बैंक ऑफ महाराष्ट्र
Bank of Maharashtra
भारत सरकार का उद्यम
एक परिवार एक बैंक

CELEBRATING 90 YEARS BANK OF MAHARASHTRA

AX1/ISD/STEX/68/2025-26 **Date: 21st July, 2025**

The General Manager **Department of Corporate Services,** **BSE Ltd.,** **P.J Towers,** **Dalal Street, Fort,** **Mumbai-400 001**	**The Vice President** **Listing Department,** **National Stock Exchange of India Ltd.,** **Exchange Plaza,** **Bandra Kurla Complex,** **Bandra (East), Mumbai-400 051**
BSE Scrip Code: 532525	**NSE Scrip Code: MAHABANK**

Dear Sir/ Madam,

Sub: Transcript of Earnings Conference Call with Institutional Investors / Analysts held on 15th July, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Institutional Investors/ Analysts regarding Financial Results of Bank for the quarter ended 30.06.2025 held on Tuesday, 15th July, 2025.

The transcript of conference call is uploaded on Bank's website and same can be accessed through below link:
https://www.bankofmaharashtra.in/financial_results

Kindly take the same on your record.

Thanking you.

Yours faithfully,
For Bank of Maharashtra

VISHAL SETHIA
Digitally signed by VISHAL SETHIA
Date: 2025.07.21 16:05:54 +05'30'

(Vishal Sethia)
Company Secretary

Encl: As above

"Bank of Maharashtra

Q1-FY2026 Earnings Conference Call"

July 15, 2025

MANAGEMENT: **SHRI NIDHU SAXENA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BANK OF MAHARASHTRA**
SHRI ASHEESH PANDEY – EXECUTIVE DIRECTOR – BANK OF MAHARASHTRA
SHRI ROHIT RISHI – EXECUTIVE DIRECTOR – BANK OF MAHARASHTRA

Moderator: Ladies and gentlemen, good day, and welcome to Bank of Maharashtra Q1-FY2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

We have with us from the management, Shri Nidhu Saxena, Managing Director and Chief Executive Officer; Shri Asheesh Pandey, Executive Director; Shri Rohit Rishi, Executive Director and all General Managers of the bank. I now hand the conference over to Shri Nidhu Saxena. Thank you, and over to you, Mr. Saxena.

Nidhu Saxena: Good afternoon and thank you for joining this conference call and hearing out from the bank, how Q1-FY2026 has been, and I'm happy to share that this has been a consistent quarter. The bank has been delivering this consistent performance for 3 to 4 years now, and this quarter also qualifies as yet another consistent performing quarter.

I can say that our business growth, total business advances, deposit, CASA, RAM, asset quality, profitability and efficiency ratios seem to be well within the guided range. I should say, for all 15-16 parameters where we are sharing guidance for the FY, the bank's performance is in sync with the guidance number.

We all know that Q1 is traditionally a lean quarter for the business and for growth, but the bank has been maintaining the trend. There has been no upward or downward spike. This is a consistent growth story, and there have also been some enablers, which I would like about a little bit as well.

Lot of new things have been done around products, processes, how the products are competitive in the marketplace, when our field functionaries are going and trying to fetch new business, trying to add more customers to the bank's business, the support being offered by the products, Are there products finding competitive edge for them? Are they in sync with what the best of the best offerings are there in the market? We keep looking at our product profile. In fact, all basket of liability and asset products are mandatorily reviewed in the bank once in a year, and all my verticals who are managing these portfolios, keep looking at it because environment is dynamic, so in between the year also, if any change is mandated or they themselves want to give some differentiated proposition to the clients, they would keep doing that throughout the year.

Beyond the product, we also see the process that we are following for on -boarding customers. Customers once on -boarded, whether on my digital channel or through the physical branch channel, are they conveniently able to bank with us, conveniently able to transact with us or are there any pain points to address? We keep looking on beyond products and our processes, how they can be improved, how they can be made more seamless and give a better experience to the customers? This is very consciously done product processes.

Another differentiator is that the bank is very consciously expanding into new geographies. We are a fast expanding bank while you would have seen post the merger consolidations in 2020 in the industry, some of the large banks have gone for rationalization, and that was typically the logical step to do and under that process, some branches had to be rationalized, but we are a differentiated bank. For the last 3 years, we have been actually opening branches, reaching out to new geographies and are ensuring that our presence makes us a Pan-India bank, which has already been achieved some time back. . The branch expansion is still going on, and for the next 5 years, we have a broad objective approved from our Board to open 1,000 branches. We have broken down this large objective to the next 3 years and have carved out a list of 321 branches. A Project 321 is running in the bank, and passionately, a vertical is driving this objective and are opening branches.

