



Indian Bank Q2 FY'26 Results Post Earnings Conference Call / Meet Held on 16.10.2025

Transcript

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Anand Dama (Host – Emkay Global)

Good evening, ladies and gentlemen. I welcome you all to Indian Bank's Post Results Conference call for the Second Quarter of Financial Year 2026, hosted by Emkay Global.

From the top management, we have with us Shri Binod Kumar, who is MD & CEO, and we have Executive Directors, including Shri Ashutosh Choudhury Ji, Shri Shiv Bajrang Singh Ji, Shri Brajesh Kumar Singh Ji.

First, I would request MD sir to briefly summarize the key highlights from the second quarter FY'26 results, including on the growth margins and asset quality front. And sir, there are a lot of RBI directives, which actually came through recently, including ECL, directives on M&A, project financing, and all, would request if you can make any comments on these as well in your opening remarks. Over to you, sir.

Shri Binod Kumar, MD & CEO

So good evening, everyone, and let me at the outset, I wish all of you and your family members very happy and prosperous Deepawali, which is, only a couple of days from today. Thank you, Anand, and really, I mean, host of regulations RBI has declared during this MPC, we will discuss a few of them. As regards to the number of the Bank, on growth side also bank has done reasonably well, asset quality side also Bank has done reasonably well, and profitability side bank has done reasonably well.

If you see, total business has grown by 12.34% and has reached Rs. 13.97 trillion and sequentially also it has grown by 3.85%. Total CASA has also grown YoY 7.23% and sequentially 4.23%. Advances has grown by 12.65% and sequentially 3.19%. RAM has grown by 15.57%, sequentially 3.42%. We have been able to maintain CASA of around approximately at the same level as of the last quarter, 38.97%, and now it is 38.87%. CD ratio is healthy, less than 80%. So, we have been able to maintain CD ratio also and CASA ratio also.

One thing I will just share with all of you. We have also sold around Rs. 12,000 crore of IBPC and generated funds at lower cost that will give benefit in the quarter to come. Coming on the asset quality front, net profit has grown 11.49% on annual basis and 1.51% sequentially. Operating profit has also grown by 2.31% annually and 1.40% sequentially. Net interest income has grown by 5.76% annually and 3.02% sequentially. We have been almost able to maintain overall NIM at 3.23%, global NIM at same level. Domestic NIM also, only marginal decline of 1 basis point from 3.35 to 3.34. So, we have been able to contain that downward trajectory. Return on asset also we have been able to, contain the downward trajectory. 1.34 it was in Q1, and it is 1.32 in Q2. Return on equity is 19.58%. Staff expenses almost has seen a growth of 7.55%. Other expenses also has seen a

growth of around 8.92%. Cost to income ratio has gone up a little bit, but if you see in Q2 last year also cost to income ratio pivoted compared to Q1 it has gone up by 89 basis points. So it has gone around 48 and around 70 basis points this quarter also, but few expenditures were booked in this quarter, which may not be in the next quarter, so subsequently we will be able to contain this cost to income ratio to our guidance level. Provision coverage ratio also increased from 98.20% to 98.28%. Credit cost, again, we have been able to maintain at 0.28% in Q1. It has come down to 0.26% in Q2. Cost of deposit has come down by 13 basis points sequentially, and yield on advances has also come down 18 basis points sequentially. Capital adequacy ratio is healthy at 17.31% with CET 1 at 14.80% and AT 1 is 0.47%.

Gross NPA, it has come down by 41 basis points from 3.01% to 2.60% and net NPA is at 0.16%, come down by 2 basis points. Slippage ratio, it has come down from 0.94% to 0.79%, and overall recovery is more than slippage even in this quarter, and since September 22, we have been able to maintain recovery more than slippage. Recovery for this quarter is Rs.1,641 crore, out of that AUC recovery is Rs.607 crore. I am keeping all that guidance intact, will not repeat, already you must be having these numbers. One guidance I am revising, gross NPA guidance I am revising from, earlier it was less than 3%, now we will be able to bring it down to less than 2%. So that one guidance I am revising, maintaining rest all the guidance intact. Recovery, etc. also on the track against the guidance of between Rs.5,500 crore to Rs.6,500 crore. We have been able to recover total of around Rs.3700 crore.

