Ref. No.: ISC/40/2025-26 Date: 09.05.2025

The Vice President National Stock Exchange of India Ltd. Exchange Plaza, Bandra- Kurla Complex Bandra East, Mumbai-400 051 **NSE Symbol: INDIANB**	The Vice President BSE Ltd. 25, P. J. Towers Dalal Street, Mumbai-400001 **BSE Scrip Code- 532814**

Dear Sir / Madam,

Subject: <u>Transcript of Post Earnings Concall / Meet</u>

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation of our Letter No. ISC/25/2025-26 dated 29.04.2025 and Letter No. ISC/38/2025-26 dated 03.05.2025 regarding Analysts / Investors Concall / Meet, we are enclosing a copy of Transcript of said post Earnings Concall / Meet held by the Bank on 03.05.2025 on the Financial Results of the Bank for the Fourth Quarter and Financial Year ended on 31st March 2025.

The Concall Transcript has also been uploaded on Bank's website and the same can be accessed through below link:

https://www.indianbank.in/departments/audio-video-recording-concall-transcripts/

This is for your information, record and dissemination please.

Yours faithfully,

For Indian Bank

BIMAL MAHENDRABHAI SHAH

Digitally signed by BIMAL MAHENDRABHAI SHAH
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Chief Manager - ISC

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Indian Bank Q4 and FY'25 Results
Post Earnings Conference Call / Meet
Held on 03.05.2025

Transcript

Management:	**Shri Binod Kumar** **MD & CEO**
	Shri Mahesh Kumar Bajaj **Executive Director**
	Shri Ashutosh Choudhury **Executive Director**
	Shri Shiv Bajrang Singh **Executive Director**
	Shri Brajesh Kumar Singh **Executive Director**
Moderator:	**Shri Anand Dama** **Analyst, Emkay Global Financial Services Ltd.**

Anand Dama (Host – Emkay Global)

Hello, everyone. I welcome you all to Indian Bank's post results conference call for fourth quarter of Financial Year 2025, hosted by Emkay Global Financial Services.

From the top management, we have with us Shri Binod Kumar, MD & CEO, Shri Mahesh Kumar Bajaj, Executive Director, Shri Ashutosh Choudhury, Executive Director, Shri Shiv Bajrang Singh, Executive Director and Shri Brajesh Kumar Singh, Executive Director

I request the MD Sir, first to briefly summarize the key highlights from fourth quarter FY'25 results, and also provide us some strategic direction on growth, margins and asset quality, post which we will have the Q&A session. Over to you, MD Sir.

Shri Binod Kumar, MD & CEO

Thank you, Anand. And good evening to all friends from investors community, my colleagues on the Board and all the Executive Directors.

First of all, I will say the results has been good, for Q4 FY'25 and full year FY'25. We have crossed figure of Rs.13 lakh crore for the first time. We have also crossed Rs.10,000 crores annual PAT for the first time - to be precise it is Rs.10,918 crores. Our SMA book including (SMA 0 + SMA 1 + SMA 2), which was 15.59% at the end of the Mar'24, has come down to 8.06% as of Mar'25. Having said that, total business reached Rs.13.25 trillion, QoQ growth has been good. Annually we have added around Rs.1.3 to Rs.1.4 trillion, out of that Q4 of FY'25 was approximately around Rs.60,000 crore. Overall deposit reached Rs.7.37 trillion, with a QoQ growth of 4.97% and YoY growth of 7.14%. Current account balances reached Rs.40,000 crore, with QoQ growth at 11.33% and YoY growth was subdued and almost flat at 1.63%. Similarly in savings account, we reached Rs.2.43 trillion with QoQ growth of 4.15% and YoY growth it is flat at 0.84%. We have been able to maintain CASA ratio (domestic) at 40.17% and one good thing in retail TD (less than Rs.3 crore), we have been able to reach Rs.2.79 trillion with a YoY growth of 10%.

Similarly in advances, we have achieved Rs.5.88 trillion with QoQ growth of 5.18% and YoY growth of 10.19%. RAM sector, we reached Rs.3.51 trillion with QoQ growth of 4.82% and YoY growth of 13.22%. Retail, we reached Rs.1.19 trillion with QoQ growth of 3.60% and YoY growth of 13.71%. Agri, we reached Rs.1.38 trillion with QoQ growth of 6% and YoY growth of 13.68%.

MSME book growth, used to be in the range of 5% to 6%. This year, we have been able to achieve growth of approximately 12% in the MSME. RAM share is flat around at 64.23%. Net profit for the quarter is Rs.2,956 crore, and for whole financial year, it is Rs.10,918 crore with YoY growth of 35.41%.

Operating profit for the quarter is at Rs.5,019 crore with QoQ growth of 5.67% and annual operating profit is Rs.18,998 crore with YoY growth of 12.82%. NII for QoQ has come down marginally because of the impact of two repo cuts. However, NII for YoY has grown by 8.17%. Similarly, we have seen good growth in other income, with QoQ growth of 27.46% and YoY growth of 17.25%.