If I tell you, the branches are opened in the potential growth centres of the country, and lot of data has been used around to identify which is the centre where Bank of Maharashtra should be opening its presence, and down to the PIN code level, the study has indicated to us that this is the district where the growth is visible, and that's how you have to look at expanding your presence, so we have this objective of opening 321 branches in the next 18 months. A lot of planning has gone behind this. We have gone for recruitments to match the expanding needs. We have gone for recruitments in the specialized verticals. We have gone for taking care of specialized skill sets in the areas of improving the compliance, the governance, managing the technology risk.

All these have been very consciously looked at and skill sets in these domains have been recruited in the bank, and are actually being put together. We are ensuring that the bank is not only growing, but growing in a sustainable manner. Today, if you ask me, the regulator will not have a forbearance if you are found not growing a segment, not following the guidelines or the expectations from the regulator, so we are very mindful of what the expectations from regulators are. Not only that, even if a draft set of guidelines are released, we quickly have an in-house system to look at what are the prospective set of guidelines that may come and whether my current functioning is addressing those concerns that are being flagged by the regulator, and we start working on building the right setup if there is something found to be improved in our present set of working.

That's how we are growing and expanding quickly. We are very mindful of the growth that we are looking at. It is not just in the top line growth, which is important for us, any growth in the top line, correspondingly, how it impacts the bottom line and the various ratios, which we actually leading in across many of the parameters in the industry, in the growth parameters, in the financial ratios, profitability parameters, we lead the industry, and typically, we do a comparison every quarter.

In March 2025, for the full year performance, we looked at 25 metrics across growth, asset quality, NPA levels, profitability, ROA, ROE, NIM numbers, capital adequacy, CET1, so on and so forth, and out of 26 parameters, we were leading the industry in 18 parameters. In the industry, we are not only comparing ourselves with the peers in the PSPs, all the PSPs and the even new generation private banks form part of that comparison, we submit this analysis every quarter to our Board to also look at how the bank is performing. It is not only growing, but growing sustainably and also growing profitably, so we are very mindful that how is the new business being acquired is impacting the bottom line, and very consciously, we have even taken calls to probably not on-board a new business where the bottom lines are not impacted favourably.

We have taken a lot of initiatives and tried to differentiate ourselves. Technology, is one focus area, and we have decided to not only come up with a new version of our mobile banking application, which today we all understand is a powerful medium of transactions for clients. The mobile banking project has been fast tracked and probably 1 month from now, we will be revamping our existing mobile banking application and will try to deliver a world-class kind of an experience through the new application that will be available. We feel that this will bring a lot of traction to the core business, new clients in the personal segment will be attracted.

We have got the regulators permission for opening a GIFT IBU and that project has been approved by the bank in less than 5 months from the regulator when we made our request for allowing us the license. Today, I think that is going to be one big enabler, GIFT City is getting a lot of emphasis, lot of focus from the government also, and for the last 1.5-2 years, lot of traction is seen and this should be the best time and the right time to see that we scale up our activities and operations

Within these 5 months, –we have undertaken recruitment wherever we wanted to have some extra skill sets and we on-boarded after trying to identify the best resources available in the market. The technology decision has been taken, which ideally takes 6-7 months' time, but we are also requesting our partner to help us start operations as soon as possible. We feel that this, again, will be a game changer, because it will open up a lot of opportunities being the first global presence for the bank of 90 years. We will be able to participate in global syndications. We will be able to do ECB transactions for our good old corporate clients, and it will not only enhance customer stickiness, we will be able to get new business growth opportunities, and that GIFT IBU should be in this year itself because we envisage in Q2, we will start booking business there. That's how we are moving.

This is all broadly from my side, We have shared the performance presentation with the investors. I'll take a pause and look at some questions or queries from your side.

Moderator: Thank you. The first question comes from the line of Rohan Mandora with Equirus Securities. Please go ahead.

Rohan Mandora: Sir, I wanted to understand the NIM movement this quarter because we have done a good job on NIMs. On the yields, what was the benefit that came from MCLR, how much was the impact from repo cut and what was the benefit of the NIM mix change?

Nidhu Saxena: Rohan, if you see, my last year guidance was to have a NIM of 3.75%. If you see last year, Q1, Q2, Q3, Q4 we were already having 3.97%, 3.98%, 3.98%, and we closed the year with a 4% NIM, but if you look at the guidance because this fact of rate cuts was well known and on expected lines, so despite doing 3.98%, 4% kind of number, my NIM guidance for this year is conservative again at 3.75%.

If you look at NIM that we have achieved in the Q1, with the repo cut, my 40% of portfolio is linked to repo loans. Now I have to mandatorily pass the benefit which we have done immediately on the entire portfolio, the calculations were there, we were expecting around 18 to 19 bps as per the entire RBI rate cut that had to be passed on the 40% loan book.