A few initiatives we have taken, like on CASA, as I have told earlier also, CASA is a challenge, so we have taken host of measures on increasing CASA. We have launched six products in Q1. We are seeing good traction in that, we have been able to open around 1.77 lakh accounts in that category, and salary account also, we are focusing on salary account in a big way. Agriculture, if I take off the IBPC part, then my growth in agriculture is 22% and we have taken some initiative in agriculture. We have opened 27 agribusiness cells. So, purpose of that is to diversify our agriculture portfolio to food processing industry and production agriculture credit. We have also opened two microset branches, which cater to the needs of SHG. We have seen increased use of Agentic AI-based wise calling, which we launched in the last week of the quarter, and we are seeing good traction in that, which will also help in reducing our SMA book.

So, coming to the point of ECL impact, still we are assessing, but one thing I would like to share with all of you is that, we have made provision of SMA 1 around Rs. 400 crore in this quarter. So, well, as per the definition, SMA 1 will be stage 2 and in the draft guidelines of ECL, SMA 2, stage 2 has to make around 5% provision, so that we have initiated in this quarter, and going forward also we will be maintaining that. ECL, we have some numbers, but that number we are still working on. Once that number is finalized, we will share with all the analysts and media also. We are working on that, but one thing I will assure all of

you, impact will not be very huge. We will be able to maintain, I mean, five years may not be required, maybe in one year itself we can do that. Preliminary that is the guidance.

Then, merger and acquisition, RBI has given directions on merger and acquisition, so that is also a good thing I will say, that will help also give impetus to the credit demand. There are only two challenges I see. First, I have to see the quality of the acquirer, who is going to acquire, they should have sound financials, and then the method of valuation. So that is the only challenge, method of valuation, how valuation of the going concern is to be arrived. RBI has also come out with many things to ease of doing business. They have given like transaction account also. So, there were some restrictions on the current account opening, so they have proposed some easing in that also. In AIF also a lot of easing has been done. So, host of regulations and new Basel guidelines, new credit risk guidelines are coming. So good moderation has been done on the risk weight side for rated category, and also on the home loan sector, housing loan sector, so many things on MSME also. So, a lot of positive things have been done, and we see positive impact on the capital adequacy of the banks on account of that, which will help in driving credit growth.

Account opening, I will also touch since we are focusing on account opening. We have been able to open around 15.92 lakh accounts in this quarter, and good thing is that average balance in savings funds is going up. In Q1, it was Rs. 25,000 crore. In Q2, it has gone up to Rs. 44,000 crore. So that is one good sign I like to share. And corporate credit, you can see on top of it, growth is around 5%, that's why may be I have been able to maintain my NIM. We are shedding some of the low-yielding advances because of that, otherwise my sanction in corporate book has gone up by, on healthier basis, YoY it has gone up by around 60 basis points. So good traction we are seeing there. And in NBFC, exposure has also come down by around Rs. 6,000 crore as compared to March. So, these are the few measures we have taken.

NCLT recovery has been subdued in this quarter, Rs. 141 crore only, because few of the accounts, which were expected to be resolved in this quarter, may be it will come in next quarter. But total recovery guidance and total AUC recovery guidance, I am keeping that intact, I am not revising that. Because AUC recovery in this quarter was also Rs. 607 crore. So I will request my colleague, Mr. Ashutosh, to discuss about some digital initiatives that we have taken, thereafter, we can go ahead with the Q&A.

