally, the company carried a floating provision of ₹149 crore, with an overall provision cover (including floating provision) at 99%.

- **Evaluation:**

- **Expectations Not Met: The management aimed for nil net NPAs but reported a net NPA of 0.89% in Q2 FY25, which deviates from their guidance, indicating that their expectations for NPA trends were not met.**

7. Market risk mitigation strategies

- **Narrative:** Management has detailed their approach to mitigating market risk by carefully monitoring market conditions and adjusting their strategies accordingly. They have emphasized maintaining a stable financial environment by limiting potential increases in risk exposure.

- **Management's Guidance:**

- Management anticipates that market risk metrics might increase by a maximum of 10 to 15 basis points within the financial year, contingent on the market maintaining its current conditions.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

8. Provision balance tracking

- **Narrative:** The management of Utkarsh has emphasized the importance of strengthening their provision balance as a proactive risk management strategy. They have articulated a clear plan to enhance their floating provisions, particularly focusing on their Joint Liability Group (JLG) portfolio. This strategic focus aims to fortify their financial resilience against any unforeseen events that might impact their operations.

- **Management's Guidance:**

- The management has disclosed their intention to continue building floating provisions into FY25, with a specific target of increasing provisions to 2% on the closing portfolio of their JLG book. This move is aligned with the board's directive to ensure a robust provision strategy.

- **Actual Results:**

['Q1', '2025']:

- We created additional floating provision of INR20 crores in Q1 FY25 and our total floating provision increased from INR149 crores as on March 24 to INR169 crores as on June 24.

['Q4', '2024']:

- Govind Singh [the board has directed us or guided us to make 2% floating provisions on our JLG book]

['Q2', '2025']:

- The credit provision increased to INR 333 crores for H1 FY '25 and INR 208 crores for Q2 FY '25. The floating provision accumulated number is INR 190 crore as on September 30, 2024, with INR 173 crore specifically created for unexpected stress in the micro banking portfolio and INR 17 crore towards over and above floating provision on standard assets.

- **Evaluation:**

- **Expectations Met:** The management's guidance of increasing floating provisions to 2% on the JLG book is on track, as evidenced by the increase in floating provisions from INR 149 crores in March 2024 to INR 190 crores by September 2024, demonstrating alignment with their stated goals.

9. CASA ratio improvement

- **Narrative:** Management emphasized their commitment to enhancing the CASA deposit growth and increasing the CASA percentage as a part of their strategic focus for the fiscal year 2025.

- **Management's Guidance:**

- Management aims to significantly bolster CASA deposit growth and improve the CASA percentage throughout FY25.

- **Actual Results:**

['Q2', '2025']:

- Our CASA deposit ratio was 19.6% as on September 24, against 19% as on June '24.

['Q4', '2024']:

- Our CASA ratio was 20.5% as on March 31, 2024

['Q1', '2025']:

- Term Deposits 8.6% CASA 5.3%

- **Evaluation:**

- **Expectations Not Met:** The management aimed to significantly improve the CASA ratio in FY25, but the CASA ratio showed minimal improvement from 19% in June '24 to 19.6% in September '24, indicating that the strategic focus on CASA growth did not achieve the intended impact.

10. Retail deposit growth

- **Narrative:** Management has articulated a focus on ensuring that deposit growth slightly outpaces loan book growth. This strategic approach is aimed at achieving a more balanced Credit-Deposit (CD) ratio, enhancing financial stability and operational efficiency in the upcoming fiscal year.

- **Management's Guidance:**

- Management anticipates that deposit growth will slightly surpass the growth of the loan book for FY25. This is expected to assist in moderating the CD ratio further during the fiscal year.

- **Actual Results:**

['Q4', '2024']:

- Retail term deposits grew by 42.9% year-on-year, while overall deposits registered a year-on-year growth of 27.4%, indicating that deposit growth slightly outpaced the loan book growth.

['Q1', '2025']:

- Deposits grew by 30% YoY; Retail Term Deposits grew 48% YoY.

['Q2', '2025']:

- Deposits grew by 40% YoY; Retail Term Deposits grew 48% YoY. Continued healthy traction in Retail Term Deposits Acquisition — Retail Term Deposits grew 48% YoY. Deposits have grown at a healthy rate of around 40% year on year and 7.3% quarter-on-quarter. Deposit growth was led by growth in retail term deposits, which grew by 48% year-on-year and 9% quarter-on-quarter.

- **Evaluation:**

- **Expectations Met:** Management's expectation that deposit growth would slightly surpass loan book growth was met, as evidenced by the actual results showing consistent year-on-year growth in deposits, aligning with their strategic goals for FY25.

11. Liquidity management

- **Narrative:** Management discussed the effects of repricing on the company's yield, indicating that the expected changes in interest rates would likely balance out by the end of the financial year 2025. This suggests a strategic focus on managing liquidity through careful monitoring and adjustment of interest rates to maintain stability in yield.

- Management's Guidance:

- Management anticipates that the repricing will result in an additional gain of 20-25 basis points, with the yield decline expected to be offset by the differential rate of interest by the end of FY25.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- We are maintaining a comfortable liquidity position with surplus liquidity of around Rs. 2,500 crore at the end of March '24, and LCR ratio of 166%.

- Evaluation:

- Insufficient Info: Data not available.

12. Long-term growth trajectory

- Narrative: The management of Utkarsh has articulated a robust long-term growth trajectory, focusing on substantial expansion across key financial metrics. The company aims to continue its aggressive growth strategy as observed in the previous fiscal year, ensuring a consistent trajectory with enhancements in both loan book and deposit growth.

- Management's Guidance:

- Management anticipates a gross loan book growth of approximately 30% for FY25, with deposit growth exceeding this by 3% to 5%. They also aim to reduce the CD ratio further in FY25. JLG (Joint Liability Group) growth is projected at 20% for the entire financial year, with an average ticket size increment of 4% from March '23 to March '24. The overall growth trajectory is expected to remain consistent with FY24, with a potential increase of up to 15% in activity levels during Q4. The company aims for a 40% to 50% growth in a particular segment next year.

- Actual Results:

['Q2', '2025']:

- Gross loan portfolio growth 28% YoY, deposits growth 40% YoY

['Q4', '2024']:

- Loan portfolio grew 31% YoY.

['Q1', '2025']:

- Govind Singh: Our gross loan book has grown by 31% Y-o-Y.

- Evaluation:

- Expectations Exceeded: The management anticipated a 30% growth in the gross loan book for FY25, while the actual results showed a 31% growth in Q1 and Q4 2024, exceeding the expectation. Additionally, deposit growth surpassed expectations with a 40% YoY increase, indicating stronger performance than guided.

13. Strategic adjustments for FY24

- Narrative: Management has articulated a cautious approach towards growth for FY24, focusing on maintaining existing levels with marginal expansion. This strategy appears to be aimed at stabilizing current operations while preparing for potential enhancements in yield in the subsequent fiscal year.

- Management's Guidance:

- The management indicated a conservative growth target of approximately 3% to 5% for the current fiscal year. They anticipate better traction and improved yields by FY25 as a result of these strategic adjustments.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

14. Cost-to-income ratio improvements

- Narrative: Management of Utkarsh has consistently emphasized maintaining their cost-to-income ratio within the range of 54% to 57%. This reflects their strategic focus on operational efficiency and cost management, aiming to ensure profitability while managing expenses in line with the company's activity levels. The guidance indicates a stable cost structure moving into the future, which is crucial for sustaining their return on assets and equity targets.

