



“Jana Small Finance Bank Limited
Q3 and 9M FY '26 Earnings Conference Call”
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MODERATOR: MR. CHINTAN SHAH -- ICICI SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Jana Small Finance Bank Limited Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chintan Shah from ICICI Securities. Thank you, and over to you, sir.

Chintan Shah: Yes. Thank you, Bhumi. Good evening, everyone, and welcome to the Q3 FY '26 Results Conference Call of Jana Small Finance Bank. We would like to thank Jana Small Finance Bank for giving us the opportunity to host their con call.

From the management, we have Mr. Ajay Kanwal, Managing Director and Chief Executive Officer; Mr. K.S. Raman, Executive Director; Mr. Abhilash Sandur, Chief Financial Officer; and other senior management team members.

Now without further ado, I would now like to hand over the floor to MD sir, who will give his opening remarks. And then post which we can open the floor for questions. Thank you, and over to you, sir.

Ajay Kanwal: Thank you very much, Chintan, and good evening to everyone. I would like to talk through Jana's quarter three and nine months performance through the presentation that we uploaded on the stock exchanges. I'll be referring to the specific pages. And I'll start with Page number 3.

What we were hoping to see in quarter 2, we have finally seen in quarter 3. So, we are a quarter late in what we thought would be a bottoming out of all issues, specifically the slippages and SMA trend, but we have seen that decisively happen in quarter 3. I'm happy to report that we have seen not just slippage in SMA trend, which had peaked in the first quarter of this year, now has shown a sustainable and strong drop.

To make sure that we are very comfortable with the direction the bank is taking, I have also done March 2026 expected high-level guidances. And I must tell you that SMA and slippages from March '26 will be lower than March '24. And the significance of that is in March '24 is when the MFIs flow began. So, we will go back to where we were in terms of slippage in SMA as of March '26. Of course, when I show you the details, you will see that the trend has already begun in a serious way.

We've also had our highest disbursal, both in secured and unsecured since quarter 1 of FY '25. So this is the highest disbursal quarter in 18 months, including higher than quarter 4 of last year. And while secured has been a strong performance all through, what has made this specifically interesting is that the unsecured also, the disbursals have been our highest ever in the last 18 months.

Our NIM, which has been on a decline, has first time shown a modest growth of 10 bps. We think this is a start because our unsecured business has started growing, and the cost of funds continue to decline. We will see further NIM improvement even in quarter 4.

After seeing the stress of last year and figuring out that it's very difficult for a single lender to assume that his lending criteria and policy will hold them in good stead, we started putting our unsecured book under the guarantee program. Our total outstanding under the guarantee program is now 62%, though the meaningful claims from this will only start from next year. I have a small slide to share with you later.

Our deposit book continues to show a robust growth of 30% year-on-year while our cost of fund comes down. In quarter 3, which is last quarter, the RBI returned our application for Universal Bank. We are updating the Universal Bank application now on the shortages, and we will be resubmitting at an appropriate time.

I now move to Page 4. Now, what did we not do well, and I do think when we introspect, it does seem to us that we underestimate the velocity of the NPA flows in Q1. And we're overly bullish on the improvement that we thought will happen in Q2. The Q2 expectation actually came through in Q3. So we were a quarter early in judging of how we would turn around the book.

I've also explained in detail of where were the challenges, and the reason of showing that is when you look forward on what to expect from the bank, this will be a good thing to kind of focus on, on what to expect. First is our unsecured book had a slow growth. It costed us a NIM of compression of 20 bps. Now the growth is back, we should expect positive contribution on NIMs. Our secured book has grown faster than we anticipated. It gave us a positive of INR40 crores on income line. But because you book all the cost upfront, whether it is a valuation or a legal or a sourcing or an incentive, the impact on cost is INR54 crores. It is positive for the future, but certainly, for the first 9 months has dragged us by INR14 crores down. We had an increased collection and recovery costs, that costed us INR40 crores in the 9 months. Now that things have webbed out, this should also be lowering itself.

There has been a change in the labor code, which is not just for the bank, but for all companies. That impacted us by INR12 crores. And of course, the high Q1 slippages, which gave us INR110 crores drop. And the reason for showing this is less to -- for everything else, but to give a good understanding of how things are now expected to change.