Shri Ashutosh Choudhury, Executive Director

Good evening, all. Thank you, MD sir. Till now, up to Q2, we have made 132 digital journey launched. We have 166 fintech partnerships for digital products and processes. Our mobile app, that is, INDSMART, has been rated at 4.4. We have the growth of digital transaction QoQ is Rs. 16.38 crore improvement. The mobile banking transactions, which

are only financial transactions, is Rs. 65.4 lakhs per month, and the UPI transactions have crossed Rs. 3 crore per day, this particular quarter. The digital transaction has improved from 92% to 94%, and similarly, the branch transaction has come down from 8% to 6%. The mobile banking user base has increased by 17%, and the transaction has increased by 12%. The UPI user base has increased by 24% and the transaction has increased by 40%. The Internet banking has shown little less increase, that is 6% user base, and transactions are increased by 4%. The debit card user base has increased by 5% and reached Rs. 3.43 crore, and the credit card user base has increased by 5%. We launched this INDSMART app, which is for retail, and INDSMART Business MSME app. This business MSME app we launched last quarter. This has shown good traction in this particular quarter. The user base has increased to approximately 1.2 lakhs here. The login has increased to 1.2 lakhs, and user base has increased to 5,500. The financial transaction have increased to 71,000 -- more than 71,000, amounting to more than Rs. 640 crore. The consolidated digital business has reached Rs. 3,77,865 crore. If we analyze this particular, up to Q2, the digital business has achieved Rs. 1,23,585 crores as against a target of Rs. 2,25,000 crores. Majorly, it is contributed by the asset side, which is Rs. 1,05,147 crore. Rest is digital liability.

If you see the digital adoption, compared to Q1, we are able to maintain in almost all categories, liability, retail, agri. But if you see in the MSME category, the adoption has increased from 45% to 57%. We have introduced a couple of products. If you see the growth in that particular segment is that our digital liability business growth is 1.3 times. The digital home loan is 2.2 times. The digital vehicle loan is 2.1 times. The digital jewel loan is 1.6 times and digital agri loan is 1.6 times, and digital MSME is 1.4 times.

We have recently launched one product, one platform called VBX in the Global Fintech Festival, that is Virtual Banking Experience. This particular idea was conceived by MD sir, where the customers those who are doing banking transactions but not coming to the branch for the transaction, we identified almost 1 crore of such customers, and for them we designed this particular platform. This platform has three varieties. The highest variety is Spark. Spark debit card we have launched in this GFF with MasterCard and Rupay, which is offering unlimited lounge access, then travel discounts, free OTT subscription, and various lifestyle benefits there. Then, in RBIH ULI platform, we have introduced Milk Insights, a collaboration with Aavin Milk in Tamil Nadu, and there are some key initiatives. We have launched our INDUPI app, that is like Google and PayTM app. This will help us in the long term to reduce our operational costs. We have introduced cash management services for corporates in August 2025. We are also planning to introduce some new features in UPI app in collaboration with NPCI, like reset of PIN through facial recognition or facial authentication, biometric authentication for payment up to Rs. 5,000. Then we have introduced new Fastag systems in collaboration with a fintech.

We have introduced a new UPI QR sandbox with a T plus 0 settlement. We have introduced one travel card in Chennai, that is Singara Chennai Card, which is a mobility card for Metro as well as other transport systems. We have introduced one cashless transaction card for IGIMS hospital patna. Similarly, we have online ticketing platform in Victoria Memorial Hall for Kolkata. We have also tied up with MCX for E-TDR facility for their brokers. Then, in personalized banking, we are going to implement a CRM platform. Then, we have introduced 132 digital journeys that I've already told. So, we have introduced Android ATM. We have introduced Virtual ATM. Then, we have introduced PMJJBY portal for Ministry of MSME. Then we are going to launch a new corporate website very soon.

We are going to work out with Data Lake for a seamless customer experience. Then we are also getting partnership with POS aggregators. Then we are going for a mobile app transaction authenticator with a voice biometric. Then with robo advisors we will introduce digital wealth management services. Thank you, sir. Over to you.

Anand Dama (Host – Emkay Global)

Yeah, thank you, Ashutosh Sir, I think very elaborate digital initiatives that you talked about. In PSU banks, typically we don't tend to hear so many initiatives been taken, good that basically you presented that. Sir now, if you are okay, we can open up the floor for Q&A?

Shri Binod Kumar, MD & CEO

Yeah. Yes.