Return on assets slightly came down from 1.39% to 1.37%. However, on YoY basis it has grown by 25 basis points from 1.07% to 1.32%. Return on equity for Q4 is almost flat at 21.01% sequentially and for full year, it is 20.76%. Cost-to-income ratio is flat at around 45%, Dec'24 (Q3) it was 44.56% and for the for full year FY'25 it is 44.77%, which is also almost flat. Provision coverage ratio improved by 1 basis point sequentially, from 98.09% it now stands at 98.10%. Credit cost for QoQ basis has gone up from 0.47% to 0.81% and on YoY basis it has come down from 0.77% to 0.66%.

Credit cost has gone up because we had some MOC and slippages also, but the major impact is because of the one account in NFB. We made a provision in NFB, to be on a conservative side. Gross NPA has sequentially come down from 3.26% to 3.09% and net NPA also has come down from 0.21% to 0.19%. Slippage ratio was increased for QoQ basis from 0.78% to 1.09%, as I told you on account of some MOC, but on YoY basis it has come down from 1.49% to 1.11%.

Absolute slippage for Q4 FY'25 was Rs.1,393 crore and it was Rs.1,004 crores in Q3 FY'25. This slight increase is because of some MOC, where branches were under audit. SMA book has come down significantly from Rs.79,931 crore as on Mar'24 to Rs.45,923 crore as on Mar'25. And SMA 2 book (more than Rs.5 crore) is only Rs.659 crore and there is only one account of Rs.160 crore in SMA 2 book (more than Rs.25 crore), and we have made 100% provision there. We have been able to open around 55 lakh savings fund account and around 1.58 lakh current account during the financial year. I am happy to share that our average balance in new account, which was Rs.21,000 in Q4 FY'24 has gone up to Rs.30,000 in this Q4 FY'25.

If I talk of the guidance for the FY 2025-26, we are giving guidance for deposit of 8-10% and advances of 10-12%. We are giving guidance to maintain CASA around 40%. We would like to maintain LDR around 80% range. Gross NPA, we are giving guidance to maintain less than 3% and we'll maintain the current levels of net NPA, because we have already reached 0.19%. Further, we are giving recovery guidance of Rs.5,500 crores to Rs.6,500 crores. We will have some moderation on yield on advances and NIMs because of rate cuts. Since inflation is within comfortable range, we see there may be some more rate cuts, so we are giving a revised NIM guidance in the range of 3.15% to 3.30%. Although we have achieved RoA of 1.32%, but because of the increased asset or some moderation in the profitability, we are giving RoA guidance in the range of 1.20%.

We will be able to maintain cost-to-income ratio around 45%. Credit cost, I am giving guidance of less than 1%, slippage also we are giving guidance of less than 1%. One good thing I would like to share that recovery is continuously more than the slippage since FY22-23, this year also recovery was Rs.7,651 crores and slippage was Rs.5,683 crores. And I am happy to share that we have been able to achieve this amount of recovery despite very subdued recovery contribution of NCLT and NARCL. If I give you further bifurcation, out of this Rs.7,651 crore, recovery in less than Rs.1 crore is Rs.6,730 crore*****, so basically contributed by smaller accounts.

**In line with errata filed with Stock Exchanges on 03.05.2025 the figure of total recovery less than 1 crore may be read as Rs.3,396 crore instead of Rs.6,730 crore.*

If I talk of the capital, we are well capitalized at 17.94%, out of which CET-1 is 15.36%. My colleague shri Bajaj ji will explain about digital business, but before that I would like to add a few things. Digital adoption is our focus area, we have made so many investments during the last two to three years, benefit of that is yet to come, so our focus will be on digital adoption using customer base of the mobile banking and internet banking. Regarding HRM related, Bank has already initiated capacity building for leadership development programs like Rising Star and this is for top management group, like AGM and above.

We are also making efforts to provide capacity building for the middle management in a specific area like credit and forex. We are planning to provide an intensive training for six months, 17 weeks. We have already started a program in credit and similar program will be also initiated for the forex. Customer service will be the focus area. In order to increase business sourcing, we may increase the number of resource acquisition center (RAC) from 100 to 121.

Further we will also increase the resource and government relationship (R&GR) centers from 18 currently to 21. We also use our subsidiary IGSS for garnering business in all segments, like current account, MSME, retail.

Now, I request my colleague Mr. Mahesh Bajaj to explain about the initiative taken in the digital side during the year.

Shri Mahesh Kumar Bajaj, Executive Director

Thank you, Sir. Good evening, everyone. The digital migration continues this financial year, if we take the entire year FY’25, the digital transaction has gone up from 87% to 92%. If we take only this quarter, it has gone up from 89% to 93%. So presently, March '25 quarter, the digital transactions are 93%. Even on the UPI side, which used to be 1.56 crore per day transaction in March '24, now it is 2.67 crore per day.