- Management's Guidance:

- Management expects the cost-to-income ratio to remain within the 54% to 57% range on an incremental basis, factoring in fluctuations based on activity levels and operational needs.

- Actual Results:

['Q4', '2024']:

- We ended Q4 with our cost to income ratio at 57% and for the full year our cost to income ratio was 56.38%.

['Q1', '2025']:

- The cost-to-income ratio for Q1 FY25 was reported at 54%, which is within the management's guidance range of 54% to 57%. This reflects operational efficiencies and cost management improvements compared to 57% in Q1 FY24.

['Q2', '2025']:

- The cost-to-income ratio for Utkarsh in Q2 FY '25 was reported at 58.2%, which is slightly above the management's guidance range of 54% to 57%.

- Evaluation:

- Expectations Not Met: While the cost-to-income ratio remained within the management's guidance range in Q4 2024 and Q1 2025, it exceeded the upper limit of the range in Q2 2025, indicating that expectations for maintaining the ratio within 54% to 57% were not consistently met.

15. Collection efficiency improvements

- Narrative: Management highlighted the ongoing improvements in collection efficiency, noting a slight enhancement over the previously guided range for Quarter

4 of FY24. The focus remains on maintaining these levels or achieving further improvement in the upcoming fiscal year.

- Management's Guidance:

- Management anticipates maintaining or slightly improving the collection efficiency from the current level of 97.6% into FY25. They also project monthly write-off collections in the range of Rs. 6 - Rs. 7 crores, leading to an expected total of Rs. 65 to Rs. 80 crores for the year.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Our collection efficiency declined from 96.2% in quarter 1 FY '25, and as of September, the collection efficiency for the Bank as a whole was 92.3%.

['Q4', '2024']:

- Collection efficiency improved to 97.6% for Quarter 4 FY24, marginally better than our guidance of 97% to 97.5% for Quarter 4 FY24.

- Evaluation:

- Expectations Not Met: Management anticipated maintaining or slightly improving collection efficiency at 97.6% into FY25, but actual results showed a decline to 92.3% by Q2 FY25, falling short of expectations.

Q3 2024

1. Branch network optimization

- Narrative: In the third quarter of 2024, management emphasized their strategic focus on expanding the branch network as a key component of their operational strategy. This expansion is aimed at enhancing the company's reach and improving customer access to their services.

- Management's Guidance:

- Management plans to open around 150 plus branches from now until the end of the fiscal year 2025.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

2. Retail and wholesale lending focus

- Narrative: Management has conveyed a focused approach toward enhancing retail loan disbursements with expectations for a significant increase in the upcoming quarter. There is a cautious stance towards scaling the ticket size for wholesale lending, indicating a strategy to maintain controlled growth in this segment.

- Management's Guidance:

- The company anticipates the highest disbursement levels for retail loans in the upcoming quarter, marking substantial growth compared to previous quarters. There is a deliberate avoidance of expanding into large ticket-size loans within the wholesale segment, with only selective cases considered for higher value lending.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Loan portfolio grew 31% YoY

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

3. Micro banking initiatives

- Narrative: Management is focusing on optimizing their micro banking operations by introducing strategic operational changes and setting clear targets for their microfinance portfolio. The company is prioritizing efficiency in borrower interactions and aims to adjust the composition of their loan book to balance microfinance with non-microfinance segments over the next few years.

- Management's Guidance:

- Management has introduced a new operational strategy that includes keeping a one-day buffer every fortnight to allow field staff to reach out to borrowers who missed payments on the scheduled centre meeting day. They expect the microfinance book to contribute around 20%-22% and overall around 30% for the fiscal year 2025. The company intends to raise at least 2.5% of its microfinance book. The microfinance book is anticipated to adjust to approximately 50% in the near to medium term, from the current 62%, with the remaining 50% to be contributed by the non-microfinance book over the next three years.

- Actual Results:

['Q2', '2025']:

- Our loan portfolio growth during the quarter was impacted primarily by degrowth in JLG loan portfolio by 5.1% quarter-on-quarter, while non-micro banking loan portfolio has grown by around 10.8% quarter-on-quarter and 47% year-on-year. At a point in time when we had a 90% micro banking heavy, we are today at 57%. Puneet Maheshwari mentioned the microfinance book is about 1.7%.

['Q1', '2025']:

- Including BC JLG, JLG loan book is ₹11,160 crore (59% of total portfolio) as of Jun-24

['Q3', '2024']:

- Our micro-banking loan portfolio has grown at a healthy pace of 16% YOY and 8% quarter-on-quarter and crossed milestone of Rs.10,000 crores.

['Q4', '2024']:

- Govind Singh reported that the micro-banking loan portfolio has grown by around 23% during FY24. Micro-banking as on March '23 was 66% and has come down to 62%. The micro-banking portfolio crossed the ₹11,000 crore mark, indicating healthy growth.

- Evaluation:

- Expectations Exceeded: The management guidance anticipated a balanced loan book with a 50% contribution from the non-microfinance segment in the medium term and a microfinance book growth target. Actual results show a significant reduction in micro-banking from 90% to 57% and strong growth in the non-micro banking portfolio, indicating faster-than-expected progress towards the strategic goals.

4. Competitive landscape analysis

- Narrative: Management did not provide specific insights into the company's strategic maneuvers regarding market positioning or competition for the future quarters in the recent discussion.

- Management's Guidance:

- Management indicated that they believe the rates have peaked and do not anticipate any further rate increases from this point forward.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

5. Credit risk assessment

- Narrative: Management has focused on improving credit risk assessment processes to stabilize and reduce credit costs. Their strategic emphasis is on mitigating slippages and enhancing the predictability of credit costs, with a target to achieve better outcomes in upcoming quarters.

- Management's Guidance:

- Management expects the credit cost to decrease to around 2% in Q4 FY24, with confidence in improvements over the previous quarter. They also indicate that for microfinance, a stable credit cost is projected between 1% to 1.5% in the future.

- Actual Results:

['Q2', '2025']:

- Credit cost at 3.9% for Q2, FY25.

['Q1', '2025']:

- Credit cost was reported at 2.2% for Q1 FY25, excluding a floating provision of 20 crore. Additionally, the credit cost including the floating provision was reported at 2.7% in Q1 FY25.

['Q3', '2024']:

- Credit cost at 2.3% for Q3, FY24, excl. floating provision created of ₹14 crore

['Q4', '2024']:

- Overall credit cost declined to almost 1.7% for Quarter 4 FY24, well within the guidance of around 2%. Additionally, credit cost at 1.4% for Q4, FY24, excluding the floating provision created of ₹15 crore.

- Evaluation:

- Expectations Not Met: Management aimed for a credit cost reduction to around 2% by Q4 FY24, but actual results showed fluctuations with a higher credit cost of 3.9% by Q2 FY25, indicating their expectations were not consistently met.

6. Non-performing assets (NPA) trends

- Narrative: The management has been focusing on mitigating risks associated with non-performing assets. They have emphasized their commitment to reducing slippages within their retail portfolio, reflecting a strategic approach to improve asset quality.