Questions and Answers

Anand Dama (Host – Emkay Global)

Sure. Participants, if you have questions, please use the raise hand option and then unmute yourself. I think we already have first question from Ajmera ji. Ajmera ji, please unmute yourself.

Ashok Ajmera, Analyst

Thank you for giving me this opportunity first as usual. Compliments to you, sir, and the entire team of the Indian Bank for yet another very good quarter. A very balanced kind of a quarter. Even if you take on the profitability, a reasonably good profit. Whether you talk about the operating profit or the net profit, reasonably good growth in your business, whether you take it the credit growth or the deposit growth. And with this, there is no doubt

that you will not only achieve the targeted numbers but even cross them by may be around, I think, 30%-40% with the way you are going. Having said that, sir, I have got some data points, some information, some small observations, and I would like to have your indulgence, your feedback on that. One is that sir, you said about you touched about that ECL provisioning and now when some of the norms are already cleared, and you said that for SMA 1 that you already started making provision of, I think, you said Rs. 400 crores. So just want to understand, sir, what it would be, like you said that in one year itself also we can do it. So, what kind of ballpark, what kind of figure we are looking at additionally, in addition to the buffer, in addition to the provision, which already have? How much impact can be there, though the period of five years is there you can mitigate, like in one quarter losses and this thing. But just an idea to your bank how much on the ECL, I mean, rather hit or provisions, which may be required to be made. This is just one question.

I will just speak about some few more points. On the recovery from the written-off account, sir, we have gone a little bit slow in this quarter as compared to Rs. 716 crores, we are Rs. 489 crores to overall recovery target as you said that Rs.5,500 crore to Rs.6,000 crore out of that you already made half the way, but still there was pressure in this quarter, so something on that recovery front. Then, there is one PSLC commission, which we earned in the last quarter also and this quarter also, whether that continuity of this kind of Rs. 340 crore per quarter is going to be there. Do you see that it continuously is going to be there. And one component of the income is a miscellaneous income, which has gone up from Rs. 114 crores to Rs. 536 crores.

So, it's a one-time/ one-off kind of an income or it's a recurring income going to be on the quarterly basis. So, these were some of the questions on the fees front. In the provision also, this quarter provisions have gone up little bit higher. There is one item of "others" that is Rs. 57 crores, which has only made the major difference in increasing the provision in this quarter. So, what is this Rs. 57 crore others, and is it going to be a continuous phenomenon in the coming quarters? And some color I would like to have, sir, on the overall treasury book, like how much the AFS profit, which we have generated, have gone directly to the balance sheet? How much profit we have accumulated from there?

Because on the treasury front, every bank is facing in this quarter some problems, like not only I will say problem, but there is a reduction of either you say the income from the investment or the loss of on the re-valuation, and overall investment income has comparatively gone down as compared to the previous quarters. So, these are some couple of questions and observations broadly, yes, going forward on the credit side growth and the deposit and overall business growth, and from where you would like to see it coming from?

Shri Binod Kumar, MD & CEO

Yeah. So, thank you, Ajmera Ji, I mean, very elaborate questions, and thanks for saying good quarterly number. I will come to impact on ECL in the last. So, recovery in AUC, if you remember my Q1, I have told this number, this quarter number, is exceptional, otherwise I was not expecting that much. Some accounts, which I was expecting in the Q2, has come in the Q1 itself. So whatever guidance I have given of Rs 2,000 crore guidance for AUC, so that is intact, and all accounts, whatever we have identified that recovery will come in these accounts, so that is intact. So we can say last quarter number was better, that's why this quarter number is not looking good, but it is intact.

PSLC per quarter, whatever we have given, we will be, achieving that. It will be continued, because PSLC income, we are not booking in one quarter, we are spreading it over all the quarters. So it will be same in the next quarter also. Miscellaneous income, yes, it is one-off. We have got some IT refund of around Rs. 1,300 crore. We have got interest on that, so on account of that, miscellaneous income has gone up. Provision of other Rs. 57 crores. So non-banking assets, we have made some provision of around Rs. 40 crore and unhedged foreign currency Rs. 22 crores, so that is on account of that. Coming to our treasury book. Treasury book, yes, all treasury books there was a challenge, but if you see my treasury book, MTM loss is there, but MTM loss is basically on account of one account and resolved account. So, during inspection, it was pointed out that since other banks are still maintaining provision, it will be prudent that you also maintain the provision.