I move on to Slide 5. Here, the credit cost, as you can see, quarter 1 was INR 196 crore, quarter 2 was INR 204 crore, Quarter 3 was INR 277 crore. We are already in early Feb. We have seen the January numbers. It's fair to say that we should expect our lowest credit cost for the year coming up in quarter 4, which I have stated here as INR 170 crores to INR 190 crores as a range.

Our closing gross NPA as of quarter 3 has also gone down to INR 829 crores. We expect that to remain flat. That is between INR 830 crores to INR 850 crores in the coming quarter. Now so it's pretty evident if you read the numbers that we have peaked out on our credit cost. You will see significant reduction next quarter itself and so also our GNPA balances.

And I now take you to Page 6. This is a new slide we are giving, which basically shows SMA book, which is SMA-0,1 and 2 of the bank. Here, again, you can see that our peak in the overall SMA book was at 6.2% in June, which was the end of first quarter, it has come down to 4.6%, and we expect it to be at 4% when we finish the year.

Unsecured peaked at 7.3%, which is on the right-hand side, as of June, down to 4.2%, expected to be around 3.8% when we finish the year. Similarly, secured, which went up to 5.7% is down to 4.8%, expected to come down to 4% when we finish the year. The SMA trend is a clear indication of why the credit cost will now be ebbed.

I did speak of strategic move made by the bank, which is to ensure that event risk which is out of our control should not be a source of significant challenge for us in the future. We have started putting our MFI book under the guarantee program. I have shown here, which is on Slide 7, how the unsecured book will give us the return in terms of recoveries from the guarantee program in the future. So let me explain this.

This is only disbursement that we expect until March 2026. So I'm taking a point of time, P&L for how the guarantee program that we have spent money on will impact. So we expect to close the unsecured book around INR9,667 as of March '26. It will take up the coverage under guaranteed to about INR 7,000 crores.

Currently, we are 62% of outstanding under the guarantee program. By March, it will become 72%. This has costed us this year roughly about INR51 crores with about INR12 crores of eligible claims, which we should receive money in quarter 4.

Next year, we expect for the same INR7,000 crores as the book starts paying down, another INR70 crores is premium to be paid, but we do expect based on the flows because the claims are given 18 months after the close of the financial year. That means we should expect INR120 crores, which is largely from the INR 2,535 crores under the guarantee program that you see under FY '25.

Similarly, in FY'28, we should expect around INR300 crores, which largely is from the INR7,014 crores of outstanding, which is under FY'26. So yes, we've had a year where we've had to pay out guarantee commission. But the next 2 years, it will benefit in terms of returns coming out from the NPA that we have seen.

I have not put FY '27 and FY'28 because it all depends on how much disbursements you do and what kind of flows you have. But I just kept it to a point of time of FY '26 and given you a clear indication of what you should expect in terms of reversals to our credit cost, both next year and the year after. This is purely based on outstanding and guarantee program of March 2026 and 2025.

I want to take you to the P&L summary. Quarter 3 PAT is at INR10 crores. It is the bottom quarter for us. We are giving an expectation of quarter 4 '26 PAT of between INR140 crores to INR160 crores. We are hoping to have the meeting and the results by the 30th of April.

I now move on to Slide 9, where you can see that we've had a very strong growth in CASA, year-to-date growth is 29%. Quarter-on-quarter is 13%. So it has been a very strong CASA. CASA has now moved to 20%. This year, we have grown our term deposit 13%. Our total deposits now stand at INR33,733 crores, with growth this year of 16%. For people who remember, our guidance was to be at 20%, and we should be meeting our guidance for the same.

While we have grown our deposits in a very strong way, our cost of deposits have now fallen to 7.7%. Given that we already finished nearly 38 days of this quarter, we expect, based on what we see our cost to come down further to 7.5% on the cost of funds.

Our secured book continues to grow strongly, mainly led by affordable housing, gold loans and vehicle loans. On the unsecured side, we've had our best quarter for the last 18 months. We continue to see the same strong trend even in January. Our BC book, which has been a drag, has stabilized, and we will start seeing growth. We can also see that the BC book collections are now closer to 99%, which you have seen only after a very long time.