With regards to other strategies that we have put in place, I would just like to mention those to see that my NIM contraction is not to that extent or how we can protect it. If you see my cost of deposits, it has actually come down sequentially, and how it has happened is during the last 10-12 months, we have very consciously not gone for high-cost bulk deposits. Very consciously and strategically, we have not taken the renewal with the bulk deposit when it is coming for renewal and we have focused entirely on the low-cost.

My CASA share when we closed the year is 53%. We are keeping the guidance to maintain CASA ratio above 50%, and if you see my Q1 also, it is above 50%, so this is one big enabler. My average CASA has seen an improvement of 14 bps, 14% point year-on-year, so straightaway the 18 bps of reduction in repo loans have been offset with the high CASA and a very conscious strategy of not depending on high-cost bulk to fuel my growth. That's how we have seen, whereas probably the industry may see that kind of contraction, but we have seen that my NIM has come down to 3.95%.

We also still have some leftover portfolios. My MCLR book is 55%. Now that 55% in the last 12 months, we had gone for MCLR raise by 5-10 bps, and over the 12 months, almost 35 bps of MCLR raise happened. There is still one or two more quarters where some accounts resets will happen, so these two factors put together, low cost deposit, that kitty of more than 50% and consciously doing away with high-cost bulk, and this little bit of MCLR resetting remaining in accounts or happening in phases, has actually cushioned my NIM contraction.

I am still mindful that maybe we can see with the benign inflation number, retail inflation is 2 point something, and we may see further rate cuts. My guidance, if you look at is 3.75% for the full year, and I feel the kind of consciousness in terms of doing business, is growing fine, but growth with profitability, is the kind of focus that we are having and we will definitely achieve the guidance for this year as well.

Rohan Mandora: Sure, sir. This was helpful. On the yields also, despite the compression from repo, we have been able to maintain almost flattish Q-on-Q yield on advances. Does the MCLR movement explain the entire thing? Or is there also a component of loan mix change? This quarter, we have increased gold loans and have almost doubled that, and we have run down agri and MSME portfolio by almost 7% Q-on-Q. Did that also have an impact on the managing yields?

Nidhu Saxena: Yield on advance has been 9.28%, which is a healthy yield, and I'll tell you a couple of things have worked for us to get this kind of profitability numbers. We are very consciously on the profitability and the pricing aspect in every transaction that we are doing. We have a T-bill link rate product with us, Board-approved where we could have lent to central PSUs, AAA corporates and build up our top line, but whatever exposure we had that we actually consciously had in product is there. Today, we don't have any exposure in that.

With regards to the segments, not that we are not mindful of quality, it is all investment grade which we are looking at, but consciously we are not so willing to look at any business, or any new customer acquisition, if it is not impacting our bottom line favourably. Sometimes we will match out of sheer competition, but we also then try to look at how the relationship can be made profitable.

If it is a vanilla credit, that relationship we are having, can we have some ancillary business from that corporate, some of their payment collection requirements, can that be routed through us, some fee-based income can come, some payroll business can come. We are very mindful on the profitability with every customer.

At transaction level, we have tried to drive this point in the field function also. An essential part of my review now from this quarter, 17-18, we have acquired some software, which helps me to let the branch see how profitably they are operating. If they are growing, fine, but it's not only the top line in this FY that we are going to review, we will see that on the growth at the branch, how the profitability has behaved.

Bringing in that kind of consciousness in the field functionaries I'm sure people will be more conscious at the ground level as well, in terms of how they look at offering concessions, special rates, can they compensate any finer rate with some ancillary business, so on and so forth, so this is how we are looking at this issue. Yes, with more rate cuts that can happen, my 40% loan book immediately gets repriced.

We have kept, I think, a conservative guidance of 3.75%, despite even maintaining it above 3.95% for last 4 quarters which again is a very good number. With 3.75%, we again lead the industry. The next number could be, 3.5% if I'm not wrong. That's how we differentiate ourselves in this NIM metric also.

Rohan Mandora: Sure, sir. Lastly, we have added duration in the investment book in 1Q. Just wanted to understand your thought process for doing so, given that yields have fallen.

Management: Yes. You know that the RBI reduced the repo rate, but the market, they have not [inaudible 0:22:22] and rates have come. We knew that going forward, RBI is further going to do these rate cuts, so we have purchased a longer-term duration security in fact in SDL also in order to maintain yield or to protect our yield. This is what has impacted our duration. The whole idea is to protect the yield and going forward when there will be rate cuts, we can take the benefit of the market.

We have purchased when the yield was on the harder side, and now rates are coming down, so there will be the good appreciation and even return from the booking is good.

If you see we are also sitting on the appreciation of roughly INR600 crore, and same is the case of STM, so going forward, you will see that some of the approaches will be to improve the profitability of the bank.

Moderator: Next question comes from the line of Suraj Das with Sundaram Mutual Fund.

