



Ref. No. IRC/35/2025-26

07.05.2025

The General Manager, Department of Corporate Services, BSE Limited, Floor 1, P.J. Towers, Dalal Street, Mumbai 400 001	The Vice President, National Stock Exchange Ltd., Exchange Plaza, C-1 Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
BSE SCRIP CODE: 532388	NSE SCRIP CODE: IOB

Dear Sir/ Madam,

Transcript of Analyst Conference Call

Pursuant to Regulation 30 of SEBI (LODR) Regulations and NSE guidance note dated 29.07.2022, we enclose the transcript of Analyst Conference Call held on 02.05.2025.

Please take the above information on record and arrange for dissemination.

Yours faithfully,

(Ram Mohan K)
Compliance Officer





**“Indian Overseas Bank
Q4 FY '25 Earnings Conference Call”
May 02, 2025**



MANAGEMENT: **MR. AJAY KUMAR SRIVASTAVA – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – INDIAN OVERSEAS BANK**
**MR. JOYDEEP DUTTA ROY – EXECUTIVE DIRECTOR –
INDIAN OVERSEAS BANK**
**MR. DHANARAJ T – EXECUTIVE DIRECTOR – INDIAN
OVERSEAS BANK**
**MR. MADHAW CHANDRA JHA – CHIEF FINANCIAL OFFICER
– INDIAN OVERSEAS BANK**

MODERATOR: **MS. SONALI PANDEY – VERITAS REPUTATION PR**

Moderator: Ladies and gentlemen, good day and welcome to Earnings Conference Call of Indian Overseas Bank arranged by Veritas Reputation PR. At this moment, all participant lines are in the listen-only mode, later we will conduct a question and answer session. At that time, if you have a question, please press star and one on your touchtone keypad. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sonali Pandey from Veritas Reputation. Thank you, and over to you, ma'am.

Sonali Pandey: Thank you, Michelle. Good evening and welcome to Indian Overseas Bank Conference Call to discuss the financial results for the fourth quarter and full year ended March 31, 2025. Indian Overseas Bank, headquartered in Chennai continues to strengthen its footprint across India with a robust network of over 3,335 branches and about four overseas branches, approximately with 3,497 ATMs and 10,135 business correspondents.

Internationally, IOB serves customers in Singapore, Hong Kong, Thailand and Sri Lanka, proudly catering to a growing base of 41 million active customers. Our comprehensive range of services includes personal, corporate and agricultural banking, along with credit cards, loans and insurance products. The financial results and related disclosures are available on our website and have also been filed with the stock exchanges.

Before we begin, please note that today's discussion may include forward-looking statements, which are subject to risks and uncertainties that may impact actual outcomes. We encourage you to keep these factors in mind while evaluating the Bank's performance. Joining us today are Mr. Ajay Kumar Srivastava, Managing Director and CEO; Mr. Joydeep Dutta Roy, Executive Director; Mr. Dhanaraj T., Executive Director. We will start with an overview of the bank's performance for Q4 and FY 2025, followed by a Q&A session.

Now I invite Mr. Madhaw Chandra Jha, Chief Financial Officer of Indian Overseas Bank to present the financial highlights. Over to you, sir.

Madhaw Chandra Jha: Yes. Thank you, madam -- Sonali madam. Good evening to all. I am pleased to present the overview of the bank's performance during the quarter and year ended 31st March 2025. Regarding the performance of the bank during the year ended 31st March 2025, bank has achieved a business mix of INR5,61,000 crores. First time, it has crossed INR5,50,000 crores and recording a year-on-year growth of 11.30%. Then CASA also grown by INR1,36,161 crores with year-on-year growth of 8.49%.

Total deposit growth achieved at INR3,11,939 crores as on 31st March with a growth percentage of 9.11%. So gross advance grown year-on-year basis by 14.15% is INR2,50,019 crores against the INR2,19,018 crores last year -- last time. So bank has shown an operating profit of INR8,688 crores, registering a growth of 28.44%. And net profit of the bank year-on-year basis, it has increased by 25.56% to INR3,335 crores.