So, we have taken Rs. 87 crores hit in that, because of that my MTM is showing negative, otherwise, there is no impact on the treasury side. Of course, treasury profit has come down as compared to last year. If you see, the yield has hardened from 6.32 to 6.57 in Q2, and that was expected. Yes, of course, because of that treasury income will be challenged. The impact on AFS Reserve is around Rs. 500 crores, and around Rs. 221 crore has gone to profit, and forex profit was around Rs. 149 crores. So, these were on your specific questions.

Coming to ECL. ECL impact, as I told you, we are still working, but initial calculation says that we will be able to in the first year itself, we will be able to come out of that. There are a few components. We are still working on that. Once that is finalized, then exact number; because I am giving you today some number, again, I am revising that, that will not look good. So we are working on that, as and when this number is finalized, we will definitely like to share with all of you. But rest assured impact will not be much, and we will be able to take that in a stride.

Ashok Ajmera, Analyst

Would you like to revise your target, sir, for the credit growth? Because you're already achieving a good growth, and your target was only 10% to 12%.

Shri Binod Kumar, MD & CEO

Let guidance be there, we will try to do better than that.

Ashok Ajmera, Analyst

All right sir. In this round, Anand, otherwise will not permit me more questions. So may be if time permits, I'll come back again. And all the best to you, sir.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thank you, Ajmera ji. Next question we'll take from Mahrukh. Mahrukh, please unmute yourself.

Mahrukh Adajania, Analyst

Hello, sir, congratulations.

Shri Binod Kumar, MD & CEO

Thank you, Mahrukh.

Mahrukh Adajania, Analyst

Sir, a couple of questions. Firstly, what will be the outlook on NIM for the next few quarters? Because you've done very well on margins, but there will be MCLR repricing as well, right? So, in that context, how will margins behave in the next two to three quarters if there is no rate cut? That's my first question, sir. And then I have one more.

Shri Binod Kumar, MD & CEO

So NIM, Mahrukh, very rightly you told, MCLR repricing, around 40% of my MCLR book will be repriced in the next quarter. Deposit around 21% will reprice in next quarter. So, there will be some pressure on the margin, but that impact will not be very high. So, like this quarter, if you see, I have given higher reduction guidance, but we have been able to maintain at only 1 basis point. Impact will not be much, but if there is assume there is no further rate cut, from Q4. I think it should start picking up.

Mahrukh Adajania, Analyst

Okay, sir.

Shri Binod Kumar, MD & CEO

Q3 It should bottom-up.

Mahrukh Adajania, Analyst

Got it, sir. Got it. And so my next question is, in that -- of course, there was this PSU Bank Manthan, and when you read the agenda or when you read the PIB press release, there was no talk about or discussion about mergers, but as late as yesterday, media channels go on talking about PSU Bank mergers and giving some vague lists, so what are your thoughts? Is there any potential, and is it very, very long-term? Is it near-term? Is it medium-term? How do we view this, because it's very confusing, right? And memories of mergers -- I know that books are much cleaner now, but memories of mergers aren't too good, so that's why I'm asking.

Shri Binod Kumar, MD & CEO

Yeah. See, first of all, merger, I will say good to the banking industry. If you see health of the banks, all are good. But there was no discussion on this count. I mean, that was a huge gathering, all MDs, all EDs were there, so such sensitive issues will not be discussed in that type of gathering. So, there was no discussion on that. May be Govt. is thinking, but I am not aware at least.

Mahrukh Adajania, Analyst

Because of media reports, even yesterday there was a report in Money Control.

Shri Binod Kumar, MD & CEO

Yeah, I also saw that, but no discussion with us.