- Management's Guidance:

- Management expects slippages in the retail portfolio to decrease in Q4 FY24.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- According to the reported results for Q3 FY24, the gross NPA increased by 20 basis points to 3.04% from 2.81% in September '23. Additionally, the gross NPA on gross advances including the IBPC book was 2.8% as of December '23, which shows an increase of 10 basis points over the previous quarter.

['Q4', '2024']:

- Fresh slippages were less than Rs. 100 crores in Q4 FY24, showing a decrease from Rs. 135 crores in Q3. Gross NPAs declined by 50 basis points during Q4 FY24 to 2.51% from 3.04% as of December 2023. Net NPAs were almost 0.03% against 0.39%, and the overall provision cover, including floating provision, was at 99%.

- Evaluation:

- Expectations Met: Management expected slippages in the retail portfolio to decrease in Q4 FY24, and actual results show a decline in gross NPAs by 50 basis points during Q4 FY24, aligning with management's expectations.

7. Provision balance tracking

- **Narrative:** Management has been consistently building floating provisions throughout the year, with a specific focus on maintaining a buffer over the regulatory norms set by the IRAC RBI. This strategy indicates a cautious approach to risk management, preparing the company to absorb potential financial shocks.

- **Management's Guidance:**

- The company has set a pattern of creating INR14 crores in floating provisions each quarter, including Q1, Q2, and Q3, culminating in a total provision of INR134 crores as of December 2023. This consistent provisioning is expected to continue, ensuring a strong provision balance moving forward.

- **Actual Results:**

['Q1', '2025']:

- We created additional floating provision of INR20 crores in Q1 FY25 and our total floating provision increased from INR149 crores as on March 24 to INR169 crores as on June 24.

['Q4', '2024']:

- Floating Provision 149 134 120 106

['Q2', '2025']:

- The credit provision increased to INR 208 crores for Q2 FY '25, and the floating provision accumulated number is INR 190 crore as on September 30, 2024.

['Q3', '2024']:

- In Q3 FY24, management reported a floating provision of INR 14 crores, consistent with the guidance. The total floating provisions as of December 2023 stood at INR 134 crores, aligning with management's expectations. Additionally, total provisions in Q3 FY24 were INR 104 crores, compared to INR 87 crores in Q3 FY23, marking a 19% increase, and 83 crores in Q2 FY24, a 25% increase.

- **Evaluation:**

- **Expectations Exceeded:** The company surpassed its guidance by creating additional floating provisions beyond the expected INR14 crores per quarter, reaching INR20 crores in Q1 FY25 and increasing the total provision to INR190 crores by Q2 FY25, indicating a stronger-than-anticipated buffer.

8. Retail deposit growth

- **Narrative:** Management provided an optimistic outlook on deposit growth, indicating a strategic focus on accelerating deposit acquisition in the upcoming quarters. The discussion highlighted expectations for substantial growth, particularly in the fourth quarter.

- **Management's Guidance:**

- Management expects deposit growth for the year to be in the range of 27% to 28%. They anticipate a significant jump in deposit growth in the fourth quarter, which is expected to be much higher compared to the previous three quarters. Furthermore, there is an expectation to achieve minimum growth of 1% in the short term and a cumulative 3% over the next two years on total deposits.

- **Actual Results:**

['Q4', '2024']:

- Deposits grew by 27% year-on-year; Retail Term Deposits grew 43% year-on-year, and the total deposit at year-end was ■17,473 crores against ■13,710 crores, marking a year-on-year growth of 27.4%.

['Q1', '2025']:

- Deposits grew by 30% YoY; Retail Term Deposits grew 48% YoY.

['Q2', '2025']:

- Deposits grew by 40% YoY; Retail Term Deposits grew 48% YoY. Deposit growth was led by growth in retail term deposits, which grew by 48% year-on-year and 9% quarter-on-quarter.

['Q3', '2024']:

- Our retail term deposits grew by 46% year-on-year while bulk deposits declined by 6.2% year-on-year. Total deposits grew by 18% year-on-year and crossed overall deposit size of INR15,000 crores.

- **Evaluation:**

- **Expectations Exceeded:** Management expected deposit growth of 27% to 28% for the year, with a significant jump in Q4. Actual results showed a 27.4% year-on-year growth by year-end and continued acceleration in subsequent quarters, reaching 40% YoY growth in Q2 2025, exceeding expectations.

9. Liquidity management

- **Narrative:** Management has indicated a proactive approach towards optimizing liquidity management by aiming to reduce certain financial ratios. This strategy is part of their broader deposit and funding strategy to ensure more efficient capital utilization and improved financial stability.

- **Management's Guidance:**

- Management anticipates a decline of around 4% to 5% in the liquidity ratio by March 2025, targeting a range of 90% to 93%.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Our CD ratio of 93% as on September 30, 2024, declined from 93.7% as on March 31, 2024.

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** Management anticipated a decline in the liquidity ratio to a range of 90% to 93% by March 2025, and the CD ratio as of September 30, 2024, was 93%, indicating alignment with the expected range.

10. CASA ratio improvement

- **Narrative:** The management has expressed a focused strategy on improving the company's CASA ratio, aiming to optimize the deposit structure and reduce dependency on costlier sources of funding.

- **Management's Guidance:**

- Management expects the CASA ratio to be around 26%-27% by the end of March '25.

- **Actual Results:**

['Q2', '2025']:

- Our CASA deposit ratio was 19.6% as on September 24, against 19% as on June '24.

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Our CASA ratio was 20.5% as on March 31, 2024

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Expectations Not Met: The management aimed for a CASA ratio of 26%-27% by March '25, but the actual results show the ratio was only 20.5% as of March '24, indicating slower progress towards the target.

11. Long-term growth trajectory

- Narrative: Management has outlined an aggressive growth strategy focusing on expanding the company's reach and market presence significantly. This involves a concerted effort to achieve substantial growth rates in the upcoming fiscal years, highlighting the company's commitment to scaling its operations and enhancing its competitive position.

- Management's Guidance:

- Management has indicated a target growth rate of 35% in the upcoming fiscal year, with an anticipated growth rate of 30% in FY25.

- Actual Results:

['Q2', '2025']:

- Gross loan portfolio growth 28% YoY, deposits growth 40% YoY

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- YoY Growth up by 35%

['Q1', '2025']:

- Govind Singh: Our gross loan book has grown by 31% Y-o-Y.

- Evaluation:

- Expectations Met: The management's target growth rate of 35% for the upcoming fiscal year was achieved by Q4 2024, and the growth trajectory continued with a 31% YoY growth in the gross loan book by Q1 2025, aligning with the company's outlined aggressive growth strategy.

12. Strategic adjustments for FY24

- Narrative: Management is focused on achieving substantial growth in their micro-banking loan portfolio, projecting a significant increase in loan book growth. This strategic effort is expected to enhance the company's financial performance for FY24.

- Management's Guidance:

- 1. Management is on track to achieve a planned growth of 20% to 22% for FY24 in their micro-banking loan portfolio.

- 2. The loan book has grown by 31% year-over-year and 10% quarter-on-quarter, with a growth plan target of around 30% for FY24.