In mobile banking, 55 lakh transaction per month has gone up and our customer base has gone up by 16%, from 1.67 crore to 1.94 crore. Same way, transactions also have gone up by 3%. On UPI, our customer base has gone up from 1.75 crore to 2.18 crore, which is growth of 25%. Same way, the transactions also, remittance plus beneficiary has gone up by 51%. It used to be 570 crore per year, and now it is 862 crore.

Internet banking also, our customer base has gone up from 1.06 crore to 1.15 crore, which is 8% plus. Same way, on the credit card user also, from 2 lakh to 2.78 lakhs. Same way, the PoS transaction also, from 1.14 crore to 1.28 crore, which is a growth of 13%. We have added another 43 digital journeys, so the total is now 121 journeys. We did business of Rs.1,67,390 crore, and last year it was Rs.81,000 crore, which is a YoY growth of 106%. As far as the adoption is concerned, the MSME business is 83%, retail 85%, agriculture 95%. And even the liability side, the deposit, which used to be Rs.10,759 crore last year, it has gone up by 174% this year, which is close to Rs.29,439 crore.

Total overall business, through digital, it is Rs.2,54,000 crore. When we started our digital journey in Apr-22, with the first launch of PAPL, we did business of Rs.5,640 crore, and then March '24, it was Rs.81,250 crore, and March '25, it is Rs.1,67,000 crore. We are projecting Rs.2,25,000 crore for the financial year 2026. As far as the digital migration is concerned, the number of accounts has gone up by 133%, where 1.2 crore accounts were opened under a digital platform.

The digital liability business has grown by 3x YoY. Similarly, digital home loans have grown by 3x YoY. Digital vehicle loans have grown by 4x YoY, while digital Agri loans have grown by 2x, which is Rs.42,064 crore. In the digital MSME segment, adoption has increased significantly, with 2x growth, which is Rs.7,355 crore. We've also intensified our focus on digital retail jewel loans, where the growth was 6x, and the same was digital SHG loans, where the growth was 5x, with disbursement of 2,244 digital SHG loans.

Last year, we launched 43 digital journeys, and this year, we are proposing to launch another 37 journeys. With that, probably we'll be covering each and every product of the liability as well as asset side.

Our app, IndSMART, which was launched in Jun-24, an omnichannel app, has 280 functionalities, and another 30-plus feature will be added during the current financial year. Apart from that, we already have 77 lakh customers onboarded on this new app. We launched the Corporate Mobile banking on the omnichannel platform recently in Mar-25 and 2,200 customers have been onboarded already.

As far as the Fintech partnership is concerned, we used to have more than 130 partners last year, and now we have 167 Fintech partners. We provide all the Fintech solution to the institution and the government department, maybe the SNA or the CESS collection or the municipal corporation taxes, FASTag, e-Rupi, CBDC, hospital solution, coaching, college fee collection, and mobile app for the apartment society, for the business on the CASA side.

I'd like to inform the analysts that we're set to launch a new gen call center soon. Bank's IndSMART business app specifically is designed for our MSME customers. Cash Management Services (CMS) is again our ongoing project. The RBI's innovation Hub, the Unified Lending Interface (ULI), now integrates multiple APIs—through which we've facilitated business of nearly Rs.5,000 crore, by using the API by RBIH. For our relationship managers and the Resource Acquisition Centers mentioned by our MD Sir, we've already provided them with the IndConnect app to enhance their effectiveness. On the capacity-building front, as highlighted by our MD Sir, we're addressing the knowledge gaps by incorporating generative AI. We've already launched an internal app for employees within a CUG (Closed User Group), and we plan to roll it out more broadly this June'25.

We have already onboarded a new vendor to implement a next-generation CRM solution. On the data analytics front, we've developed new models hosted on a SaaS platform. Our cloud migration is largely complete, and for all new applications, we're deploying them on a private cloud infrastructure. We're also transitioning from a monolithic platform to a microservices-based approach. Additionally, we're exploring several use cases leveraging generative AI. Notably, we are collaborating with the RBI Innovation Hub on an automated grievance redressal system. We're also deploying chatbot solutions to enhance various service touchpoints.

We are planning to launch our own UPI app, in addition to our existing mobile banking app. On the data front, we've initiated the process for a new data lake, where the RFP was already floated. While the journey in corporate credit digitization has been challenging, we're now nearing completion on several digital models in that space. Further, we are actively exploring use cases leveraging Agentic AI. We expect to have some of these use cases ready by the end of this year.

Thank you so much.

Questions And Answers

Anand Dama (Host – Emkay Global)

Thank you, Sir. We will now open up the floor for Q&A session. Anybody who wishes to ask a question can please use the raise hand option. I request the participants to limit their questions to two per participant, and for further questions, you can fall back into the queue.