I now move on to Slide number 12 because I do know there will be a lot of questions so that we can all have a look at the bank's asset book in a fair amount of granularity. Our affordable housing, which is the largest secured asset book at INR7,500 crores year-on-year of 35.3%. Micro at INR6,201 crores at 14.5% year-on-year growth. MSME at INR4,830 crores, which is a 24% year-on-year growth. NBFCs at INR2,145 crores. Vehicle loans at INR1,554 crores, which is 83% growth.

Gold loan continues to grow very strongly, now it's at INR1,752 crores with 194% growth. And what has been a big drag on our P&L, which is unsecured advances, has actually seen a quarter-on-quarter growth of 4.1%, and has first time made the year-on-year growth positive to 2%, which has been a big change for our P&L.

I now move on to Slide number 15. While we did get distracted and jostled a lot with collections, we never changed our core strategy. Our core strategy of becoming 80% secured, 20% unsecured remains very much intact. We're at 73% secured. The only change to the strategy, as we said, will be 20% unsecured will also be put under Guarantee program.

Now out of that the 20% unsecured, roughly about 62% and by March, 72% will be under a guarantee program. So we are, in a way, much more secured as a bank than we originally began when we thought of it as we look back at April 2025, and this is the time where we decided that given the way the MFI business behaves, it's better to make sure that we start buying guarantee for any event risk.

Having said that, our idea of becoming an anchor bank for our customers, which we regularly show on this slide, you can see showing an all-round growth. Compared to last year, the average relationship is up to 4. Gold penetration up from 2% to 2.6%. CASA continues to be at the same levels. Our business loan program is up at 21%, two-wheeler has moved up to 1.2%, term deposit at 21%.

So the whole idea that we are creating operating leverage by doing multiple products with the same customer very much holds true for us and hasn't been an area that has got weakened in all the slowdown at MFI or the collection challenges.

I will now just do the last slide so that we have enough time for questions. And I will move to Slide 18. As you can see, CASA, first, now stands at INR6,742 crores, year-on-year growth rate of 41.4%. Our term deposit at INR 26,991 crores, year-on-year growth rate of 27.9%. Our CASA ratio moves up to 20%, while cost of funds dropped to 7.7%.

For folks who want to know more details about it, our LCR has normalized to 120%, and we continue to be a bank which focuses on long tenor deposits with 90.8% of our bulk deposit 1 year and above and 90.4% of our retail deposits with 1 year and above.

I think that should give you a good sense of what we missed as a management team. The higher slippages in Q1, less recovery than we anticipated in Q2. But happy to report that Q3 has kind of paid for all of that, and we are back to our growth path, both on profitability as well our unsecured business and secured business. And of course, deposits doing very strongly.

I'll stop here, and I will give it back to you, Chintan, and we can open up for questions.

Moderator: Our first question comes from the line of Aman Patle from Invest 4 Edu.

Aman Patle: Yes, sir. I have two questions. First one is, has the credit cost bottom out? And what is the outlook on the credit cost ratio for the next year? Second one is -- yes, yes, sure.

Ajay Kanwal: Go ahead. Go ahead. Please go ahead.

Aman Patle: And second one is, did your universal bank application stop you from kitchen sinking earlier and you choose to take quarterly approach to provisioning. And the last one is with your signal of credit cost normalizing, increasing NIMs and healthy asset growth, what should we expect from ROA and ROE for the next year?

Ajay Kanwal: Yes. Okay. So let me first answer the credit cost question. So as you can see, so one is we've given a clear signal that our credit cost in quarter 4 will be down in a significant way from quarter 3. And since our SMA book, if you can see in Page 6, is also on a decline. So we do expect our cost to be a sustainable downtrend.

If you ask me, where is it rough and ready on credit cost anticipation, I think we're close to about 2.6 odd percent or maybe 2.7% for this financial year. That's how we see it. In the coming year, we expect the credit cost given where our SMA book is and given the amount of provisioning we have done to be in the 1.7% to 1.8% range. So that is on the credit cost, which will come down to 1.7% to 1.8%, which will probably be one of our best credit costs in the last few years.