- 3. Management expects to finalize their strategic plan in Q4, following a formal meeting in February, indicating forward progress in their strategic adjustments.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

13. Partnership development

- Narrative: Management discussed the strategic plans to firm up partnerships involving Utkarsh Core Invest Limited and the bank. This is intended to enhance collaborative efforts and leverage synergies to strengthen the company's position in the market.

- Management's Guidance:

- Management anticipates that by the end of the current quarter, they will have finalized partnership plans and will share these with all relevant stakeholders.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

14. Cost-to-income ratio improvements

- Narrative: Management has addressed efforts to improve operational efficiency, specifically focusing on the cost-to-income ratio. The discussion highlighted ongoing initiatives aimed at streamlining operations and reducing costs to enhance profitability.

- Management's Guidance:

- Management anticipates an increase of approximately 10 basis points in overall costs for the fourth quarter.

- **Actual Results:**

['Q4', '2024']:

- Sarjukumar P. Simaria reported that "We ended Q4 with our cost to income ratio at 57% and for the full year our cost to income ratio was 56.38%."

['Q1', '2025']:

- The cost-to-income ratio for Q1 FY25 was reported at 54.1%, which reflects an improvement from the previous period's 57.0%, indicating successful efforts in operational efficiency and cost management.

['Q2', '2025']:

- Our cost-to-income ratio is 56.1% for H1 FY '25, albeit 58.2% for Q2 FY '25.

['Q3', '2024']:

- Our cost to income ratio has improved to 54.7% in Q3 FY24 versus 56.5% in Q2 FY24.

- **Evaluation:**

- **Expectations Exceeded:** The cost-to-income ratio improved significantly to 54.1% in Q1 FY25 from the anticipated 10 basis point increase in costs for Q4, indicating that the efforts in operational efficiency and cost management surpassed management expectations.

15. Collection efficiency improvements

- **Narrative:** Management highlighted their focus on improving collection efficiency as a key aspect of operational efficiency and cost management. By augmenting the collections team, the company aims to sustain and enhance its collection processes.

- **Management's Guidance:**

- Management anticipates collection efficiency to rise to between 97% and 97.5% for Q4 FY24. Additionally, they plan to expand their collections team by 100-200 members to support this goal.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Our collection efficiency for the Bank as a whole was 92.3% in Q2 FY25, which was below the management's guidance of 97% to 97.5%.

['Q3', '2024']:

- On the micro-banking collection efficiency and asset quality which has been little muted in Q3 FY24 at 96.3%. We have seen improvement in collection efficiency towards the month of December 23 and current month of January 24 wherein we have inched towards closer to 97% collection efficiency. Collection Efficiency (excl. Pre-Payments) 97% 97% 96% Q3'FY24 Q2'FY24 Q1'FY24.

['Q4', '2024']:

- Collection efficiency improved to 97.6% for Quarter 4 FY24, marginally better than our guidance of 97% to 97.5% for Quarter 4 FY24.

- **Evaluation:**

- **Expectations Exceeded:** The collection efficiency improved to 97.6% for Q4 FY24, surpassing the management's guidance of 97% to 97.5%, indicating better-than-expected performance in enhancing collection processes.

Q2 2024

1. Branch network optimization

- **Narrative:** Management is focused on expanding the branch network as part of their operational strategy. They have been actively building their banking franchise by opening new branches and investing in infrastructure to support growth. This expansion is seen as a critical component to enhance their market presence and drive future growth.

- **Management's Guidance:**

- Management expects to open approximately 125 new branches in the next calendar year, with 12 to 15 branches planned for opening between October and March.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2024']:

- Alok Pathak: Now almost 250 branches are doing successfully.

- **Evaluation:**

- Insufficient Info: Data not available.

2. Retail and wholesale lending focus

- **Narrative:** Management reiterated their commitment to sustaining the growth of the loan book for the fiscal year 2024. They are focused on maintaining the current growth trajectory over the next few years, indicating a stable approach to both retail and wholesale lending strategies.

- **Management's Guidance:**

- Management provided guidance that they are maintaining their overall loan book growth for FY24. They also anticipate that the current range of growth should be sustainable over the next 2 to 3 years, with potential for a 9.2% or higher increase in Net Interest Margin (NIM).

- **Actual Results:**

['Q3', '2024']:

- Utkarsh Small Finance Bank Limited Loan portfolio at INR16,407 crores.

['Q1', '2025']:

- Loan portfolio grew 31% YoY

['Q4', '2024']:

- Govind Singh - Our loan book has grown by around 31% during FY24. Wholesale lending, which is at about 10% now.

['Q2', '2024']:

- Govind Singh: Our loan book has grown by 26% year on year and 3.5% quarter on quarter. Our retail loan book excluding OD-FD has grown by 14% quarter on quarter and 88% year on year. [Unclear][NIM range which is around 9.2 or so.]

- **Evaluation:**

- **Expectations Exceeded:** The actual results show that the loan portfolio grew by 31% year-over-year for FY24, which surpasses the management's guidance of sustaining the current growth trajectory and achieving a 9.2% or higher NIM. This indicates a stronger performance than initially anticipated.

3. Micro banking initiatives

- **Narrative:** Management has highlighted a positive trend in micro banking initiatives, with a marked increase in disbursement rates as observed in October 2023. This uptick is indicative of a robust growth trajectory anticipated for the latter half of FY24. The team is strategically focused on maintaining a balanced portfolio between microfinance and secured lending, ensuring sustained yield and margin improvements.

- **Management's Guidance:**

- The management is confident that the micro banking loan book growth will accelerate in the second half of FY24, supported by a 30% increase in micro banking disbursements in October 2023, compared to the monthly run rate of Q2 FY24. The management expects the ratio between microfinance and secured lending to remain stable until March 31st, which will positively impact both yield and margins. Portfolio yield in microfinance is anticipated to increase from 23% to 23.6%. Microfinance is expected to improve by at least 80 to 90 basis points from the current standing.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Govind Singh reported that the slower overall loan book growth was primarily due to lower growth in micro banking at 2.6% quarter on quarter. Puneet Maheshwari noted that the microfinance portfolio yield was close to 23% for the quarter, and the disbursement yield was about 25%. Additionally, in October, the disbursement under micro banking was 30% higher than the previous month's average.

['Q4', '2024']:

- Govind Singh - Our micro-banking loan portfolio has grown by around 23% during FY24.

- **Evaluation:**

- **Expectations Not Met:** The management expected a significant acceleration in micro banking loan book growth in the second half of FY24 with improved yields. However, actual results indicated slower growth in micro banking at 2.6% quarter on quarter, and the portfolio yield did not reach the anticipated 23.6%.

4. Capital adequacy requirements

- **Narrative:** Management expressed confidence in their capital adequacy ratio, emphasizing its sufficiency to support future growth plans. The capital adequacy ratio stands at a robust 24.8% as of September 2023, which is a critical indicator for both regulators and investors.

- **Management's Guidance:**

- Management has indicated that the current capital adequacy ratio provides sufficient headroom to pursue their planned growth strategies.

- **Actual Results:**

['Q4', '2024']:

- In Q4 FY24, the Capital Adequacy Ratio (CRAR) was reported at 22.57%, with Tier-I CRAR at 20.95% and Tier-II CRAR at 1.62%. These figures reflect a solid capital position, aligning closely with management's earlier guidance.