PCR, provision coverage ratio has increased to 97.30% as on 31st March as compared to 96.85% last year. Capital adequacy ratio due to that we had gone for QIP, first we had generated INR1,437 crores. So this has increased to 19.74% as against the 11.50% mandatory requirement from the earlier. Total income increased by 13.36% to INR33,636 crores overall. Net interest income for the quarter for March has increased to INR3,123 crores showing a year-on-year growth of 13.03% and cost of deposit increased to 5.08% for this year.

Cost of fund increased due to the increase of the borrowing to meet the rising demand of credit. After that this yield on investment improved to 6.83% due to planned investment in high yield security. And yield on advances improved to 8.82%, mainly due to the improved margin from the RAM segment.

So, RAM segment we are doing that we have to -- return on asset of March '25 is 1.12%. So first time we had crossed 1%. Earlier, it was less than 1%. So first time we had increased to 1.12%, that is 11 bps [inaudible 07:18]. Return on equity also inched up to 16.28%. Cost-to-income ratio was 47.14% as compared to last year, so that 918 bps. Gross NPA reduced from INR 6794 Crores to INR 5348 Crores year on year basis.

So net NPA reduced from INR 1,217 crores to INR 912 crores. So percentage-wise, it has come to 0.37% this time. So total recovery from NPA during the quarter is INR 992.33 crores and the year-on-year, it is INR4,014 crores.

Sonali Pandey: Thank you, sir. Thank you very much. We will now begin the question-and-answer session.

Moderator: Thank you very much, ma'am. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Good evening, sir and compliments to you for the fantastic set of numbers for the quarter and the year. My compliments to you for the good set of numbers. You have crossed ROA for the first time, 1% in this quarter, 1.12%. And the overall business also has -- business growth has also been good in this difficult environment, especially on the front of the deposit and the credit both in many other banks, people are facing, whereas you have done well on the advances front of 14.15% and deposit 9.11% in this. So on the whole, it's a good set of results.

I have some couple of some questions and some observations, some data points. Sir, my first point is on the fresh slippages, which have gone up to INR2,756 crores. Would you like to elaborate on that fresh slippage to NPA category? What kind of accounts and what is the reason for it and something -- can you give some color on this? That is my first question, please?

Ajay Srivastava: Yes, sir. In fact, all along, we have been consistently maintaining slippage ratio around 0.15%, 0.16%, 0.17%. This quarter also, we always maintained it, but one account of MTNL that is already there in the public domain, all of you know that. So, INR2,332 crores of MTNL account became NPA in February this year in Q4. And because of that only total slippages has gone up to INR3,568 crores, sir. If you take that out, then total slippage for the entire year is INR1,200 crores only, which is lower than the previous year slippage of INR1,500 crores.

- Ashok Ajmera:** So sir, what will be the state of MTNL now like there must be talk going on to bring it back to the standard category or what is the process now to be followed to bring down our NPA, though you -- though the gross NPAs are under control because there is a heavy written-off of INR3,043 crores write-off in this quarter, but still it's a matter of concern only. So what is -- what generally happens in this kind of case now?
- Ajay Srivastava:** Sir, discussions are happening amongst Ministry official, sir. Some resolution we are expecting in this quarter. And hopefully, we will get our entire money back. That is what we are expecting.
- Ashok Ajmera:** Yes. You must get the entire money and in fact as why on the MTNL you should lose any money when it is a government undertaking. Anyway sir, there is -- we have an investment in Universal Sompo General Insurance of 18.06%, which is basically a minority interest and it is not coming in our consolidation books also because of less than 25%. So any plan on this either having off or increasing the stake?
- Ajay Srivastava:** In fact, increasing the stake can be considered, sir. That is not under active consideration, I will say, but we'll go to the Board and discuss about that. But hiving off is certainly not on the card, sir. We'd like to maintain it.
- Ashok Ajmera:** Okay, sir. And there is a loss in the other investment in associate books. So what is exactly is that INR331 crores adjusted against the reserves and surplus. So this belongs to which associate company, which we have to write off?
- Ajay Srivastava:** INR331 crores.
- Ashok Ajmera:** No. This is note number 9 in investment in associate. Yes, AS 23?
- Ajay Srivastava:** Okay. That was JV, we are having -- in fact, the new definition of treasury revaluation, the treasury thing one circular came from RBI last year.
- Ashok Ajmera:** Yes.
- Ajay Srivastava:** So as a part of that, only the entire thing was restructured last time also it was discussed. It's only an accounting entry sir, it is not having any impact on the balance sheet. It was part of the compliance of the guidelines issued by RBI as a result of that, only it has happened.
- Ashok Ajmera:** Okay, sir. Sir, my next question is on the -- which I have been raising in earlier meetings also is about the disputed tax liability. So that continues to be there in the notes, which auditors have given notes to the account. And even last time also, we had -- I think one or two quarters back also, we had a discussion on this that it is there with all other banks also. But we have not seen this kind of note in any other -- most of the other public sector banks.
- There is a huge disputed tax liability of INR4,062 crores and plus there is income tax and service tax INR265 crores and GST, INR1,615 crores. So where do we stand today? I mean, why is it taking so much of time to settle the liabilities? And there is a process in the -- all these tax laws where you can press for early disposal of the cases?