Now from there, I will then link it to the ROA, ROE question. You have to come to Universal Bank next. ROA, ROE, if you assume that our credit cost does come to 1.7% to 1.8% range, if you see our NIMs, which we anticipate will cross 7%, given our unsecured growth is now back, unsecured growth back, this has two possibilities there.

One is, of course, the book is growing, so better income. Second, reduction in slippages, so lower interest in suspense. I've already spoken of reduction of provision costs when I spoke about reduction of credit costs. If I then add up, even if I assume the cost of funds should remain flat to Q4, which is about roughly 7.5%, our secured is growing very well. So I don't see a challenge there.

I would expect next year, our ROE to be around 14% to 15%. Our NIM should be about 7% to 7.1%. And the ROA should be about 1.5% to 1.6%. So I think we will go back to a good performing year next year with ROAs of 1.5% to 1.6%, ROE of 14% to 15%, and the NIMs will be the 7% to 7.1% range. So that should give you a good sense of credit cost, ROAs and ROEs.

On the universal bank application, did you stop us from kitchen sinking earlier? See, listen, there was always a possibility that you take a large amount of provision and then after that, you really have quarters which kind of take away the challenges of higher provisioning. But honestly, with us, it was slightly different.

Like I said, we were a bit more ambitious on what quarter 2 will do to quarter 1 slippages and hence, did not go in for a big provision in quarter 1. So we also didn't anticipate Q1 to be so not good for us. And if you remember, last year, we had a PAT of INR500 crores and exceed provision of INR300 crores.

You could have very well kept another INR100 crores for additional provisioning last year itself out of the PAT of INR500 crores. But I think we kind of misjudged the flows of Q1 and the expected recovery of Q2.

So really, our kitchen sinking was never a thought for us because we didn't expect us to be so challenged in Q1 and Q2. It has got nothing to do with our Universal Bank application. Having said that, I've already given a clear intent that we are going to resubmit. We continue to maintain the GNPA below 3% and net NPAs below 1%.

Moderator: Our next question comes from the line of Smit Shah from Nirmal Bang.

Smit Shah: First of all, congratulations to you and your team for a good set of numbers. So I have two questions. My first question is that on the guarantee program, we do understand that the cost is upfront and the claim is subsequent. But can you please explain if you have any indication from the corporation on the claims next year?

Ajay Kanwal: So listen, the way we work with them is the same corporation does work with us on ECLGS. And we have seen a very transparent, efficient and clear way of how they operate and what the conditions are. So our expectation is that they certainly will be giving us our necessary NPA values when they are due as per their process.

Unfortunately, the process is that you get paid 18 months after closure of the financial year, which means everything that I put under the program in March 2025, I will be able to raise the claim only after September 2026.

And what I have guaranteed up between March '25 and March '26, I will be able to raise the claim only after September 2027. So I think that time period is where we have to carry the provision, make sure we meet the 3% and the 1%. And when some money comes, then we will do reverse it.

I'm also aware from public disclosure that one of our SFB peers have received a significant amount from the same guarantee corporation. So I do expect that we will also be able to realize our NPA value in the same process. So we are confident that we'll get the money. It's just for us is a harder year because this year, we are spending the money, and our first sign of any recovery will come next year.

Smit Shah: Okay. Got it. And should we expect about the cost to income to normalize given your unsecured collections and is coming back strongly? And if so, then by when we should be able to expect this?

Abhilash Sandur: I'll take that, Ajay. So for the cost/income ratio to normalize, I think the unsecured book is growing now. So like we have indicated last quarter, there's a growth in unsecured book. And also slippages have reduced. So that will have a positive impact on the interest income. So having seen this for the previous quarter and the quarter which is coming up, I think cost-to-income ratio should normalize by Q2 or Q3 in next financial year.

So the cost income ratio estimate we are having around -- considering all the factors, which Ajay also mentioned earlier, cost income ratio should be around 60% to 62% when it normalizes. So that's where it should stand.

Ajay Kanwal: So just to add to that, the single biggest factor in our cost income has been really a drop of our income, led by -- if you go back to March '24, we were at INR9,800 crores of unsecured. We're down to INR9,000 crores - odd now. That INR800 crores of AUM disappearing had a big impact. And second, of course, is slippages causing interest in suspense.