['Q1', '2025']:

- CRAR: Jun-24 - 23.18%, Jun-23 - 19.81%

['Q3', '2024']:

- CRAR is 23.18% as of Q3 FY'24.

['Q2', '2024']:

- We are at a really comfortable adequacy of 24.8% as of September 2023.

- **Evaluation:**

- **Expectations Met:** The capital adequacy ratio remained strong and aligned closely with management's guidance, maintaining a robust position over the subsequent quarters, thus supporting their growth strategies as initially indicated.

5. Credit risk assessment

- **Narrative:** Management has consistently emphasized a proactive approach towards credit risk assessment, aiming to maintain stability in credit costs while adapting to the dynamic market conditions. The strategic focus remains on maintaining a disciplined credit risk framework to ensure sustainable financial health.

- **Management's Guidance:**

- Management expects to maintain a credit cost of about 2%, including floating provisions, for the financial year 2025, underscoring their commitment to controlled risk management practices.

- **Actual Results:**

['Q3', '2024']:

- Credit cost at 2.3% for Q3, FY24, excluding floating provision created of ₹14 crore

['Q1', '2025']:

- Credit cost was 2.7% including floating provision and 2.2% excluding floating provision in Q1 FY25, which slightly exceeds the management's guidance target of 2% including floating provisions.

['Q2', '2024']:

- 1.9% Credit cost for Q2, FY24

['Q4', '2024']:

- Overall credit cost declined to almost 1.7% for Q4 FY24, well within our guidance, a guided range of around 2%.

- **Evaluation:**

- **Expectations Not Met:** Management aimed to maintain a credit cost of about 2% including floating provisions for FY25, but actual results showed a

credit cost of 2.7% in Q1 FY25, slightly exceeding the target.

6. Provision balance tracking

- **Narrative:** Management has consistently emphasized the importance of maintaining a robust provision balance to mitigate potential risks. In the recent quarter, they highlighted their strategy of making additional floating provisions, maintaining a steady approach from previous quarters.

- Management's Guidance:

- The company has indicated that they will continue to make additional floating provisions, with Rs. 14 crores added in the current quarter, consistent with the previous quarter, totaling Rs. 28 crores for the half-year period.

- Actual Results:

['Q1', '2025']:

- We created additional floating provision of INR20 crores in Q1 FY25 and our total floating provision increased from INR149 crores as on March 24 to INR169 crores as on June 24.

['Q4', '2024']:

- Govind Singh [the board has directed us or guided us to make 2% floating provisions on our JLG book]

['Q2', '2024']:

- Floating Provision Q2: We continue to follow making additional floating provision, and in this quarter, we have made Rs. 14 crores of additional floating provision which was same as in Q1.

-

- Floating Provision Half Year: We are adding Rs. 28 crores of floating provision in the half year results.

-

- Total Floating Provision Balance: The total floating provision balance as at the September end, balance sheet figure is about Rs. 120 crores.

['Q3', '2024']:

- In Q3 FY24, management reported that they have made an INR 14 crores floating provision in the current quarter, consistent with their strategy and guidance. The total provisions in Q3 FY24 were INR 104 crores, compared to INR 83 crores in Q2 FY24, indicating a significant increase in provisions.

- Evaluation:

- **Expectations Exceeded:** Management's guidance was to add Rs. 14 crores in floating provisions per quarter, totaling Rs. 28 crores for the half-year, but the actual results showed an addition of INR 20 crores in Q1 FY25 alone, surpassing their stated quarterly guidance.

7. Retail deposit growth

- **Narrative:** Management emphasizes a focused strategy to bolster retail deposit growth through targeted initiatives that aim to enhance customer engagement and leverage digital platforms. The discussion highlighted the importance of sustaining growth momentum in retail deposits as a key driver for the company's overall funding strategy.

- Management's Guidance:

- Management anticipates achieving a yield increase of 17% to 18% in the retail deposits segment, which is projected to positively impact the company's funding base in the upcoming quarters.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Retail Term Deposits grew by 48% YoY.

['Q2', '2024']:

- Retail Term Deposits grew by 50% year on year in Q2, 2024. Additionally, the total deposits grew by 19% year on year.

['Q3', '2024']:

- Retail term deposits grew by 46% year-on-year, significantly exceeding the management's anticipated yield increase of 17% to 18% in the retail deposits segment. This growth in retail term deposits indicates a robust performance in the retail deposit growth strategy outlined by the management.

- Evaluation:

- **Expectations Exceeded:** The retail term deposits grew significantly, with year-on-year increases of 46% to 50% across subsequent quarters, surpassing the management's anticipated yield increase of 17% to 18% in the retail deposits segment.

8. CASA ratio improvement

- **Narrative:** Management has set a strategic goal to improve the ratio of Current Account Savings Account (CASA) and retail term deposits to at least 70% by the end of the fiscal year. This is part of a broader initiative to strengthen the deposit base and funding strategy of the bank.

- Management's Guidance:

- The management has indicated their internal targets for the CASA and retail term deposits ratio to reach a minimum of 70% by March 2024, from the current level of approximately 66%.

- Actual Results:

['Q3', '2024']:

- Utkarsh Small Finance Bank Limited CASA and RTD combined is at 68% against 60% in the previous year and quarter December 2022.

['Q4', '2024']:

- 66% vs. 62% Share of CASA + Employees in Gross Loan Retail Portfolio

['Q1', '2025']:

- In Q1 2025, the share of CASA and retail term deposits as on March 2024 was reported as 66%, which is below the management's target of 70%.

['Q2', '2024']:

- Govind Singh confirmed that the CASA and retail term deposits ratio is currently around 66%. Rajiv Pathak noted an increase from 62% to 66%, with specific figures for Term Deposits at 8.2% and CASA at 5.3% for Q2 FY24.

- Evaluation:

- **Expectations Not Met:** The management set a target for the CASA and retail term deposits ratio to reach at least 70% by March 2024, but the actual results reported a ratio of 66%, which is below the target.

9. Competitive funding sources

- **Narrative:** Management emphasized the importance of diversifying funding sources to remain competitive in the market. They highlighted strategic efforts to secure advantageous funding terms and enhance the company's financial flexibility.

- **Management's Guidance:**

- Management indicated plans to pursue additional competitive funding sources that are expected to enhance liquidity and reduce overall funding costs. They anticipate these efforts will provide a stronger foundation for growth in the upcoming quarters.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

10. Liquidity management

- **Narrative:** The management has focused on maintaining stability in their liquidity management strategy, emphasizing the importance of keeping the cost of funds stable while managing the impact of repricing fixed deposits. The overall approach indicates a cautious stance towards significant changes in interest rates in the immediate future.

- **Management's Guidance:**

- The overall cost of funds may increase by about 20 basis points over the next two quarters. On a balance sheet basis, the yield should go up by about 50 basis points from the current position. The cost of funds is expected to remain almost the same, with a repricing impact of around 20-25 basis points until March, primarily due to the repricing of fixed deposits.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Cost of Funds in Q4 FY24 was reported at 8.0%, and the COF (including IBPC) reduced by approximately 10 basis points to around 7.9%.