- Ajay Srivastava:** Yes, sir. So two, three things, sir. First thing is that we have gone through the notes on accounts of some of the banks whose results have come recently. And I think that this is there also as part of disclosure. That is one part, sir. But last time when we discussed, if you remember, the total disputed tax liability was INR9,700 crores almost. And during last 4 to 5 months, we have of course, against all those demands, we went for appeal.
- And last 4 months, giving effect orders from the appellate authorities, we have got to the tune of INR4,402 crores. That was, of course, disclosed also and it came in the newspapers. So from INR9,700 crores, it has come down to INR5,900 crores as on date. Why I'm giving -- sharing these numbers with you is that the appeal which we made against the claim by the respective authorities, our appeal and our justification has been accepted by the appellate authority.
- And as a result of that, only INR4,402 crores of giving effect orders came to us and the disputed tax liability has come down to INR5,933 crores. So depending on the demand and nature of demand and our conviction that these demands are not justified, we have gone for appeal. And we are 100% sure that this for remaining amount also, we are going to get the giving effect orders and liability against this will not arise.
- That has been proved as the numbers which I gave to you. And depending on the facts and discussion with the experts, we are sure that this liability, this demand will not crystallize on the bank. But as a matter of corporate governance, as a matter of 100% transparency, we make it a point that we disclose this for the benefit of everyone.
- Ashok Ajmera:** That's very good, sir. On this IT refund of INR4,402 crores, you must have received good amount of interest also. What is the interest amount of the IT returns which has gone to the income?
- Ajay Srivastava:** It has gone to current account, sir. Interest amount is yet to be decided or maybe I will come back with the details. I'll come back with the details.
- Ashok Ajmera:** So no credit has been taken in P&L on account of that interest, whatever is there in this month?
- Ajay Srivastava:** Something will be there the exact numbers, I don't remember, we'll come back, sir.
- Ashok Ajmera:** Okay. All right, sir. I will take it now on the -- coming back on the business and the credit growth and as well as the deposit growth, we are sitting on a CD ratio of global is around almost about 80% and domestic is 76.96%. So going forward, what is your target, sir, now for FY '26 or maybe one or two quarters next quarter on the credit growth, you want to continue it at 14%, 15%? Or is there any change? And the same, what is the target for the deposit sir?
- Ajay Srivastava:** Sir, credit growth for this year also, we would like to grow at around 14% to 15%. That will continue. And to demand that and to match that growth, to address that growth, we need to grow our deposit also. This year, we have grown by 9.11%. We have got our strategy in place and our plan is to grow deposit to the tune of 12% to 13% in this financial year.
- Ashok Ajmera:** 12% to 13%.
- Ajay Srivastava:** Yes.