Suraj Das: I think I will follow up with the previous question. I think in the last quarter, 40% of the loan book was linked to repo. Now I guess your transmission of the repo rate cut would be immediate. I mean, which would be T+1. 40% of the portfolio seeing something like 75 to 100 basis point rate cut, but still your yields are intact.

Could you explain what is the mathematics here, beyond whatever you have mentioned because if you transmit 75 to 100 basis point on the 40% of the portfolio, it would be something like 30 to 40 basis point kind of a yield decline, but your yields are intact on a Q-o-Q basis?

Nidhu Saxena: As I mentioned, we are very mindful in terms of pricing of our loan offerings. . The emphasis is always that business is happening and profitable business is happening. Growth is with profitability. With that kind of a philosophy, today, when a proposal is brought to a committee of the Board or my committee or my AD's committee or CGM's committee or GM's committee in head office, they're all mindful and very consciously looking at this aspect.

It is not just growing the portfolio. We have kept our aspirations to become a bank of greater significance to grow in terms of our ranking among the 12 PSB's. That's an aspiration, but we are not mindlessly going towards top line growth and not looking at how it is impacting the bottom line.

We have also done a couple of things around, beyond this CASA, we can look at this co-lending opportunities. We started off the year with around 2 NBFCs where we had done some co-lending, and we have developed some in-house technology where the entire transaction of disbursements, collections, validating of payments is taken care by technology in a seamless manner, and we are through proper integrations with the IT of the NBFC. Today, we have 9 partnerships. Here, again, we are leveraging on their strength, their reach to areas, geographies where we are not present in the segments, suppose it is gold, they have been doing this kind of activities for decades. They have their robust audit and recovery mechanism.

When I'm doing the business from the branch, same business Gold Loan versus when we are doing co-lending partnerships, we are able to charge 100 bps more there, so that kind of things are actually, somebody mentioned this and I think I skipped, the Gold Loan portfolio has grown, 58% of year-on-year whereas we had put the focus in the beginning of the year itself, so Gold Loan has grown.

We have also taken care of the associated risk that are there in the business. Only after putting in place the entire system of safekeeping of pledged jewellery, the valuation, the 2 critical components, once we have set that infra in place, we have gone ahead and done that business in large manner. In co-lending, we are getting better yield, better returns and better pricing.

Management: Suraj, you see that last year, we have raised MCLR 35 bps, and that increase in number I say will be applicable at the time of annual reset. A number of resets happened after the repo cut, so that's why despite the reduction in repo, increase in MCLR and such reset, it has protected our yield on loans.

Suraj Das: Sure, sir. Understood. I mean, while your cost of deposit has come down, I think your cost of fund has not, that is also partly because your borrowings has increased. Is this opportunistic in nature? Or could it could be strategic also given that you are replacing your bulk deposit with some of the borrowings this year. I mean if you can give some rationale there.

Nidhu Saxena: You are saying cost of deposit has come down by 15 bps. I just mentioned and we discussed that cost of funds also have come down 4 bps, not as sharp as the cost of deposit, but overall cost of funds have come down 4 bps, and yes, there was a conscious strategy to look at other options of refinance or raising resources, funds through infrastructure bonds, and those kind of enablers, and approvals for those have been taken from the board from the beginning of the year. At appropriate time, we will keep doing these raises to see that overall borrowings and cost of funds and other things are remaining under control and our NIM is getting favourably impacted through such measures. We'll be very mindful of those things and we will try to depend less or not depend at all on high-cost bulk and look at other options to raise resources.

Management: To add, if you see there may be higher cost in respect of the raising the alternate resources, but looking to the benefit involved in respect of the exemption from CRR and SLR cost and the ability to directly divert such fund to the advances where that margins on the higher side, it has improved and has created a positive impact on our NIM.

Moderator: Next question comes from the line of Ashok Ajmera with Ajcon Global. Please go ahead.

Ashok Ajmera: Thank you for the opportunity. Compliments Nidhu sir, and the entire team of Bank of Maharashtra, first for coming out so fast with the result on the 15th. I think you are probably the first bank, which shows your accounting, your corporate governance. The CFO and the entire team deserves rich compliments for this thing. Having said this, sir, you have also maintained the NIM in spite of the pressure of the rate cut and not passing on the entire interest to the borrower, but still you maintained your NIM, rather it's a good NIM sir, compliments for the same as well.

Having said that, sir, this quarter, though a lean and a muted quarter, but I think for the first time in the last 3 years, we have gone into the negative business growth. I think the last was June '22, which is for the first time, I think, in what 12 quarters or so. Coupled with that my question is that you still maintain the trading guidance of 17%, which you had given for FY2026, deposit 14%, CASA, above 15% in any case is there. Do you think that, and looking at the performance of this quarter, you will be able to maintain the same guidance and achieve the numbers? Or you would like to revise the guidance on the business growth and the credit growth especially this is the first question.