Before we assemble the question queue, Sir, my first question is that there is an account where the Supreme Court judgment has come, which is very adverse judgment. Number one, what is the exposure that the Bank has to that account? And whether the Bank would have to refund back that money to the bidder. Whether there is that kind of a covenant in the agreement? And secondly, what could be the impact of this kind of judgment on the other resolutions which are there in the pipeline?

Shri Binod Kumar, MD & CEO

We have received a copy of the judgment very recently. And of course, it is a landmark judgment and how it will impact, only time will tell. But one thing I can tell you, if at all, we have to reverse, I think it will be good for the Bank, because if you see, we have got our resolution at 40%, that means 60% haircut was there. Now that the asset is up and running, the enterprise value must have gone up. So, if at all, it happens, of course there will be some legal battle, but my personal view is that it should be positive net-to-net. But let us see, how it goes, they may also go for appeal, etc. and so let us wait and watch.

Anand Dama (Host – Emkay Global)

Got it. And any impact that you see on the other resolutions also. Any other resolutions where this kind of judgment actually could come through? Do you expect that?

Shri Binod Kumar, MD & CEO

I think psychologically there may be some impact for resolution applicants, because it has come after substantial gap of three to four years. So, psychologically, yes, there may be some impact. But at the same time, if you see, the asset they are getting at the haircut, so that factor is also there.

Anand Dama (Host – Emkay Global)

Certainly, Sir. And Sir, is it possible for you to share what kind of consideration that we had received at that point of time?

Shri Binod Kumar, MD & CEO

40%. Our outstanding was Rs.2,600 crores and we got around Rs.1,200-1,250 crores.

Anand Dama (Host – Emkay Global)

Okay. So that is amount which we need to reverse earlier first and then basically after that as and when the new bids comes, we can again book higher gain.

Shri Binod Kumar, MD & CEO

Yes, provided they don't prefer appeal. If they go for appeal, then I mean immediate reversal may not be required.

Anand Dama (Host – Emkay Global)

Okay. Got it, Sir. So, any participant if you have a question, you can please use the raise hand option and ask your question. Sameer, you can unmute yourself and ask your question.

Sameer Bhise, Analyst

Hi. Thank you for the opportunity. Sir, my question is more on growth. We have seen systemic growth coming down, how does one look at growth for next year for the Bank? And secondly, if you could comment on the slippages as well as credit cost outlook. I'm not sure if you had already guided, I missed earlier part of your commentary. Thank you.

Shri Binod Kumar, MD & CEO

So, we have given very conservative deposit growth guidance of 8% to 10%, advance 10% to 12%, and we believe we will achieve this, because if you see our last quarter (Q3 FY'25) growth it has been good in almost all the parameters. Total business grew by 5%, deposit also grew by almost 5%, advance also grew by 5% in Q4 FY'25. That's why we are giving guidance in the range of 8% to 10% and 10% to 12%.

We could have achieved this deposit growth even in this year, but we have taken a conscious call because we raised some fund from other sources at competitive rate, like infrastructure bond and other refinancing options. So, credit demand was met by these sources, that's why we did not go for the deposit growth, because wholesale deposit, we ended at flat Rs.1.04 lakh crore to Rs.1.06 lakh crore, so almost flat. We didn't go for the wholesale deposit. Similarly, advances, we said it's somewhere around Rs.10,000 to Rs.12,000 crores of the low-yielding advances, so because of that we just missed that, and we will be able to achieve that.

Credit cost, I'm giving guidance of less than 1%. It was 0.66% for the full year FY'25, but we are giving guidance of less than 1% for FY'26, and I'm confident that we will achieve this. For FY'25 the slippage ratio was 1.11% and for Q4 FY'25 it was 1.09%, and I'm giving guidance of less than 1% slippages, and I'm pretty confident we will achieve this.

Sameer Bhise, Analyst

Okay, Sir. Thank you. Just finally on recoveries, any meaningful accounts which are still pending or some chunky recoveries that you look at for FY'26?

Shri Binod Kumar, MD & CEO

See, if you see the recovery even for this year, recovery through NCLT was only Rs.486 crore, and through NARCL it was Rs.621 crore against Rs.1,400 crore for FY'24. So even without the support of these channels, we have been able to achieve the guidance of Rs.7,651 crore. And as I told you, recovery in the lower segment (less than Rs.1 crore) was high - Rs.6,730 crore*. So, our reliance on the smaller accounts is more for the recovery.

**In line with errata filed with Stock Exchanges on 03.05.2025 the figure of total recovery less than 1 crore may be read as Rs.3,396 crore instead of Rs.6,730 crore.*

Sameer Bhise, Analyst

Sorry to interrupt, but the question is more pertaining to the fact that over last couple of years, recovery has also been led by the strong economic environment that we've had. Given the moderation that we are seeing over the last 12 months and probably likely to persist in FY'26 also, what will drive recovery? That is where I was coming from.