- Ashok Ajmera:** Alright. I have some couple of data points also to be discussed. But if time permits, I'll come back again, sir.
- Ajay Srivastava:** Sure, sir. Welcome.
- Moderator:** Thank you. The next question is from the line of Niteen Dharmawat, CFA from Aurum Capital. Please go ahead.
- Niteen Dharmawat:** Thank you for the opportunity. Sir, my first question is what is the plan to expand the branch network during the next financial year? And what will be the guidance for the cost-to-income ratio? Last year or last quarter, rather, it went down to 44%. And for the year, it remained at around 47%. So can you provide some more details about this?
- Ajay Srivastava:** Yes, sir. So branch opening the last year, last financial year, we opened 101 branches against a targeted number of 88. And this year also, the guideline -- the guidance is that we will try to open new branches at new centers, which should be matching to this number above any -- it can be any number above 100.
- So that is the plan that will happen. And regarding the cost to income, we are at 44.35% for quarter ended March '25. Year-on-year, if you see it has come down from 56% to 47%, so reduction of 918 bps. And going forward, since income is increasing, we are expecting to maintain it at around 44% or maybe 100 or 200 bps lower than that, around 42% by the end of this year. That is what we are looking at.
- Niteen Dharmawat:** And in segmental NPA and MSME segment is still close to 3%. So do we see any stress over there? What is your reading for the sector?
- Ajay Srivastava:** There is no stress as such as a product, I will say. As MSME sector, there is no stress as such. There are individual accounts and because of their own individual peculiarity, some of the accounts are under stress. It's not high value. And that is the nature of business. It keeps happening. What I am trying to say is that it's nothing unusual. We do not see any stress in MSME portfolio as such.
- Niteen Dharmawat:** Let me rephrase now. Where do you see the stress in the economy in general? Do you see anywhere stress in the economy, any specific sector where you see -- whether we are lending there or not is a different question, but in general?
- Ajay Srivastava:** Yes. MSME continues to play a major part in economy and the growth of the economy also. And our MSME exposure, I think, around 29% to 30% of our total exposure in MSME, and it is one of the most important parameters for the bank to grow in that sector. So focus is there and MSME constitutes a lot of government schemes also apart from that, what we are focusing at is mid-level MSME, closer to three digit or double-digit, higher end of double-digit MSME numbers that we are looking at that we are focusing at. And in addition to that, we are focusing on those sectors where government PLI scheme is operational.
- Niteen Dharmawat:** I understand sir. No, I was not looking only at MSME sector per se, but in general sense anywhere you see in the economy, whether it is MSME, rural or micro lending or gold loan or anywhere actually in any of the sectors you see any stress...

- Ajay Srivastava:** We are growing in all sectors, if you see, retail, agri, MSME and we are having 3,400 branches almost across the geography. So depending on the geography and depending on the activity happening in that geography, lending is happening and growth is happening. So I cannot pinpoint one particular sector or product.
- Overall, wherever opportunity is there, geography-wise or one district, one product concept is there, we are growing. All our branches are doing that lending. And RAM sector growth is happening. Of course, corporate sector, there are 6 large corporate branches from where large corporate sanction happens. And that is how we are managing our credit growth.
- Niteen Dharmawat:** Okay. My final question is about what are the top three accounts other than MTNL where you have seen or where you see any possible NPAs of provisioning during the quarter?
- Ajay Srivastava:** During the quarter and during the year also, we do not see any other account under stress, corporate. Whatever slippages are happening it is happening every quarter around INR200 crores, INR250 crores of slippage happening and it's mostly in RAM only, a small value.
- Niteen Dharmawat:** I got it. Thank you so much, sir and wishing you best.
- Moderator:** Thank you. We'll take the next question from the line of Aryan Rana an Individual Investor. Please go ahead.
- Aryan Rana:** Yes. Congratulations to the IOB for a good set of numbers and also all the best for the fundraising plans that the company has. I have a couple of questions, sir. One is regarding RBI penalty and the other one is about lending rate reduction. So first, I will just ask you about lending rate reduction. So reason for rate cut, what prompted the company to 25 bps RLR cut despite unchanged repo rates, what was the reason to drive this credit growth or respond to the market trends, that's the first question?
- And the second is regarding your impact on NIM and profitability, how will this cut affect margins in FY '26? And what measures are in place to mitigate the impact? So this is on lending rate and then I will come back to you on RBI penalty that was [inaudible 26:07]?
- Ajay Srivastava:** So rate reduction happened because repo rate was reduced by RBI. And as a policy as per guideline, all retail and MSME products of all banks are linked to repo. So whenever repo gets reduced by the regulator, the automatic transmission happens. And our rate of interest also gets adjusted accordingly immediately. That is real-time transmission. So this 25 bps reduction happened because of reduction by RBI repo rate. That is one part.
- Second part is that how we are going to mitigate this. So of course, the interest income will get impacted. So there are two ways to cover it and which we are doing. One thing is that the other 50% of the lending is on MCLR and base rate. So those accounts which can be covered under MCLR, we are focusing on that part so that this loss can be covered.
- And second thing is that since repo rate is going down, inflation is under control, so deposit rate will also get moderated. So deposit rate will also be reduced and accordingly, the loss will be offset. Regarding penalty, I have to convey is that it is jewel loan and the classification of jewel loan was -- there was some, I will say, wrong calculation on the part of the bank regarding