- **Evaluation:**

- **Expectations Not Met:** The management expected the cost of funds to remain stable with a slight increase of 20-25 basis points, but the actual results show a reduction of approximately 10 basis points, indicating that the expectations regarding the cost of funds were not met.

11. Long-term growth trajectory

- **Narrative:** The management of Utkarsh has outlined a robust growth strategy, emphasizing a sustained increase in their loan book and deposit growth, aiming to exceed the previous year's growth figures. The company is diversifying its asset mix by expanding into non-microfinance sectors and securing more stable financial instruments. This is part of their broader strategy to enhance profitability and ensure a consistent growth trajectory over the next few years.

- **Management's Guidance:**

- 1. The company expects the loan book growth to remain at or above 31% for the year, with a similar trend expected in deposit growth, signifying strong market traction beyond microfinance.
- 2. Microfinance disbursements in October have increased by 30% from the previous quarter's monthly average, supporting a projected annual growth of around 20% in this segment, with an overall Asset Under Management (AUM) growth of at least 31%.
- 3. The company aims to maintain an 18% to 20% growth trajectory over the next 3 to 4 years, focusing on a more secure and diversified asset portfolio.
- 4. Investments in MSME, Home Loans, Wheels, and Liability segments are expected to yield productivity improvements in the next 1 to 2 years.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Govind Singh: Our gross loan book has grown by 31% Y-o-Y.

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** The management's guidance expected a loan book growth of at least 31% for the year, and the actual results showed a 31% year-over-year growth in the loan book by Q1 2025, aligning with their stated goals.

12. Process optimization efforts

- **Narrative:** Management has communicated their focus on enhancing operational efficiency through process optimization. They have emphasized continuous improvement initiatives aimed at refining existing processes to achieve better outcomes.

- **Management's Guidance:**

- Management anticipates an improvement in operational metrics, projecting efficiencies to result in performance levels reaching 98.5% by the end of the financial year. Additionally, they expect an increase in yield on specific portfolios by 20-25 basis points over the next six months.

- **Actual Results:**

['Q3', '2024']:

- We have been successful to inch up yields by 15 to 20 basis points over last quarter.

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Expectations Not Met: Management projected operational performance improvements to reach 98.5% and a yield increase of 20-25 basis points. However, actual results showed only a 15-20 basis point yield increase, falling short of the anticipated targets.

13. Cost-to-income ratio improvements

- Narrative: Management has articulated a focus on enhancing operational efficiency through targeted cost management strategies. They have projected a steady improvement in the cost-to-income ratio, reflecting their commitment to sustainable financial performance.

- Management's Guidance:

- Management anticipates a 10 to 20 basis points improvement in the cost ratio over the next two quarters.

- Actual Results:

['Q4', '2024']:

- We ended Q4 with our cost to income ratio at 57% and for the full year our cost to income ratio was 56.38%.

['Q1', '2025']:

- Our cost to income ratio in Q1 FY '25 was at 54%, much lower due to efficiencies against 57% in Q1 FY '24.

['Q2', '2024']:

- Cost to Income Ratio: Our cost to income ratio was at 56.5% for the quarter Q2 FY24.

['Q3', '2024']:

- Our cost to income ratio has improved to 54.7% in Q3 FY24 versus 56.5% in Q2 FY24.

- Evaluation:

- Expectations Exceeded: The management anticipated a 10 to 20 basis points improvement, and the cost-to-income ratio improved significantly from 57% in Q4 FY24 to 54% in Q1 FY25, surpassing the expected improvement range.

Q1 2024

1. Branch network optimization

- Narrative: Management emphasized plans to significantly scale up their branch network over the next one to two years, indicating a focus on expanding their operational footprint.

- Management's Guidance:

- Management indicated a commitment to significantly scaling up branches over the next one to two years.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2024']:

- Alok Pathak: Now almost 250 branches are doing successfully.

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

2. Micro banking initiatives

- Narrative: Management discussed their operational strategy for micro banking initiatives, emphasizing a significant contribution from micro banking to the company's growth. They highlighted a strategic focus on improving lending yields and managing geographical exposure to optimize the microfinance portfolio.

- Management's Guidance:

- Management anticipates an improvement in microfinance lending yield by at least 100 basis points within nine months to a year. Additionally, they project a 3% to 4% decline in the geographical mix for microfinance in Bihar over the next one to one and a half years.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Microfinance portfolio yield was close to 23% for the quarter and disbursement yield is about 25%.

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Puneet Maheshwari reported an increase in the lending rate for microfinance by 1% from November 2022 and an additional 1% from April 1, 2023, indicating a cumulative improvement of 200 basis points. However, only about 20% of the book is at the current rate of interest, with 40% being 1% lower and an additional 40% being 2% lower.

- Evaluation:

- Expectations Met: The management anticipated a 100 basis points improvement in lending yield within nine months to a year, and the actual results showed a cumulative improvement of 200 basis points by Q1 2024, meeting their expectations. However, geographical exposure data for Bihar was insufficient to evaluate

that aspect.

3. Digital onboarding progress

- **Narrative:** Management highlighted the significant progress in digital onboarding, achieving a milestone where more than 95% of customers were onboarded digitally in Q1 of FY2024. This indicates the company's successful integration of digital technologies into its customer acquisition processes.

- **Management's Guidance:**

- While specific forward-looking guidance was not provided, the current achievement suggests continued emphasis on digital onboarding, potentially leading to enhanced operational efficiency and improved customer experience in future quarters.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- 1.76 lakh CASA account opened in Q3 FY24, 95% through Digital on-boarding

['Q2', '2024']:

- More than 95% of our liability customers were on-boarded through digital on-boarding in Quarter 2 of FY24.

['Q1', '2024']:

- More than 95% of customers are onboarded through digital onboarding in Q1 of FY2024.

- **Evaluation:**

- **Expectations Met:** The company consistently maintained digital onboarding for over 95% of customers across the first three quarters of FY2024, aligning with the management's emphasis on digital integration and operational efficiency.

4. Capital adequacy requirements

- **Narrative:** Management discussed the regulatory directive from the Reserve Bank of India (RBI) mandating a capital adequacy target of 26% to be achieved over a 15-year period. This indicates a strategic focus on long-term compliance with regulatory requirements.

- **Management's Guidance:**

- Management highlighted that there is no immediate decision taken regarding the compliance strategy, given the extended timeframe provided by RBI. This suggests a cautious approach towards capital adequacy planning in the near term.

- **Actual Results:**

['Q4', '2024']:

- CRAR for Q4 2024 was reported at 22.57%, which is below the 26% target mandated by the RBI.

['Q2', '2024']:

- We are at a really comfortable adequacy of 24.8% as of September 2023.

['Q3', '2024']:

- Utkarsh Small Finance Bank Limited CRAR is 23.18% as of Q3 FY'24.

['Q1', '2024']:

- As of Q1 2024, the Capital Adequacy Ratio (CRAR) was reported at 19.83%. This falls short of the long-term target of 26% mandated by the RBI, but aligns with management's guidance of a cautious approach given the extended timeframe. The CRAR was adjusted to over 25% after accounting for the capital raised through the IPO in July 2023 and Q1 FY24 profits.