But the fact is that once this trajectory is back, we certainly will see the cost income around 60%. And it should not be a surprise because March '24, we were at 57% cost income. So getting to 60% by quarter 2, I think should be a reasonable expectation from all.

Smit Shah: Understood, sir. I have one last question, please. So like your affordable housing loan book is growing at twice the pace of your Micro LAP books. So is this a design? Or do you see stress in the macro LAP books?

Ajay Kanwal: So first is, you're right, our affordable housing by design is moving faster than Micro LAP. And when we saw the challenges come through beginning April 2025, we decided that we will tighten up some of the Micro LAP conditions because there was a lot of noise in the market on small ticket LAP, how it was not looking as good as it should have. That's been our bias.

We also found that our ability to do anchor business, which is multi-product, tends to be much better when we do affordable housing. So consciously, we move the incentives and the focus towards affordable housing. And that will be our strategy going forward to where we will see affordable housing at a faster rate than Micro LAP.

We do expect Micro LAP also to pick up because in -- if you go back to March '24, this would be around a 25% number. You're down to 14%, 15% number now. Given everything is becoming more clearer in terms of environment, I do see Micro LAP to reach the 20% growth rate in the following year.

Moderator: Our next question comes from the line of Chaitya from Incred Equities.

Chaitya: I had just a couple of questions. The first one is, so the slippages have declined by 25% from INR591 crores to INR440 crores. Can you elaborate on how this reduction is split between the secured and unsecured portfolios?

Ajay Kanwal: Sure. Why don't I let Raman, who's our ED, answer this question. Raman, over to you.

K. S. Raman: The slippages of -- I mean, we had INR438 crores as compared to INR590 crores. So if I look at the split between unsecured and secured, my secured slippage was about INR196 crores and the unsecured slippage was INR242 crores.

Chaitya: Okay, okay. The next question is...

Ajay Kanwal: Sorry, I just want to add. So previous quarter was INR360 crores. It fell down INR240 crores.

K. S. Raman: Yes. I should have said that.

Ajay Kanwal: No worries. No worries at all. Similarly, we have seen a drop in the secured one also.

Chaitya: Okay. The next question is like with respect to the submission of the Universal Bank application, do you expect any impact on the P&L in the coming financial year? If you can just highlight some things on that?

Ajay Kanwal: Yes. So, listen, we never ever used Universal Bank approval in our projections for P&L. We always assume that if we get Universal Bank, then it will be positive on top of whatever we are doing. So, in our P&L projection in the past and even currently, we are not assuming that Universal Bank coming at what time frame and at what speed do we get what advantage.

I just want to state that, yes, Universal Bank will be a big advantage, especially on velocity of deposit collection, which is good today. But I guess that will continue with the same velocity with a lower cost of funds. So that was the primary reason we thought the Universal Bank will be an advantage.

It would also be an advantage for doing more supply chain and trade receivables, etcetera, because as you move up the MSME chain, not having a small finance stack does help you with a lot of large MSMEs. So that would be the second benefit that we would have got.

We have not put that in the numbers saying Universal Bank is coming to so much advantage. But yes, if it does come through, then we will certainly like to move very quickly and gain the two advantages that we expect to see.

Chaitya: Okay. The last question, how is the collection efficiency trending as we see the shrinking SMA book projection? Have you seen any trends for collection efficiency improvement in Q4?

K. S. Raman: Yes, this is Raman here. Let me answer this question. Yes, indeed, collection efficiencies have been steadily improving in Q3. And we have the early reads for Q4 based on January. And what we are seeing is for bucket zero, for example, we are looking at well over 99%, and we've continued to achieve that for the last few months. And overall collection efficiencies has also been steadily going up for the unsecured book.

Moderator: Our next question comes from the line of Harshit Jhaveri from CBA Asset Managers LLP.

Harshit Jhaveri: So, my first question is that our cost of deposits, I assume that has been sliding down. So, do we know what is the incremental cost of deposits for the quarter given the tightness in liquidity and how do you intend to sustain the trend?