classification of jewel loan and that was corrected. And because of that technical issue, this penalty of INR31 lakhs has come on the bank.

Aryan Rana: Okay, sir. So any steps -- corrective steps that the bank will take to strengthen the compliance and internal controls post RBI?

Ajay Srivastava: Yes, all things are in place as far as compliance is concerned. And there is a full-fledged compliance department in the bank. And there is a vertical at a regional office level also compliance officers are there and their main job is to ensure that compliance of RBI guidelines, rules, regulations, banks internal policies, everything are meticulously followed. And there are committees at central office, which monitor this. And at central office level, we ensure that compliance function -- compliance department functions independently.

They have not been given any business vertical or business targets so that they can focus on only compliance issue and the system is working very fine. And compliance level of the bank on all parameters is, I will say, in the top bracket.

Aryan Rana: Okay, sir. Thank you so much. And coming back to lending rate this thing. So how will the bank asset liability mismatches given the loan lending rate.

Moderator: Mr. Rana I'm sorry to interrupt you, sir. I would request you to kindly rejoin the queue for follow-up questions, please.

Aryan Rana: Okay. Thank you.

Moderator: There are others who are waiting for their turn.

Aryan Rana: I will come back.

Moderator: Thank you so much, sir. We'll take the next question from the line of Rajakumar Vaidyanathan from RK Investments. Please go ahead.

Rajakumar Vaidyanathan: Yes. Congrats for the good set of numbers. Sir, just a few questions. First on the capital raise. I just want to know, is it an enabling provision or you're looking at raising the real capital because we just made a capital raise a few months back. So just wanted to know why we are looking at further capital raise given that our CD ratio is also very good?

Ajay Srivastava: Yes. You are absolutely right that we do not need capital as well as growth capital is concerned. Our CRAR is at 19.74%. And this CRAR can take care of our 3 years credit growth comfortably. So for CRAR purpose, we do not need capital that is very true. The fact is that the Government of India shareholding is -- was 96% in the bank.

And in the month of February, we raised INR1,400 crores of capital through QIP process, and that reduced Government of India shareholding to 94%. And going forward, to comply with the SEBI guideline of minimum shareholding, we are raising capital from the market to bring down Government of India shareholding further. That is the objective.

Rajakumar Vaidyanathan: Yes. Because see, that will dilute the capital measures. That is the reason that I'm asking why government is not selling its stake instead the bank is raising the capital when we don't need the growth capital?

Ajay Srivastava: That is not for us to decide or comment. But whatever we can do as a bank, we are doing that. We are raising capital going to the market, raising capital. And it shows the level of comfort and trust of the market, of the market participants on bank's growth story. And that is how INR1,400 crores of fresh capital will be mobilized.

Rajakumar Vaidyanathan: Okay, sir. Sir, the next question is, what is the recovery that you are -- the NPA recovery and the write-off recovery that you are projecting for the next 2 to 3 years and particularly for the financial year '25-'26?

Ajay Srivastava: I can comment on this year, current year only. For this year, our recovery target is around INR4,500 crores for the entire year. And out of this recovery from technically return of account, if you ask, it will be around 40% to 45%.

Rajakumar Vaidyanathan: Okay. But what is the total pool of NPA and recovery from which you're recovering the sort of spend? I just want to know what is the total pool size?