Mahrukh Adajania, Analyst

Okay. Okay. That makes sense, sir. Okay, sir. Thank you so much, and all the very best.

Shri Binod Kumar, MD & CEO

Thank you. Mahrukh. Thank you.

Anand Dama (Host – Emkay Global)

Yeah, thank you. Mahrukh. Next question will take from Mona Khetan. Mona, please unmute yourself.

Mona Khetan, Analyst

Hi, am I audible?

Anand Dama (Host – Emkay Global)

Yes, Mona, you are audible.

Shri Binod Kumar, MD & CEO

Yeah, yeah, you are audible.

Mona Khetan, Analyst

Congratulations on a good quarter. Sir, firstly, is it possible to share the SMA 1, 2 for the entire book, that is including sub Rs. 5 crore kind of accounts.

Shri Binod Kumar, MD & CEO

Yeah, yeah. Yes. Yes. You can take. I can give you. SMA 1 and 2, you are asking?

Mona Khetan, Analyst

Yes.

Shri Binod Kumar, MD & CEO

SMA 1 is Rs. 10,041 and SMA 2 is Rs. 8,926 So taken together around, approximately Rs. 19,000.

Mona Khetan, Analyst

Okay. And you mentioned of Rs. 4 billion provisions or Rs. 400 crore provisions against SMA 1 book, so this was entirely made in this quarter or include something.

Shri Binod Kumar, MD & CEO

Yeah, yeah, this quarter only.

Mona Khetan, Analyst

Okay. Okay, and so if I have to understand your standard provisions that you have made through the quarters, where would it stand at today, barring the minimum requirements? You've been making some excess provisions, if I'm correct. What would all of this add up to if I have to look at that number today?

Shri Binod Kumar, MD & CEO

In fact, we have not added up, because if you add up that will give us complacency, so we have not added up. But like I told we have started SMA 1, and like last quarter also you are asking the question, like we are also making provision for SMA 2 already, 10% we are providing. So, like wherever we see that there is some requirement, we are making provision, but we have not made any attempt to add it up.

Mona Khetan, Analyst

Okay. Okay. So, SMA 1 Rs. 400 crore you've provided, and SMA2 10% provisions you have already made.

Shri Binod Kumar, MD & CEO

Yes.

Mona Khetan, Analyst

Okay, got that. And just on the other income bit, when I look at core fees, it's come down about 7% year-on-year despite a 14% loan growth, so what explains that? The limited growth in core fee items for you.

Shri Binod Kumar, MD & CEO

Other income, you are talking?

Mona Khetan, Analyst

Yeah, the core fee income.

Shri Binod Kumar, MD & CEO

So, minimum balance charges we have waived, so the impact of that is around Rs. 125 crore quarterly.

Mona Khetan, Analyst

Okay. Okay. So that is the main item which falls under the transaction fees?

Shri Binod Kumar, MD & CEO

That comes under the transaction fees. Yes, true.

Mona Khetan, Analyst

Okay. Okay. Got it. Thanks a lot. I'll come back in the queue.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thank you, Mona. Next question we'll take from Nitin Aggarwal. Nitin, please unmute yourself.

Nitin Aggarwal, Analyst

Am I audible?

Shri Binod Kumar, MD & CEO

Yeah. Yes, audible.

Anand Dama (Host – Emkay Global)

Yes, you are audible.

Nitin Aggarwal, Analyst

Yeah. Hi, sir. Good evening, and congratulations on a very consistent and healthy performance.

Shri Binod Kumar, MD & CEO

Thank you, Nitin.

Nitin Aggarwal, Analyst

Sir, I have a question on the ECL transition. While you mentioned that you want to talk about the number later on, but just like when we have started making these provisions, this quarter we made Rs. 400 crore of provisions. What kind of PCR will you look to maintain as the bank migrate to ECL? Will it remain as high as to what it is or will you want to take it down? Because such a high 93% PCR may not be really needed once banks migrate to ECL. What is the thought process on that line?

Shri Binod Kumar, MD & CEO

So, in initial days, definitely this 98% will look very high. But gradually in long-term may be when bank has inherent strength, then always better to have some cushioning.