Shri Binod Kumar, MD & CEO

We don't have much reliance on big accounts for recoveries. Most of our focus is on smaller accounts, using various channels such as OTAs, OTS, SARFAESI, and Lok Adalat. In the case of auctions under SARFAESI, without taking physical possession of the property, the chances of successful resolution are quite low.

So, we are making a conscious effort to obtain physical possession, and we are monitoring the CMM application account-wise to ensure that it has been lodged or not and what is the status of the physical possession. Because if we have physical possession, our recovery number will go up, we will be able to sell the property also. So, through these modes I am confident that of achieving the guidance of Rs.5,500 crores to Rs.6,500 crores we have given.

Sameer Bhise, Analyst

Okay, Sir. Thank you so much and all the best.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thank you, Sameer. Next, we will have a question from Mohit Jain. Mohit, please unmute yourself.

Mohit Jain, Analyst

Hi. Good evening, Sir. Sir, my question is on the SMA. Last time when we had the investor call, after the results, you said our SMA exposure has come down to Rs.3,000 crores from Rs.7,500 crores that we reported in Q3. From that context, if I am seeing right now, it is back to Rs.5,000 crores. Any comments you want to make on this, Sir?

Shri Binod Kumar, MD & CEO

Two big accounts are there. They have come in SMA 1.

Shri Brajesh Kumar Singh, Executive Director

Government guaranteed accounts.

Shri Binod Kumar, MD & CEO

Because of that only.

Mohit Jain, Analyst

Yes. And Sir, what is the status as on date? Is it still in SMA 1 or has it moved to SMA 2, how do we look at that?

Shri Binod Kumar, MD & CEO

No, no. It is in SMA 1. But we don't expect that amount will slip to NPA.

Mohit Jain, Analyst

Okay. And Sir, one follow-up on the loan guidance. This year you are guiding for 10% to 12%. Last year, the guidance was 11% to 13%. And in Q3 call, I think we specifically discussed, whether we can achieve the guidance. You were positive, but we somehow ended missing on this guidance. So, what did we understand is that obviously, we did some shedding of the low-yielding advances. Apart from that Sir, what was the possible reason due to which we missed the guidance and how optimistic and strong you are about achieving the guidance for the current year of 10% to 12% that you are giving, Sir?

Shri Binod Kumar, MD & CEO

Mohit, if you look at our performance last quarter, we recorded approximately 5% growth. We made efforts to recover the earlier shortfall but narrowly missed our target. We ended the year with around 10% growth versus the guidance of 11%—a shortfall of just Rs.5,000 crore. I did have opportunities worth Rs.5,000-6,000 crore, but due to intense pricing competition, we chose not to pursue them. That was the key reason for the slight miss. However, I'm confident that we will achieve the 10% to 12% growth guidance this time.

Mohit Jain, Analyst

Sir, if you can also guide us, what kind of a growth you are expecting in the corporate segment, because I think that is a place where, generally we are seeing across the Banks, the growth is pretty low. So, in the 10% to 12%, if you can just provide some sort of a color, as to how much growth are we expecting in the corporate sector, Sir?

Shri Binod Kumar, MD & CEO

Corporate, we have kept a target of around 9% growth.

Mohit Jain, Analyst

Okay, Sir. Thank you, Sir.

Anand Dama (Host – Emkay Global)

Thank you, Mohit. Next question we'll take from Sushil ji. Sushil, please unmute yourself.

Sushil Choksey, Analyst

Congratulations to Indian Bank team for doing an excellent job and for a stable result. Sir, my first question is, what is your outlook on treasury with falling interest rate scenario and low inflation and the interest outlook on your global international division too? And if treasury gains are high, how are you going to reposition in the market where treasury operations are concerned?

Shri Binod Kumar, MD & CEO

Thank you, Sushil ji. So already we have seen two rate cuts and inflation number is within the comfortable range of RBI, that is less than 4%. So, I expect, and hopefully this trend of inflation will continue. So, we are expecting further rate cuts going forward, maybe two to three.

Coming to the treasury gain, we will book profit as per requirement only. Interest rate also so far has started coming down. So, there will be some impact on overseas book on the NIM side. That's why, if you see, I have revised my NIM guidance in the range of 3.15% to 3.30%.

Sushil Choksey, Analyst

Sir, keeping in mind that CASA can be a big challenge for many Banks, but for a Bank which has all products available, raising your CASA number by 10% from current levels should not be difficult because of digitization, maybe cross-sell and various other initiatives. Is it possible that we improve our CASA number to improve our margin?

Shri Binod Kumar, MD & CEO

Raising the CASA ratio from the current 40% level will be quite challenging. The only realistic possibility I foresee is towards the end of the year, and even that would depend on multiple substantial rate cuts—perhaps two or three—which would narrow the gap between savings/current account rates and term deposit rates. And there are not many alternate opportunities in the market, otherwise increasing CASA share will be very challenging, that's why I'm giving CASA guidance of around 40%. Government is also very conscious of their cost, so they are coming out to release the funds at the time of need only following just-in-time (JIT) approach.