Ajay Srivastava: GNPA is INR9,700 crores and net NPA is INR912 crores only.

Rajakumar Vaidyanathan: And what is the write-off portfolio?

Ajay Srivastava: Write-off portfolio is around INR30,000 crores.

Rajakumar Vaidyanathan: INR30,000 crores. Okay. And sir, what is the guidance for ROA for the financial '25-'26?

Ajay Srivastava: ROA this quarter, we crossed 1%. So we are standing at 1.12%. And going forward, the plan is to improve it further.

Rajakumar Vaidyanathan: Okay. Will you maintain it or will you improve it in the coming financial year?

Ajay Srivastava: We will try to maintain it. And by the end of this financial year, we'll try to improve it by an additional some few basis points.

Rajakumar Vaidyanathan: Okay, sir. All the very best. Thank you.

Moderator: Thank you. The next question is from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.

Sushil Choksey: Sir, congratulations to team IOB on an excellent result and a stable outlook. Second is congratulations also on the QIP. Sir, this dilution, which you answered to the previous question, if I assume that you do INR1,400 crores to INR2,000 crores of QIP, it will take at least another four, five rounds before you get to 75%, which will destroy value of the existing shareholders. So I would urge that the government should consider and the request should go out from the bank that we let the OFS happens so retail participant rather than doing QIP.

Second thing, sir, what is the outlook on treasury because this year may be a bumper harvesting year for all banks in India where treasury profits are concerned? And how would you utilize that for growth, the profits? And second thing is, will this lead to that you will diversify to corporate bond, which yield higher and how would you also sustain CASA at the same time with falling interest rate regime, CASA would be a good enabler for growth. What is our strategy to increase the saving deposits?

Ajay Srivastava:

So I will start from CASA only, sir, CASA and SB. If you see consistently, we have been able to maintain CASA percentage above 43%. As of March '25, also, it is 43.65% and with growth of term deposit and retail term deposit, we have increased CASA also to that extent in absolute terms also and in percentage terms also. So there is a well thought out plan and strategy for mobilizing SB deposit and CASA, which is working fine as on date.

And the same strategy we intend to continue in this year also. The plan which is there for CASA growth is around 10%, that is what we are looking at. And regarding what was your other question, sir? I forgot the other question.

Sushil Choksey:

Treasury profit.

Ajay Srivastava:

Yes, treasury profit this year looks good, sir. It's falling interest rate scenario now going forward. So I think it will give us good numbers, sir. And the profitability and all these things, of course, will not be under stress. Whatever we are going to lose or some margin impact will be there because of repo rate reduction. The profitability will be managed with treasury income. Of course, it will be noninterest. But overall, profitability and income will be maintained and can be improved further also. So looks good, sir, this year.

Sushil Choksey:

Sir, looking good from that perspective, I understood. But this treasury harvest, which you -- will you invest in corporate bonds or you utilize for growth in RAM?

Ajay Srivastava:

We'll take it also depending on the situation, depending on the market because you know that it's a very dynamic market. Everything something new happens, it changes. So depending on that particular, we will take a call. But of course, whatever we are going to get, we are not going to keep that money idle. Of course, we'll be reinvesting relending.

Sushil Choksey:

No. Sir I understand the money is not idle. But as on today, out of your treasury total portfolio, what would comprise of equity and corporate bonds other than PSU and treasury, government Gsec?

Ajay Srivastava:

Breakup is not readily available, sir. We'll share that detail with you. We'll send it separately.

Sushil Choksey:

Okay. Second thing, sir, on the CD ratio, what is your outlook?

Ajay Srivastava:

We'll try to maintain it around 80%, 81%, sir. See, we are having 4 overseas branches. If you look at domestic CD, it is around 76% only CD ratio. And global, it becomes 80% because global, there is no deposit concept as sir. They don't have any deposit. And we'll try to maintain at this level, sir, we will grow deposit and against that lending will happen. So CD ratio, we will like to maintain it at around 80%, the same level.