Nidhu Saxena: Right, Ajmera ji, thank you for complimenting my team. Yes, they are working really hard. Every vertical is putting in their best efforts and you would have seen traction in every segment of the bank, be it the bank business and other issues, other activities, how we are looking at ramping up our HR, how we are looking at ramping up our other infrastructure, which is going to support our growth, our expansion needs, new branch opening. Every vertical is doing that. Thank you. They deserve the compliment.

As regards, I think there is some error in understanding. This quarter also has seen a year-on-year growth of 15% in total business, which has gone up to INR5.46 lakh crore, and we have added INR70,000 crore. In total business, we are growing. There is not a single parameter, in fact, business alone is, as I said, not important. You look at asset quality, you look at profitability metrics, ROA, ROE, you look at capital adequacy, you look at the stress numbers, you will see that for the last 48 months if you plot a graph, it will be a consistent performance, there is no quarter, single quarter where we will see spike up or down.

This quarter also in terms of business, it is there. I already explained what is actually supporting. The new geographies that we are entering into, new branches are also adding business to the bank kitty annually and 500 branches in last 3 years, 120 in the last whole year and this 321. I think the pace of growth with the new branch, new geographies, new markets that we are going to enter, GIFT City IBU that alone holds a huge potential, so I think growth will not be a challenge at all. We will have to keep looking at which are the profitable opportunities, how to reach out to them and how we can differentiate ourselves in this era of competition, sometimes through pricing, sometimes through quick decisions, sometimes to just to differentiate ourselves by the reach out, how we reach out to the top-rated borrowers and how we fulfil and completely understand their financial needs and deliver them.

That's how we will keep differentiating and growth guidance that we have kept total business to grow at, for this year also is 15%. I see no challenges towards achieving that, advances within which will grow at 17%, deposit, we have kept a guidance of 14%.

Management: Point well taken sir. A few data points and some clarification and explanation. This quarter, we had little higher slippages of INR727 crore, as compared to the last quarter. Then our SMA-2 numbers have also gone up to INR171 crore as compared to INR40 crore in the last quarter, which is a little cause of concern because the numbers have gone up substantially high.

Secondly, I would like to know something about the profitability, which has gone to the reserve of the AFS because there is a gap of INR226 crore, I mean, there's an addition, if you look at the net worth of the June and March. What was the profit figure, which has gone to the reserves on account of the Treasury operations because treasury otherwise also performed very well. If you look segment-wise, the Treasury profit for the quarter is INR625 crore income as against INR360 crore, so these are the few data points and some explanation.

Nidhu Saxena: Sure. Divesh, you answer the treasury part, you answer SMA-2. With regards to INR727 crore of slippages, yes, within which if you look at, you asked me INR343 crore, so 47% of that slippage has come from the Agriculture segment. Now what we have done is, what we have looked at, this is the trend we have seen in Q1 for past couple of years. For the past 3 to 4 years, the Agri segment because of the cyclical nature witnesses a slippage in the Q1. Since we are aware, we have very consciously looked at how fast, how quick the accounts can be upgraded in case these slippages are not arrested. I'm happy to share during these 15 days, we have already upgraded INR240 crore from this fresh slippage.

As I said, Agri, which is cyclical in nature, I don't see major concern emanating here because if you see the monsoon prediction, I think the Agri segment is going to have good prospect for this season as well, so with overall prospects favourable. I think the Agri segment challenge that is typically seen in the Q1 is not going to impact much this year the way it would have done last year. Divesh, you can go ahead.

Management: Yes. In treasury, there are 3 major components which have contributed, one is the domestic profit, which has increased from Q1-FY2025 from 37 to 141 in Q1-FY2026. We had some maturities where we booked that this particular quarter, and we also had this opportunity to book profit in mutual funds, which was not a part of Q1-FY2025, so INR104 crore was added through domestic profit, additional Q-on-Q.

Forex also, as you know, the market has been a little active and we could book better forex profit from trading, and that has added to almost INR40 crore. These are the major additions what you are talking about in terms of the Treasury income growth.

Management: To supplement Divesh ji, what you rightly said, in respect of AFS, further appreciation in this quarter, it has gone to the results directly and not to profit and loss account, so that has also been added to our capital.

The MD sir has already given some response on the Agriculture slippages, but I will tell you that the Agriculture season is good. There are some review renewal delay that happened in some zones. Definitely that review renewal has been done once, and again we will recover all the slippages that are there.

Coming to the SMA level, the observation you have taken from the SMA-2 INR40 crore to INR171 crore, but if you see the SMA-1, it's reduced from the INR214 crore to INR114 crore, so it came down by INR100 crore from SMA-1.

Some accounts are shifted from the SMA-1 to SMA-2, and it will always happen, it will be rolled back, sometime it will roll forward also, so we will definitely, take care. If you see our slippages and the total stress on the book, it is in an improving stage every year and every quarter.