Sushil Choksey, Analyst

So, what is your expected budget for digital footprint and digitization, new initiatives?

Shri Binod Kumar, MD & CEO

We have digital business of around Rs.2.67 lakh crores. We are expecting to increase it up to Rs.4 lakh crore during the year.

Sushil Choksey, Analyst

Sir, my question was, we've been spending annually Rs.1,000 crores to Rs.1,500 crores, and if I recollect two years back, we had a Rs.4,000 crore budget on digital roadmap for the entire Bank. What is the current year budget on digital spend, in new products, initiative, digitization and various other things?

Shri Binod Kumar, MD & CEO

Our annual expenditure on digital and IT is in the range of Rs.1,200 crore to Rs.1,300 crore. So, we are maintaining, similar budget of Rs.1,300 crores to Rs.1,400 crores per year going forward.

Sushil Choksey, Analyst

Sir, any idea, how are we expanding our cross-sell business?

Shri Binod Kumar, MD & CEO

We have Resource Acquisition Centers (RAC), while R&GR is dedicated exclusively for government business. The RACs are responsible for cross-selling, and we are expanding our cross-sell footprint through our subsidiary, IGSS

Sushil Choksey, Analyst

Thank you for answering all my questions, and best wishes for the year to come.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thank you, Sushil ji. Next question we'll take from Dixit Doshi, Dixit, please unmute yourself.

Dixit Doshi, Analyst

Thanks for the opportunity. Firstly, you have guided for 1.2% kind of ROA, so don't you think that the impact on the NIM will be offset by the treasury gain next year to some extent? So, what was the thought process behind reducing the ROA target from the current level?

Shri Binod Kumar, MD & CEO

No, see, absolute profit will not come down, that I can assure you. But since assets will grow, so there will be impact on the ROA. Coming to the treasury gain, some of the treasury gain will be offset by the requirement under AS15 also. If interest rate goes down, our requirement under AS15 will go up, so part of that will be compensated there also. And as I had mentioned earlier about treasury gain, we will book as per our requirement only, we are not going for selling all, because see, this is not the only year when rate cut will be there. There will be other opportunities, so we will be very mindful of booking profit.

Dixit Doshi, Analyst

Okay. And second question is, so our CAR is very healthy, above 17% and with 10% to 12% kind of growth we are targeting. Is it fair to assume that this Rs.5,000 crore of fundraising is just an enabling resolution?

Shri Binod Kumar, MD & CEO

You can say so, because last year also this approval was there, but we didn't require. And this year also, if you see, it is very healthy at 17.94% and CET at 15.36%. So, may not be required, but we have kept enabling clause because there is call option of around Rs.4,000 crore of the bond. If you look at it, there’s potential to reduce costs or raise equity—provided we get a good return at a competitive rate. That’s why we’ve kept it as an enabling provision, so that we can capitalize on any such opportunity if it arises.

Dixit Doshi, Analyst

Okay. That's it from my side. Thank you.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thank you. We will take next question from Ashok Ajmera ji. Ashok ji, please unmute yourself.

Ashok Ajmera, Analyst

Good evening. Thanks for giving this opportunity. And sorry for having joined little late. So, Sir compliments to you Sir for good set of numbers.

Shri Binod Kumar, MD & CEO

Thank you Ajmera ji.

Ashok Ajmera, Analyst

Sir, I have missed some of the questions and your answers also. So, maybe sometime at the cost of repetition, if you may permit me. I would like to know little on the recovery side that what are the prospects in FY'26 for the recovery, recovery from the written-off accounts and the overall recovery?

Secondly, with the RBI now permitting valuation of SRs issued by NARCL—unlike earlier when they were either assigned a nominal value of Rs.1 or fully provided for—what was the impact on the books as of March 2025, and what are the prospects for FY'26 going forward?

Shri Binod Kumar, MD & CEO

Thank you, Ajmera ji. We have been able to achieve a recovery of Rs.7,651 crore in FY'25. Out of this, recovery from smaller account (less than Rs.1 crore) is Rs.6,730 crore*. We are giving guidance of recovery in the range of Rs.5,500 crore to Rs.6,500 crore for the next financial year. And we are maintaining the guidance of Rs.2,000 crore for AUC. Last year also we have given guidance of Rs.2,000 crore, but we could achieve Rs.3,290 crore. But we are giving guidance of Rs.2,000 crore in the AUC book.

**In line with errata filed with Stock Exchanges on 03.05.2025 the figure of total recovery less than 1 crore may be read as Rs.3,396 crore instead of Rs.6,730 crore.*

Coming to the SR. We went with the conservative approach and we have not gone for the restoration or release of the provision in this financial year. Going forward, we will see, if the need arises, we will do it, otherwise we may not opt for that. We will continue with the same approach.