- Sushil Choksey:** And what is the outlook on NIM where global business is concerned?
- Ajay Srivastava:** NIM, we are looking at maintaining at around 3.50%. There will be some pressure. And I think around 3.5% we'll be able to maintain at year-end.
- Sushil Choksey:** But that is global NIM -- total NIM. I'm not asking on an international book?
- Ajay Srivastava:** International, there will be an impact of around 8 to 10 bps only.
- Sushil Choksey:** So you're saying your NIM on international book would be 3.42%.
- Ajay Srivastava:** 3.42% to 3.43%, yes, around that, yes, almost.
- Sushil Choksey:** Can I understand what product is bringing us this kind of NIMs on international book?
- Ajay Srivastava:** International book -- see, international book NIM is low only. International book lending happens at SOFR, that is not much. And that is why the global NIM also gets impacted.
- Sushil Choksey:** No, no, getting impacted, I understand, but which product is corporate lending giving you those kind of NIMs in international book I want?
- Ajay Srivastava:** Corporate lending, trade finance, wherever the opportunity to lend is there, where money is safe and income-generating capability of the unit is there, will end, including corporates, yes.
- Sushil Choksey:** What is the strategy on digital spend for technology upgradation, co-lending, retail products, corporate banking? And what is the total budget for this year? And what are the new enablers which you're trying to roll out?
- Ajay Srivastava:** Yes. So almost for last 3 years, every year, the IT budget is to the tune of INR1,200 crores, INR1,400 crores. This year, we have got the budget approved from the Board amounting to INR1,700 crores plus. And it includes everything right from the new products, the digital initiatives, the IT infrastructure, the ATMs, the entire gamut of IT -- it is getting upgraded on a regular basis.
- And the products and the services which we provide on digital front, it is at par with the best in the industry. And we are not shy of investing in IT. We are very aggressive. The best of the software and technology available in the market, we are onboarding. And that is how budget investment also it gets on increasing year-on-year. So this year, it is INR1,700 crores plus.
- Sushil Choksey:** My last question to Joydeep, what are we doing in HR to make bank future ready?
- Joydeep Dutta Roy:** HR also, I think we have launched a lot of transformation programs. So there is a lot of activities happening on the HR front also. There's a Lakshya project, which has been started, which is revamping the entire performance management system, upgrading the skills, leadership development. A lot of work is going on in HR. And hopefully, that skill upgradation will reflect in the increasing business that is happening and the growth that the bank is showing and going forward in this year also.
- Sushil Choksey:** What is the average age of our staff?

Joydeep Dutta Roy: That could be around 38 or 39 approx.

Sushil Choksey: 30 to 39 okay.

Joydeep Dutta Roy: That is 38 to 39.

Sushil Choksey: Okay. Good luck and best wishes for the year and years to come.

Joydeep Dutta Roy: Thank you.

Sushil Choksey: Thank you for answering all my questions.

Moderator: Thank you. The next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Thanks for the opportunity again. Sir, my one question is on the little update on the DTA assets. And by what time do you think that we may go in -- I mean, take advantage of all that old losses benefit is available and we will go to the new tax regime. Any calculation on that?

Ajay Srivastava: Yes, calculation we have done, sir. We will be maybe last quarter of this financial year. In this year, we will be shifting to new tax regime. That calculation on a monthly basis, we are doing. And I think that will be the ideal time when we can say it.

Ashok Ajmera: So the entire DTA benefit, which accrues on INR3,864 crores will be utilized in FY '26 and then we will be ready for the new tax regime, isn't it?

Ajay Srivastava: Exactly, yes.

Ashok Ajmera: And sir, one small data point, some information in the noninterest income, there is another column of, again, other income, that is miscellaneous income or something, which has gone up in this quarter to INR466 crores. Any major item in that or is that interest on refund or something? What is that INR466 crores miscellaneous income in noninterest income?

Ajay Srivastava: PSLC, private sector lending certificate, we have sold. Income generated out of...in this quarter.

Ashok Ajmera: How much of that, sir, commission earned?

Ajay Srivastava: INR287 crores in this quarter. For a year, it was INR431 crores. I think, around INR430 crores.

Ashok Ajmera: Okay, sir. So this INR466 crores included INR287 crores.

Ajay Srivastava: INR287 crores. Yes.