- **Evaluation:**

- **Expectations Met:** Management's cautious approach towards capital adequacy planning aligned with the extended timeframe, and the gradual increase in CRAR from 19.83% to 24.8% by Q2 2024 reflects adherence to this strategy, even though the 26% target was not immediately met.

5. Market penetration strategies

- **Narrative:** Management outlined a strategic objective to increase market share within certain retail segments over the forthcoming period, emphasizing targeted growth in specific geographical markets.

- **Management's Guidance:**

- Management envisions achieving a 2% to 3% retail market share in selected markets within the next 18 months.

- **Actual Results:**

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Credit risk assessment

- **Narrative:** Management emphasized their strategic focus on lending to non-banking financial companies (NBFCs) with strong credit ratings. The company prioritizes entities that have been rated A or higher by external rating agencies, indicating a cautious approach to credit risk assessment.

- **Management's Guidance:**

- The company plans to continue its lending operations primarily with NBFCs that maintain a rating of A or higher, reflecting a strategy to mitigate credit risk while fostering stable growth.

- **Actual Results:**

['Q3', '2024']:

- 70% of book credit rated "A" category or higher by external credit rating agencies

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- ~75% of the book credit is rated "A" or higher by external credit rating agencies.

- Evaluation:

- Expectations Met: Management's guidance to focus on lending to NBFCs rated A or higher was achieved, as indicated by 70-75% of the book credit being rated "A" category or higher, aligning with their credit risk mitigation strategy.

7. Non-performing assets (NPA) trends

- Narrative: Management has indicated a strategic focus on reducing non-performing assets, particularly in the retail loan segment. This aligns with their broader risk management strategy to maintain asset quality and ensure financial stability.

- Management's Guidance:

- Management anticipates a significant reduction in slippages within the retail loans segment in the upcoming quarter. Additionally, they expect NPA levels to be maintained below 8%.

- Actual Results:

['Q4', '2024']:

- Our overall gross NPAs declined by 50 basis points during Quarter 4 FY24 to 2.51% from 3.04% as on December-23. On the asset quality side, gross NPA is 2.51 against 3.23, it has improved and net NPA is almost 0.03% against 0.39%. Net NPAs at 0.03% as on Mar-24; Carrying floating provision of ₹149 crore; overall provision cover (including floating provision) at 99%.

['Q2', '2024']:

- Data Not Available

['Q1', '2024']:

- Our gross NPA has been improving quarter-on-quarter which is at 3.13% as of the June quarter 2023. Net NPAs declined to 0.3% as on Jun-23; Carrying floating provision of ₹106 crore as on Jun-23; overall provision cover 90%.

['Q3', '2024']:

- Gross NPA increased by 20 basis points during Q3 FY24 to 3.04% against 2.81% as on September '23. On gross advances including IBPC book, gross NPA was 2.8% as on December '23, increased by 10 basis points over previous quarter.

- Evaluation:

- Expectations Exceeded: Management anticipated maintaining NPA levels below 8%, and the actual results show a significant improvement with gross NPAs declining to 2.51% and net NPAs to 0.03% by Q4 FY24, surpassing the expectations.

8. Provision balance tracking

- Narrative: Management outlined their strategy for maintaining a robust provision balance, focusing on setting aside a specific percentage of the Joint Liability Group (JLG) book to ensure sufficient coverage and mitigate future risks.

- Management's Guidance:

- Management anticipates maintaining a 1.5% provision of the JLG book as of March 2023, equating to approximately Rs.106 Crores of provision by the June quarter, in addition to the existing IRAC provision.

- Actual Results:

['Q4', '2024']:

- Govind Singh [the board has directed us or guided us to make 2% floating provisions on our JLG book]

['Q1', '2024']:

- Additionally, built floating provision buffer during this period; ₹106 crore as on Jun-23

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Our provisions by virtue of that is at INR104 crores in Q3 FY24 against INR87 crores in the immediate previous quarter previous year end and it is increased from INR83 crores from the immediate previous Q-on-Q.

- Evaluation:

- Expectations Exceeded: Management anticipated maintaining a 1.5% provision of the JLG book by June 2023, but actual results showed a 2% floating provision, with provisions reaching ₹106 crore by June 2023, exceeding the initial guidance.

9. CASA ratio improvement

- Narrative: Management has outlined a strategic focus on enhancing the CASA ratio as part of their broader deposit and funding strategy. They have indicated efforts to increase their CASA and CASA plus RTD ratios, aiming to strengthen their deposit base and improve funding stability.

- Management's Guidance:

- Management anticipates that over the next three years, they will increase the CASA ratio to approximately 35% and the CASA plus RTD ratio to between 75% and 80%, as they expand their base of advances and deposits.

- Actual Results:

['Q3', '2024']:

- The actual CASA and RTD combined ratio was reported at 68% against 60% in the previous year and quarter December 2022.

['Q4', '2024']:

- Our CASA ratio was 20.5% as on March 31, 2024

['Q1', '2024']:

- Our CASA on a standalone deposit basis has grown 20% year-on-year and our retail term deposits on a standalone basis has grown over 51%; however, the CASA to the total portfolio as on June 2023 is around 20% and CASA plus RTD is at around 62%.

['Q2', '2024']:

- Currently, it is around 66% or so. The CASA and the retail share going up from 62% to 66%. Term Deposits 8.2% CASA 5.3% Q2 FY24

- Evaluation:

- Expectations Not Met: The management aimed to achieve a CASA ratio of approximately 35% and a CASA plus RTD ratio between 75% and 80% over three years; however, the actual CASA ratio reached only 20.5% by March 2024, and CASA plus RTD ratios were reported at a maximum of 68%, falling

short of the anticipated targets.

10. Retail deposit growth

- **Narrative:** The management has outlined a strategic timeline for the repricing of retail term deposits. With a broader maturity range of 20 to 24 months, the management emphasizes that approximately half of the retail term deposit repricing has already taken place. This reflects a focused approach on optimizing the deposit strategy over the forthcoming quarters.

- **Management's Guidance:**

- Management anticipates that the remaining half of the retail term deposit repricing will be completed over the next two to three quarters.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Retail Term Deposits grew by 50% YoY

['Q3', '2024']:

- By Q3 2024, close to 80% of the retail term deposits had been repriced, indicating significant progress towards completing the repricing process as per the management's guidance.

- **Evaluation:**

- **Expectations Exceeded:** By Q3 2024, 80% of the retail term deposits had been repriced, exceeding management's guidance to complete the remaining half over two to three quarters, indicating accelerated progress.

11. Liquidity management

- **Narrative:** The management emphasized their strategy of maintaining a strong liquidity position by exercising tight control over institutional deposits. This strategic approach is backed by a surplus liquidity of over Rs. 2000 Crores as of June 30, 2023. The focus is on optimizing liquidity management to support the company's financial health and operational flexibility.

- **Management's Guidance:**

- Management has indicated that by Q3, there will be a peak in the cost of funds, suggesting a strategic anticipation of market conditions to optimize funding costs.

- **Actual Results:**

['Q2', '2024']:

- We have also focused on prudent utilization of surplus liquidity and brought down surplus liquidity to close to Rs. 1,400 crores against more than Rs. 2,000 crores at the previous quarter end.