Management: One more thing between SMA-1 and SMA-2, if you see historically, this figure has been more or less equally divided, so some distortions happen here and there, but it's not something which is alarming and team is on the job. Our slippages will remain under control.

Moderator: The next question comes from the line of Akshay Badlani with HDFC Securities. Please go ahead.

Akshay Badlani: Thank you for taking my question. The first question is more on the strategic side. I think whenever we see our MSME, NPAs, overall asset quality in the MSME book, it stands out compared to other PSU banks, so what are we doing separately? Or what are we doing differently compared to other PSU banks that our underwriting has been superior for quite some time now when we compare it to other PSU banks?

Nidhu Saxena: We are very conscious on quality. As I said, in the beginning, we have aspirations to grow, and we have numbers in mind as well, but I don't mind if it takes two more quarters extra to reach that milestone of growth, but we are very conscious that of the loan book that is getting generated and created, how is it being generated? Is it prime borrowers or what kind of segment are we are lending to.

If you ask me not only in MSME, we have strengthened our underwriting benchmark standards as well. The bank has been growing fast. Even if I give you an example for a retail segmented loan, no underwriting, not a single loan under any scheme is permitted for an individual if the credit score is below 681, so we have linked our underwriting standard to TransUnion CIBIL and below 681 is their definition of a subprime. We do not lend and have restricted ourselves completely for the last 10 to 12 months, even if it restricts my growth, but lot of things that we did around products, the processes, I think we have not seen that pain coming in. Our growth has only gone up.

The differentiator in MSME that we are trying to do and we have successfully done also is to reach out with quick decisions, and I'm able to even because the ground realities are, if I'm able to convey my decision, customers can happily, negotiate and we can charge a premium to our good and fast and quick decisions, 25 basis more I can charge.

This is the philosophy we work with, and we reach out to the right segment borrowers and identify them, and we have put in place some cluster schemes where we give some special enablers with pricing or otherwise as well.

We have maintained CMR scores, below which we don't underwrite in MSME also. These kind of strengthening of underwriting benchmarks ensures that whichever borrower in my system in the loan book is of some prime category kind of a borrower. This is, again, going to help me not now only, there are no quick mortality numbers, but in times to come, 1-2 years, we will see that my loan book, even if there is a cycle and the cycle has to reverse, the philosophy we have is, we should not be seeing the worst hit.

If the system goes down, I'm not out of system, but I will not be the first one to be hit because that's how we are building our loan book consciously of prime borrowers. I think it partly does answer your question, and the philosophy has been like this in the past also, but in 12 months, we have more consciously strengthened our underwriting standards to make sure that what we are saying is happening in a better measure.

Akshay Badlani: The second question is around the OPEX intensity. I think this quarter, we have added around 850-plus employees and you had mentioned in your opening remarks as well that we are focusing on new recruitments and higher equipment. My question is, what exactly is the way we are recruiting now, how has it changed vis-a-vis earlier how we used to recruit or from here, which segments used to recruit?

Secondly, when I see the OPEX for this quarter, it's not reflective of the additions that we have made in the employees and branches. Is that impact going to kick in, in the next few quarters? Or is it something else?

Nidhu Saxena: I will explain. If you look at my cost to income, in the last year, it was 38-point something. We have closed this year, even this quarter at 37.57%. Guidance is to maintain cost to income below

40%. This parameter, again, is one of the parameters where we lead in the industry, and even if I'm maintaining it below 40%, I'll be best in the industry.

Despite having 37%-38% kind of cost to income, my guidance is kept to maintain below 40% knowing that when I'm going for this fast-paced recruitment, there is some likely increase in the employee cost, that will happen, and so I'll try to maintain below 40%, but if you see, it is not actually happening, and I will tell you the reason behind this. We have a robust recruitment plan for supporting this massive branch expansion, but the entire branches opening and recruitment is not happening on day 0. It is going to come in phases, and today, when I'm going to open my branches, and I am saying potential growth centres, we will see that these branches are turning around also fast.

Today, once I do some OPEX around the new branch opening, and if I'm at the right location, incrementally what revenue that they will generate for me will be more than offsetting the cost that we'll be experiencing.

The third thing is that we have opened 500 branches in the last 3 years so the branches that were opened 3 years from now are all profitable as per our parameter, and that's how we will see that those which were opened 2 years from now, around 50% have already turned profitable.

We will gradually see what we opened in last 12 months, by the next 12 months, they are opened. The point I'm trying to make is that first of all, this big change of recruitment, big change of new branch opening is not happening overnight. It is coming in staggered phased manner. We have kept a defined time line, and recruitment is also matching that part, and at least for the last 12 months, I have seen that my cost to income has not gone up, and my guidance of the FY 2026 is also to maintain it below 40%. I have a strong sense and we strongly feel that we'll be able to maintain it.