Ashok Ajmera: Sir, coming back to that one earlier question on this that we have expanded now we have started globally and we have four centers there to serve the people there down abroad. What are our basically the plan going forward on the overseas book because our scale is very, very small today. And do we have any -- that kind of corporate clients here in India, which may require the credit down there so that we fund part of our exposure there to the Indian customers and clients. Any study on our overseas operation, expanding the operation there, sir?

- Ajay Srivastava:** See, overseas business over all these four overseas centers, they are doing good business. They are growing around 12%, 13%, 14% year-on-year. We do not want to be very aggressive there. So the moderate growth, which we are growing domestically here the same growth percentage will also be visible there. And a few of the clients, of course, are there, not many, but selected few who have taken exposure from overseas centers also.
- Ashok Ajmera:** All right, sir. Thank you very much and all the best to you.
- Moderator:** Thank you. The next question is from the line of Rajakumar Vaidyanathan from RK Investments. Please go ahead.
- Rajakumar Vaidyanathan:** Thanks for the follow up opportunity. So, just two housekeeping questions. First one is the other operating costs have gone up almost INR200 crores this quarter compared to the December quarter. So is there any one-off in this?
- Ajay Srivastava:** That was staff provision. First 9 months of this quarter, as per the actual valuation, provision requirement, what was required, we have done more than that. So this year, it was slightly adjusted accordingly this quarter.
- Rajakumar Vaidyanathan:** Sir, I'm talking about the other operating expense, not the employee cost.
- Ajay Srivastava:** What numbers you are talking?
- Rajakumar Vaidyanathan:** INR955 crores this quarter vis-a-vis INR753 crores in December.
- Ajay Srivastava:** We'll get back. In fact, readily is not available, but other operating includes the staff expansion and a major part of this has come from that only, but we will come back to you.
- Rajakumar Vaidyanathan:** Okay. And sir, did we get any gain because this quarter, the Gsec gains have come down significantly. So did we -- when we restated our employee liabilities and pension and other retirement benefits, did we get any benefit, I mean, get any one-off gain?
- Ajay Srivastava:** No.
- Rajakumar Vaidyanathan:** Okay. So can we take this as a steady-state cost -- employee cost from a line item perspective?
- Ajay Srivastava:** Yes. That we will send it to you separately. Right now, it is not readily available with me.
- Rajakumar Vaidyanathan:** Okay, sir. Not a problem, sir. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Ajay Kumar Srivastava, MD and CEO for closing comments. Thank you, and over to you, sir.
- Ajay Srivastava:** Yes. Thank you. So thank you, everyone for asking additional information about IOB, the guidance and the growth plan for next year and some of the answers, some of the questions which I could not answer the numbers I could not share. My team will come back to all of you and share those numbers with all of you. And only one thing I have to tell to all who are connected here that Bank is on a growth path, consistently bank is growing.

If you see performance of last 8 quarters, consistent growth in all parameters is happening. December quarter's net profit was INR874 crores. That was the highest for the bank in its history. And this quarter, we have gone -- we have done better than that and INR1,051 crores of net profit has happened.

And one more thing which I would like to add here is that we added a fresh NPA of INR2,332 crores of MTNL. We made 100% provision. And despite addition of INR2,332 crores of fresh NPA and 100% provision also, we have been able to show good growth in all parameters. The net profit has gone to INR1,050 crores the highest. The GNPA has come down, the NNPA has come down. All ratios have improved.

And what I'm trying to convey by conveying this is that the balance sheet, the strength of the bank is to that extent that INR2,332 crores of additional provision we have made in one shot. And still all other ratios, all numbers everything including net profit has improved. So that is where we stand.

And before closing, while thanking all of you, I request all of you to go through the bank's performance over the last four, five, six quarters and the numbers which we have generated for this financial year. And I will say, look at IOB with a positive intent and take into account the growth story of IOB. Thanks a lot. Thank you, everyone.

Moderator:

Thank you, sir. On behalf of the Board of Directors and the management team, we sincerely thank you for your participation and continued support. Wishing you all a successful and prosperous year ahead. On behalf of Indian Overseas Bank and Veritas Reputation PR, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.