Ajay Kanwal: So, it's fair to say that quarter 4 looks tight on liquidity, though I must say that today, the liquidity in the system has really improved and costs have started coming down from today. And I think it is a lot of good work done by the regulator on managing liquidity in the system, but January was fairly tight.

See, our fresh money coming into the bank is at around 7%, which is why we know that when we reprice our existing deposits in the quarter 4, that our cost of funds will come down to 7.5% because incremental money we are getting is at 7%. We are just hoping that we continue the strong growth rate that we've seen up to quarter 3. But seeing today's experience, I think, looks more likely now, though January was very tight on liquidity and certainly on deposit growth.

Harshit Jhaveri: Okay. My second question was like, what is your view on the BC book? And what will be the strategy around it over the coming years?

Ajay Kanwal: So first is our BC book, we had 17 BCs, 14 did very well. The three large ones didn't do well. They, in fact, had significant amount of NPAs and it cause us a challenge. I must say that all three of them continue to be our BCs. They're working hard on the recoveries. All three continue to have stabilized their collections.

Two of them are back to growing. One is still focused on collection not growing. Also, we find a lot of gap in liquidity and capital in the MFI entities. We have seen a lot of MFIs come to us to become our BCs, except the three BCs we have had a good experience in the past. And so we don't distress the model. We think the model holds very well.

So, we continue to grow our BC business. You will see the BC business in a positive growth first time in quarter 4. Also, I must add that our BC book has crossed a 99% collection mark first time in January. So we are very comfortable with what we see.

And finally, I must add that we continue to put even our BC book under the guarantee program. So, we are making sure that whatever we do within the bank, both in terms of what we apply as credit criteria, we apply the same to the BC book. Secondly, what we are doing in the bank of putting it under the guarantee program, we continue doing that for our BC book also.

So, in substance, yes, our BC business will start showing positive growth. And we do expect that it will give us additional tailwinds as we go into next financial year because we do expect good recoveries to come from them.

Harshit Jhaveri:

Got it. And sir, any reason for change in Board members? And are you planning to add more Board member?

Ajay Kanwal:

So, I guess you're referring to our presentation deck, so let me go there, give me a second. It will be valuable for everybody else listening. It's on Slide 27 is what I guess you're referring to. So, it's very simplistic, which is two of our Board members are finishing their 8-year term, which is the maximum allowed. And so, they have to step off the Board. One is our founder, Mr. Ramesh Ramanathan, who will have to step off purely because the 8-year term is over.

And second is our current Chairman, Mr. Ramaseshan, who will also be stepping down. So that's the reason why two Board members, one is Independent, Mr. Ramaseshan. Mr. Ramesh Ramanathan is a Non-Executive, Non-Independent Director. They'll be stepping down the Board.

We've already inducted Mr. Ajay Rotti, who's Chartered Accountant and has that as his primary background on the Board. He joined us on 2nd of Feb. He was inducted. And Mr. Pankaj Razdan, who's had a very long and successful financial service stint, joining the Board. Our existing independent Board member, Ms. Chitra Talwar, she will take over the position as part-time Chairperson, which has already received the RBI approval for the same.

So really, the Board is seeing two veterans come off the board because they have been -- they completed the 8 years on the Board. And with God's grace, we've got very solid new Board members, both independent, Mr. Ajay Rotti and Mr. Pankaj Razdan to come and fill up the Board.

Moderator:

Our next question comes from the line of Suraj Shinde from YES Securities.

Suraj Shinde:

So, my first question is on the credit line on you, guys. So given your strategy on 80% secured and 20% unsecured, seems to be an odd product for your launch as it will be unsecured in nature. So, can you explain the rationale behind it, sir?

Ajay Kanwal:

That's a difficult question, Suraj. But yes, let me -- so one is our basic going-in position was that we will be an anchor bank for our customers, which means full suite of all asset and liability products, which will give us operating leverage, it will give us customer stickiness. And that was a going-in position as a strategy when we began the bank in 2018.

Now the one product we did not have really in our arsenal. So we did all the products, what I would classify as middle India wanted, which is we had unsecured in terms of MFI, we brought in affordable housing, brought Micro LAP, two-wheelers, new cars, gold loans. But it's never a -- we never had a solution if somebody wanted to buy a consumer durable or somebody wanted to do a small education loan, very difficult to administer that kind of a loan if you do it nonelectronically.