Moderator: Thank you. Next question comes from the line of Abhishek Kothari with Aviva India.

Abhishek Kothari: Sir, you have a plan of QIP this year. Could you time line the same as to when would you be raising funds?

Nidhu Saxena: As of now, see, last year, we did GOI dilution, we achieved 7% and we did an equity raise. Today, my CRAR stands at 20.5%, so, it's a healthy CRAR that I'm maintaining.

We have kept the guidance, these are the best times is what regulator says to maintain it at reasonably high levels to see that we are adequately cushioned to meet any cyclical downturn. That's what the regulator's overall guidance keep coming in, that these are the best times you should create cushions and buffers. We have kept the guidance to maintain CRAR at around 18%.There is no immediate case for me to go and raise capital, number one.

Number two, last year, we came down from 86% to 79.6%. 7% dilution has brought me below 80% and optics have changed, so it is just a mere 4.6% if I have to meet the SEBI regulation, but what will happen, when we will do that and opportune time and opportune mode, we have taken no decisions on that part. We have done a lot of investor engagements, but that is as a matter of our sacrosanct duty to the investors. Last 12 months, we have been meeting investors, both domestic and foreign covering all markets, those who are invested with us, but as of today, we have taken Board approval for raising INR7,500 crore debt plus equity but we will look at this option at the opportune time and opportune mode, as well.

Abhishek Kothari: Okay. This quarter, you explained that your slippage ratio was slightly higher due to Agri portfolio. A normalized slippage ratio guidance for FY 2026 as well as credit cost guidance?

Nidhu Saxena: The guidance is to maintain it below 1% and credit cost 1%. If you look at my PCR, provision coverage stands at 98.36% and with this high level of PCR that we are maintaining, the aging provision pressure is hardly there, but the fine NNPA guidance that we are maintaining, is 0.2% to 0.25%, but my NNPA number is 0.18% for the last two quarters, March as well as June this year. This is the guidance that I'm keeping for both the metrics that you asked.

Moderator: Thank you. Next question comes from the line of Bhavik Shah with InCred Capital. Please go ahead.

Bhavik Shah: Hi, sir. Congrats on very good numbers. Just a few questions. What would our outstanding AFS reserves be as on 30th June?

Management: AFS reserves, which we have transferred to capital is around INR497 crore.

Bhavik Shah: Yes, that would be flow, right? What would be the outstanding amount?

Management: That would be outstanding amount.

Bhavik Shah: INR490 crore?

Management: Yes.

Bhavik Shah: Okay. We have transferred 5% of held to maturity, have we sold that. I guess we don't need approval to sell that, right?

Management: Yes. Till date we have not exercised that option.

Bhavik Shah: Okay. Do you plan to do that over the course of the year?

Management: At the opportune time we will take the decision because we are having appreciation in AFS. Depending upon the yield movement, we will see that if it is required or not.

Bhavik Shah: One last question, sir. Within the staff cost, what would be the employee provisioning this quarter versus last quarter? AS15 provisioning?

Management: AS15 provisioning is roughly INR220 crore.

Bhavik Shah: Okay. What was it last quarter?

Management: Last quarter, it was at INR240 crore.

Moderator: Thank you. Next question comes from the line of Ashlesh Sonje with Kotak Securities. Please go ahead.

Ashlesh Sonje: Hi team. Good afternoon and congratulations. First question is on your MCLR-linked loan book. Can you share what was the average yield on the MCLR-linked loan book in this quarter and the previous quarter?

Nidhu Saxena: MCLR, we have around 55%, which is a high number that gives a definite advantage when we compare with other lenders in the industry, their MCLR share is not as high as ours and again there is a lot of scope to grow the retail book.

Management: For MCLR-linked, if you see the average yield it is at 9.75%.

Ashlesh Sonje: What was the number in the previous quarter?

Management: For the previous quarter, it will be around that 9.75% to 9.80%.

Ashlesh Sonje: Secondly what proportion of the MCLR-linked loan book is yet to be reprised to the higher rate?

Nidhu Saxena: MCLR goes by calculation and during the 10-12 months with every review that is taken monthly in the ALCO, this decision has been taken. CRO, you can add something?

Management: In the last one year, MCLR was around 75 basis points and 5 basis points we have released. One of the components of our MCLR is the cost of deposits and also the market dynamics. We had to review the market dynamics to see how it will be done. One more thing, our MCLR, if you see that 1 year linked MCLR is around 70%, so that is the main change to that. Considering this it will be based on the market dynamics and the cost of deposits we look at.