Ashok Ajmera, Analyst

Okay, Sir. Taking it little forward, what is our total write-off book, and when you say Rs.2,000 crore, what percentage of it comes, Rs.2,500 crore or Rs.3,000 crore, whatever, which you expect.

Shri Binod Kumar, MD & CEO

Okay. Yes. See, my written-off book is around Rs.41,000 crore. So approximately 5% of that.

Ashok Ajmera, Analyst

I think it's a very conservative estimate.

Shri Binod Kumar, MD & CEO

Last year also we have given guidance of Rs.2,000, but we could have overachieved that, let us see.

Ashok Ajmera, Analyst

Yes. And Sir, what about the loan book composition? Retail is going to remain same or you would start looking for some opportunity? And what about corporate sector?

Shri Binod Kumar, MD & CEO

See, endeavor will be to maintain the same, around 65:35, but we are already looking for the opportunity and wherever we are getting good opportunity, we are according sanctions also.

And recently, in Q4, we have been able to accord sanction of around Rs.38,000 crores. So, we are already looking for, but endeavor will be to maintain this ratio, 65:35.

Ashok Ajmera, Analyst

So, Sir, my next question was on the treasury front only, that now going forward with all these changes taking place and even the valuation norms have been changed by RBI for the AFS book profit and we have a very healthy investment book. So, going forward, I think I have heard part of the answer to your last question that you are not very optimistic to take the entire profit in the one year only because there will be opportunity in the coming years too. But having said that, what will be the expectation of both the trading profit as well as the books from where we can realize the profit to the P&L, credit to the P&L account, Sir, in the treasury front?

Shri Binod Kumar, MD & CEO

On the treasury front, as mentioned earlier, we will book profits selectively based on market conditions and won't pursue an overly aggressive strategy. We believe we are entering a lower interest rate environment, which supports this approach. While I can't provide an exact number at this point—we'll share that separately—we do expect treasury profits to increase, along with trading and other income. Additionally, with ongoing volatility in the forex market, we anticipate healthy trading gains on that front as well. In fact, if you look at our Q4 numbers, we recorded strong gains from forex trading.

Ashok Ajmera, Analyst

Okay. Sir, what is the approach going to be for this Bhushan Steel and Power with that judgment of the court? You have any exposure towards it?

Shri Binod Kumar, MD & CEO

Yes, we had exposure on Bhushan. So let us see how ultimately it pans out. Judgment has come, whether the affected party go for the appeal or not. If they go for the appeal, we don't have to reverse the transaction. But one thing I will like to share with you. See, when this resolution happened, we got a haircut of 60%, only 40% was the recovery rate. Now that asset is up and running and in a good shape and last two, three years the steel sector is also doing good and a lot of capacity creation has happened recently. Government has also taken action on the dumping side. So hopefully, net-to-net, I think it will be good for the Banks.

Ashok Ajmera, Analyst

So, it's a blessing in disguise.

Shri Binod Kumar, MD & CEO

I mean Yes.

Ashok Ajmera, Analyst

Sir, one final question in this round—on the NBFC and co-lending front. With the RBI recently easing norms to allow lending to NBFCs even for their onward lending to non-priority sectors, and with its continued encouragement of co-lending arrangements, what is our Bank's approach in this space? Do we currently have a co-lending book, and how do you see our lending to the NBFC sector evolving going forward?

Shri Binod Kumar, MD & CEO

Further lending to NBFCs will continue, but we are adopting a cautious approach. We will engage only with well-rated NBFCs that have a strong track record. As for our co-lending exposure, it currently stands at less than Rs.500 crore, which is relatively modest. The limited uptake in co-lending isn't solely due to the primary versus participative model—reconciliation challenges have been a key constraint. In the past, we've faced issues on that front, which hindered our ability to scale co-lending operations. We are in the process of building internal capacity, and once our IT infrastructure is robust enough to handle the reconciliation process efficiently, we will be better positioned to expand our co-lending activities

Ashok Ajmera, Analyst

Yes, yes, that is definitely required. Even a small Bank like Bank of Maharashtra has developed the complete end-to-end solution for that. And unless you have that kind of capability, it is not advisable to go for that, I am sure.

Shri Binod Kumar, MD & CEO

Yes.

Ashok Ajmera, Analyst

I agree with you, Sir. Yes, yes. Sure, Sir. Okay. Thank you very much, Sir, and all the best.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Ajmera ji.

Ashok Ajmera, Analyst

And we'll meet again after the first quarter. Okay.

Shri Binod Kumar, MD & CEO

Sure. Thank you.

Ashok Ajmera, Analyst

Thank you, Anand.

Anand Dama (Host – Emkay Global)

Thank you. Thank you, Sir. Any other participant has a question, please use the Raise Hand option and ask your question. Jai, please unmute yourself and ask your question.