We felt that the card business was too much of a P&L drag in the formative years for us to launch. Thankfully, RBI approved small finance banks to do credit line UPI. We think it is a great solution for us to then bring this last mile, the durable finance, education loan, the last-minute money that you want, and it will be delivered digitally, which is why CREDLAM UPI was very important, is a very important launch for us.

Will it change our unsecured, secured mix? So I can say the way we are growing, and given that credit line on UPI will be a small ticket, short-term approach for customers where they'll borrow INR15,000, INR20,000, INR30,000, INR40,000. It will not change our 80:20 ratio in any significant way. We don't expect that to be a challenge.

And I guess the answer to the question really is, and you can see even in this year, our secured book is running much faster than what we anticipated. And with the launch of used car, with more products coming around on MSME, I still think we'll meet the 80:20 in spite of launching credit line on UPI. But we're very conscious that our commitment to the 80:20, that doesn't change.

Suraj Shinde:

Okay. Got it. Got it. Sir, and the second question is on the gold line -- gold loan, sorry. So given that we have a very small book on the gold loan side, and we have a vast network of branch of network. So, do you sustained high growth rate in the next few years? And how do you plan to manage the volatility in the gold prices?

Ajay Kanwal:

So, the first one is live branches for Jana Bank is about roughly 550 branches. I would expect, even if you assume a INR8 crores or INR10 crores average per branch, with this branch network, we should be able to deliver close to INR4,000-odd crores as an outstanding. I do know that large gold companies per branch, exposures are like INR15 crores.

But I'm assuming that since we are not a dedicated gold loan branch business, even if we reach half the number, which is about INR8 crores, we should be a INR4,000 crores book. I think that should give you a comfort that, yes, we should see our gold loan book growing at a fast pace for the next 2, 3 years for sure.

Nothing stops us from increasing our gold loan branches because our total branch network is now 820. And even if you minus our unbanked rural branches where not many of them can do gold loans, we still have another 100-odd branches to grow. So, some in substances, yes, our gold loans will continue growing faster.

Second on how do you manage the volatility. See, somehow, I must tell you that our LTV rates for gold loan is about 52.3%, that's average LTV rate. We are very clear in our heads that we are making sure, especially when it comes to large ticket gold loans, we are looking at who the customer is and not just making sure that the gold is equal to a loan, but we are making sure that he has the ability to repay or sustain any margin calls in case the gold prices do drop.

We don't see, unless there is something completely unexpected happens in terms of gold price halving or something like that. I can't see why we should have any challenge in the gold loan. It has been very well as a business, that I must tell you.

Suraj Shinde: Okay. Okay. Great, sir. And sir, last question, if I may ask. So your CASA growth has been 40% year-on-year. So how sustainable is that growth?

Ajay Kanwal: So I guess 40% is a very, very strong number. I think, frankly, if we continue doing the 25% to 30% as we go ahead, I think it will keep us probably at 2.5x, 3x of the industry growth rate, that would be a fair estimation. It is not to say that we will not try to grow 40%. But I'm conscious that it's been a very strong growth, and committing to that kind of a number would be a very difficult one for us.

But fair to say that we'll be growing at multiple times the industry growth rate, function of our new segment launches, function of our branch launches, RMs coming in. And of course, our CASA ratio is just 20%. So I guess we still have enough and more room to grow for the next few years.

Moderator: Ladies and gentlemen, we take that as the last question for today. I would now like to hand the conference over to management for closing comments.

Ajay Kanwal: Thank you. So first, I must tell all our investors and analysts on the call that while we are conscious that we could have probably worked harder and better or at least seen the -- read the tea leaves better in the last 2 quarters. And I think we missed doing that. We were more bullish than what the numbers finally turned out to be.

But I'm glad that quarter 3 has kind of solved all of that. It's our job now to ensure that we get to the ROAs of 1.5%, ROEs of 15% and we are very committed to do so. Everything that looked as a challenge, I think, at least in our mind, is addressed, and we continue on the strategic path of 80:20. And I thank you all for your patience and support. Thank you very much.

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