Nidhu Saxena: Just to add to what CRO has told. Whatever raise we would have done, see the repricing of that particular is going to have on the reset date, which is an annual exercise. There will be a couple of accounts and I think, one or two more quarters where this reprising in the MCLR loan book is going to still happen. That advantage actually has worked in some way to even ensure that we have not lost on our NIM number the way the calculations had shown. NIM has come down from 4% to 3.95% only, so still for some one or two more quarters, we have a portfolio of MCLR yet to be reprised.

Management: We can say that 20% to 30%, it is yet to be reprised as you see that from March '24, we started increasing the MCLR. So 20% to 30% it has to be reprised.

Ashlesh Sonje: Just lastly, your Agri loan book is down 8% Q-o-Q and your Gold Loan books on the other hand have increased. Has there been any reclassification of Gold Loans from Agri to Retail? Along with that, can you explain why the MSME book is also down 7% Q-o-Q?

Management: This Agri book, if you see that the ATL Gold Loan that has decreased by near about 8%. That is because of that RBI guidelines to not take less than INR2 lakh as a collateral amount. Due to this, we have reclassified this agriculture to the Retail Gold Loan, because of which, there has been a decrease of 8%.

Management: However, if you see the recent RBI guidelines, where they have allowed that such a loan can be taken in agri after taking the voluntary declaration from the customer, so again, it will come back to our agri portfolio.

Ashlesh Sonje: On the MSME book, that is down 7%?

Nidhu Saxena: For MSME, I mentioned about co-lending partnerships. We have gone ahead and done some co-lending with the Gold Loan NBFCs also. In my co-lending book, a sizable amount of businesses are also with the Gold Loan NBFCs, and this is all the lending by them to all the shopkeepers, small traders and the ones which are actually MSME, but because of the clarity in the regulatory guidelines, this co-lending portion, which was Gold Loan with NBFC and getting classified as MSME advanced, we have reversed that.

This is also a matter of discussion like RBI has issued for up to INR2 lakh, this circular has already been released 2 days back, that if the MSME or the agri borrower has taken the loan for their agri or the MSME activity that will be a priority sector advance, so we will take a review of this reclassification, up to INR2 lakhs, we can now go ahead, we will do that, this is only a 2 days old guideline. We will review this segment because now RBI has come out with this clarification, and whatever we had been doing rightfully because if you ask me in the co-lending, INR3,500 crore is the kind of exposure we have with the gold loaned various NBFCs.

Now entire was MSME, which has moved to non-priority retail. We will look at it again. The CRO is examining these guidelines and the guidance will come from him and the business vertical will take the call, and we will reverse this as entitled by the RBI clarification.

Ashlesh Sonje: Just one last clarification. This Gold Loan and MSME, both of them will be classified as PSL now from here on?

Nidhu Saxena: Absolutely. There's a limit up to INR2 lakhs. If you ask me, the average ticket size of the Gold Loan NBFCs unlike Public Sector Banks, they are funding the small segment shopkeepers, who are MSME borrowers, micro segment. Their ticket size is INR45,000 to INR50,000.

We'll comfortably be able to do that, but the CRO is examining and they will come back with the complete guidance and the vertical will do that. Regarding other than Gold Loan, this MSME and agri, both are a focus segment for us this year. We have done some special initiative of creating separate verticals, in both these segments, agri as well as MSME.

There is a separate general manager heading these verticals independently, and they have a lot on their to-do list and a lot of strategy already implemented wherein we will now be targeting for MSME and agri advance investment credit and some large ticket, medium-ticket business, which will qualify for MSME as well as agri loan. We have given them enablers, some special schemes, wherein some special pricing offers are there, but of course, it's not available to one and all. The borrower needs to have some level of credit rating. We have formed clusters and these clusters will be approached by my branches, zonal managers, also from head office team in a much focused manner, they will go, visit and talk to the clients there, in a textile cluster. If there are 100 units in one cluster, we will contact the top 10-12 borrowers with this kind of special offerings and bring them in our fold.

That's a very conscious strategy that we have planned for the growth of MSME and Agriculture this year, and I'm sure we will wait for one more quarter, and we will see those numbers really looking up.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Shri Nidhu Saxena for closing comments.

Nidhu Saxena: We had a detailed discussion. I thank everyone who joined the investor call and the bank has been trying to not only perform, but to reach out with this performance consistently every quarter close with our quarterly performance. We also actively engage and talk to you between the quarters as well.

There is a vertical again and bank today has positions of Chief General Manager and this vertical of capital raising is headed by a Chief General Manager. We are consciously engaging with the entire community at large in terms of who are the brokers who are going to cover my my company

We will of course, keep performing consistently to give the comfort that whenever we do plan for a capital raise at the opportune time using opportune mode that we continue to get the patronage and with our own merits and sustainable performance, we will come back to you at the right time when we do that exercise. Thanks from my side for joining the call. Thank you.

Moderator: Thank you. On behalf of Bank of Maharashtra, that concludes this conference. Thank you for joining us, you may now disconnect your lines.

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