['Q3', '2024']:

- We are maintaining a comfortable liquidity position with surplus liquidity in excess of INR1,500 crores at the end of December '23. Govind Singh mentioned, "our liquidity position is quite good and when we started the year we had close to INR2000 crores surplus money with us" and "very close to INR1500 crores of surplus money at the end of December also."

['Q4', '2024']:

- We are maintaining a comfortable liquidity position with surplus liquidity of around Rs. 2,500 crore at the end of March '24, and LCR ratio of 166%. Our CD ratio declined to 93.7% as on March 31, 2024, and if we net off refinance borrowings from advances, CD ratio declines to 84.3%. We don't have any short-term borrowings on our balance sheet. Cost of Funds Q4, FY24 8.0%. COF (incl. IBPC) reduces by ~10 bps to ~7.9% in Q4, FY24.

['Q1', '2024']:

- We maintain tight control on institutional deposit as we are having surplus liquidity of more than Rs.2000 Crores as on June 30, 2023.

- **Evaluation:**

- **Expectations Met:** Management expected a peak in the cost of funds by Q3 and maintained a strong liquidity position with surplus liquidity between INR 1,400 crores to INR 2,500 crores throughout the year, aligning with their strategic goals.

12. Reduction in bulk deposits

- **Narrative:** Management has emphasized a strategic focus on reducing bulk deposits to strengthen the company's funding profile. This involves decreasing reliance on large depositors, thereby mitigating concentration risk and promoting a more stable and diversified deposit base.

- **Management's Guidance:**

- Management highlighted a significant decrease in the concentration to top 20 depositors, from 28% in March 2022 to 21% as of March 2023, indicating progress in reducing bulk deposits and expecting continued efforts to further diversify the deposit base in future quarters.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- [Deposits Composition] Decline in Concentration to Top 20 Depositors % 22% 22% 21% 21% 19%

['Q2', '2024']:

- Sanjay Sharda: We have also cut down on top 20 depositors from 28% from March 2022 to 18% now in September.

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Exceeded:** Management aimed to decrease the concentration of top 20 depositors from 28% to 21% by March 2023. By September 2024, the concentration further reduced to 18%, surpassing the initial target and expectations.

13. Long-term growth trajectory

- **Narrative:** Management articulated a focus on leveraging strategic growth within their core microfinance business, projecting a significant portion of their portfolio to remain in this segment by the end of FY2026. They emphasized a consistent trajectory in loan book and deposit growth, with an expectation of maintaining these growth rates based on existing opportunities within their operational geographies.

- Management's Guidance:

- 1. Management anticipates that microfinance will constitute more than 50% of their portfolio by the end of FY2026. 2. They foresee maintaining their current growth trajectory in loan and deposit growth, which was previously recorded at 31% and 36% respectively, supported by adequate growth opportunities in their markets. 3. A contribution to the bottom line is expected from certain initiatives within the next 18 to 24 months. 4. Growth in the JLG sector is predicted to be around 20% on a medium-term horizon, with a faster growth expected in the MBIL individual lending product, which could see a rise of over 150% in the current financial year. 5. The management is confident that their AUM growth, which has been around 31%, will not drop below this level and could improve over the next two to three years. 6. Over the medium term, management expects a potential CAGR of 25% to 30%, driven by the organizational setup developed over the past few years.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Loan portfolio grew 31% YoY.

['Q1', '2024']:

- Govind Singh: "our AUM growth has been in the range of 31%."

['Q2', '2024']:

- We have just crossed Rs. 500-crore mark on this micro banking individual loan.

- Evaluation:

- Expectations Met: The management expected a consistent trajectory in loan book growth at 31%, which was achieved as reported in Q4 2024, aligning with their guidance.

14. Geographic expansion plans

- Narrative: Management highlighted their focus on expanding into key cities such as Prayagraj, Patna, Varanasi, Dehradun, and Gorakhpur, aiming to strengthen their presence and tap into these growing markets.

- Management's Guidance:

- Management anticipates achieving a market penetration increase of approximately 2% to 3% in these areas.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

15. Strategic adjustments for FY24

- Narrative: Management highlighted strategic financial adjustments, specifically in relation to maintaining a robust margin and ensuring adequate capital allocation for key growth areas, such as Joint Liability Groups (JLG). The focus is on ensuring financial stability while preparing for future market demands.

- Management's Guidance:

- Management anticipates maintaining a margin of approximately 9.2% for the full year FY2024, indicating a steady financial performance. Additionally, a capital allocation close to Rs. 135 Crores for JLG, with potential adjustments leading to around Rs. 150 Crores by the end of March 2024, is expected.

- Actual Results:

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

16. Cost-to-income ratio improvements

- Narrative: Management's discussion centered around maintaining operational efficiency with a focus on improving the cost-to-income ratio. They highlighted their strategy to keep the cost trajectory consistent with historical performance, while also aiming for enhanced returns on assets and equity in the near future.

- Management's Guidance:

- Management expects the cost-to-income ratio to remain consistent with the trajectory observed in FY2023, projecting a stable outlook for this metric.

- Actual Results:

['Q4', '2024']:

- We ended Q4 with our cost to income ratio at 57% and for the full year our cost to income ratio was 56.38%.

['Q1', '2024']:

- The cost-to-income ratio for Q1 2024 was reported as 57.0%, aligning with management's guidance for consistency with FY2023.

['Q2', '2024']:

- Cost to Income Ratio: Our cost to income ratio was at 56.5% for the quarter Q2 FY24.

['Q3', '2024']:

- Our cost to income ratio has improved to 54.7% in Q3 FY24 versus 56.5% in Q2 FY24.

- **Evaluation:**

- **Expectations Exceeded:** Management expected the cost-to-income ratio to remain consistent with FY2023, but the actual results showed an improvement, decreasing from 56.5% in Q2 to 54.7% in Q3, surpassing the stable outlook initially projected.

17. Collection efficiency improvements

- **Narrative:** Management has discussed their projections for the improvement of collection efficiency, indicating a strategic focus on enhancing this aspect over the upcoming years.

- **Management's Guidance:**

- Management expects a gradual improvement in collection efficiency, forecasting about a 15% to 20% increase over a period of two to three years.

- **Actual Results:**

['Q4', '2024']:

- Collection efficiency improved to 97.6% for Quarter 4 FY24, marginally better than our guidance of 97% to 97.5% for Quarter 4 FY24.

['Q1', '2024']:

- Collection efficiencies, microfinance business on the regular contract have moved to about 98.5%

['Q2', '2024']:

- Collection efficiency for Q2 2024 is largely the same as it was in the previous period, with a collection efficiency in microfinance at about 98.5% for non-NPA book and around 25% for NPA book. The combined collection efficiency is close to 97%.

['Q3', '2024']:

- On the micro-banking collection efficiency and asset quality which has been little muted in Q3 FY24 at 96.3%. We have seen improvement in collection efficiency towards the month of December 23 and the current month of January 24 wherein we have inched towards closer to 97% collection efficiency. Collection Efficiency (excl. Pre-Payments) 97% 97% 96% Q3'FY24 Q2'FY24 Q1'FY24

- **Evaluation:**

- **Expectations Met:** The management's guidance projected a gradual improvement in collection efficiency, and the actual results show that collection efficiency improved to 97.6% by Q4 FY24, aligning with their forecast of 97% to 97.5% for that quarter.