Jai Mundhra, Analyst

Hello, Sir. Hi. Good evening. Sir, a question on your yields on advances. So, it looks like that the decline in yields on advances is much sharper relative to what policy action suggests. If you can provide some more color here?

Shri Binod Kumar, MD & CEO

The yield on advances has declined by 28 basis points and is mainly due to the impact of the EBLR only, as 40% of my book is linked to external benchmark. We have already passed on 50 basis point. We've observed a significant rate cut in WCDL loans, and that's primarily what's driving the impact. Additionally, due to surplus liquidity—though this has occurred after the reporting period—borrowers are increasingly opting for commercial paper (CP), which they are able to secure at much lower rates.

Jai Mundhra, Analyst

Right. But Sir, I think we are anyway growth conscious, I mean, profitability conscious in the sense they're not going corporate too much. So, I was a bit surprised that in the quarter, there was only 25 basis point rate cut for two months only. And we pass on the rate cut immediately, right, the 40% book maybe within two, three days

Shri Binod Kumar, MD & CEO

No, very next day.

Jai Mundhra, Analyst

Okay. Sure. And secondly, Sir, the MSME slippages, anything to understand what is, I mean, there was a rise in the slippages QoQ in the MSME, anything to read into this, because there are a lot of reports saying that, export-oriented MSMEs, they are having some little bit of a trouble.

Shri Binod Kumar, MD & CEO

No, as I mentioned in my opening remarks, this is primarily due to the MOC audit of the branches. In a few accounts, auditors recommended a reduction in DP with retrospective effect, which led to the observed impact. However, I can assure you that slippages—both in the MSME segment and overall—will be lower than the levels we've seen so far.

Jai Mundhra, Analyst

And Sir, if possible, can you share the SMA 0+1+2 number, including below Rs.5 crores loans.

Shri Binod Kumar, MD & CEO

Yes, SMA 0 total is Rs.23,255 crore, SMA 1 is Rs.14,843 crore, and SMA 2 is Rs.7,825 crore, total Rs.45,923 crore, and it is 8.06% total. And more than Rs.25 crores, we have only one account, and that is also because of the court order, but we have made 100% provision in that also.

Jai Mundhra, Analyst

Right, Okay. And lastly, Sir, with the recent regulatory tightening by the RBI around gold loans—and given that we have a reasonably sizable gold loan portfolio—how do you see this business evolving in terms of growth? Also, how do you view the competitive landscape, particularly with other Banks, NBFCs, and dedicated gold loan financiers?

Shri Binod Kumar, MD & CEO

Yes, of course, there will be impact both on growth and income, but it is draft guidelines, and we have given our feedback. Let us see how, in what shape the final guidelines comes. But if it comes as it is, yes, there will be some impact on both, growth and earnings.

Jai Mundhra, Analyst

Why should there be any impact, Sir, if you can elaborate.

Shri Binod Kumar, MD & CEO

Yes, let me share an example. The RBI now mandates that any income-generating asset must also be hypothecated. Earlier, we would simply take the gold as security and extend the loan without this requirement. Now, if the borrower cannot meet the income criteria, the loan must be classified as a retail or consumption loan. The loan-to-value (LTV) ratio for consumption loans is 75%, whereas for agricultural classification, it's 90%. This leads to two implications: first, the eligible loan amount will be lower. Second, part of the previous growth in the gold loan portfolio wasn't necessarily driven by the circular. Gold prices were at their peak—around Rs.1 lakh per 10 grams—which contributed to higher disbursals. Some moderation in gold prices could also impact growth. Additionally, many of these loans were earlier classified under agriculture, so the regulatory shift may also affect income recognition.

Jai Mundhra, Analyst

Right. Understood, Sir. Thank you very much, Sir. And all the very best.

Shri Binod Kumar, MD & CEO

Thank you, Jai.

Anand Dama (Host – Emkay Global)

Thank you, Jai. Sir, I think we'll take that as a last question. With this, we come to the end of the post results con-call. Sir, do you have any closing remarks to make?

Shri Binod Kumar, MD & CEO

No, I believe all the key questions have been addressed, and I've already covered most points in my opening remarks. I've also provided guidance on ROA. As for recoveries and slippages, we've set strong targets and we are confident of achieving them. In fact, slippages are expected to be lower than what we've reported so far—of that, I'm certain.

On the recovery front, we've set a target of Rs.800 crore through NCLT, and Rs.250 crore through NARCL. One more point on branch expansion is that we plan to expand our branch network, particularly in regions where our presence is currently limited, such as the western region. We've seen that even a single new branch can generate significant business within a year, so this will continue to be part of our strategy going forward. Thank you.

Anand Dama (Host – Emkay Global)

Thank you, Sir. Yes. On behalf of the management and Emkay Global, we thank all the participants for joining us so late. Happy evening and have a good day. Thank you, Sir.

Shri Binod Kumar, MD & CEO

Yes. Thanks Anand. Thanks to all the participants for sparing your time on holiday, and in late hours. Thank you.