Nitin Aggarwal, Analyst

Right. So basically, the provisioning number that you are working with and are providing for is keeping the PCR level broadly unchanged in the initial days as you migrate to ECL, is that right?

Shri Binod Kumar, MD & CEO

You can say so.

Nitin Aggarwal, Analyst

Yeah. Because the reason I ask is, PSU Banks, today, they have materially higher PCR versus private banks, but they don't have as much of contingent provisions, so will...

Shri Binod Kumar, MD & CEO

But see, Nitin, if you go through the guidelines, in initial days, in any case, we will have to maintain that. They are saying, if account is upgraded, you cannot write it back provision also. So cooling period they have also introduced in case of upgradation.

Nitin Aggarwal, Analyst

Okay, okay, sir. So the other question is on the micro enterprises. How are you seeing

the credit environment there? That's like a significant exposure for us and that piece we are not growing. So, when do you look to resume growth in that space, and does this pose any asset quality-related kind of worries going down the line? Not immediately, but down the line. How do you read that?

Shri Binod Kumar, MD & CEO

But my growth in micro is better. Out of my MSME book, growth in micro and small is better. I don't have exact number that I can share with you. Yes, micro 3.29%. Okay, okay. From there it is coming. Okay. So, some IBPC we have sold out of micro. Because of that, that number is looking subdued.

Nitin Aggarwal, Analyst

Okay. But otherwise, sir, how are you looking at the credit environment in this space? Because otherwise medium and small are doing fairly strong in 25% and 30% growth, but herein.

Shri Binod Kumar, MD & CEO

There, as you see, we are all talking about some stress in a smaller segment, so because of that we have put some restrictions on the branches also like that they have to take up administrative approval from one step higher. If you see the slippages also happening, that is happening also in the smaller category only, because of that only we have kept some restrictions on that.

Nitin Aggarwal, Analyst

Okay. Okay, sir. And the last question is on CASA. When you mentioned that there is pressure on CASA, but we have reported a fairly healthy growth in both CA and SA this quarter. So, between CA and SA, is there any one segment wherein you are more optimistic when you look at the overall CASA growth? Because our CA mix has been like a little over 5%, So do you see any room to grow CA mix if not SA, or any color around these two like deposit segments.

Shri Binod Kumar, MD & CEO

We definitely like to grow in CA, but CA is very volatile. Some sustainability -- actually, we are working on various strategies so that we can get some CA -- stable CA, like various - - we are going for some collection accounts also. We are going for fees collection account also. We have some good products, which is being used by many universities also. So we are trying to replicate it in other universities also. of course, CA is also there, but my

focus is on SA, so that salary account, if you can get, that will give us good opportunity to cross-sell also. So more focus is on salary account. Of course, all accounts are welcome, but salary account we are focusing little aggressively.

Nitin Aggarwal, Analyst

Okay. Okay. Sure, sir. That's very useful, sir. Thank you so much.

Shri Binod Kumar, MD & CEO

Thank you, Nitin.

Anand Dama (Host – Emkay Global)

Thank you, Nitin. Next question we'll take from Jay Mundra. Jay, please unmute yourself.

Jay Mundra, Analyst

Yeah. Hi. Good evening, sir. Thanks for the opportunity, and congratulations on the good numbers.

Shri Binod Kumar, MD & CEO

Thank you, Jay.

Jay Mundra, Analyst

The first question, on agri gold loan, sir, if you can quantify how much is the total gold loan at the bank, and within which, how much is agri and non-agri for this quarter, and maybe YoY number.

Shri Binod Kumar, MD & CEO

Total agri, I remember Rs.1.04 lakh crore. Total is how much? Rs.123 lakh crore, total gold loan book is Rs. 123 lakh crore, out of that agri is Rs. 1.04 lakh crore.

Jay Mundra, Analyst

Okay. And sir, if you have the number for last quarter also, Q1 FY'26, last quarter just to get a sense.

Shri Binod Kumar, MD & CEO

Q1 I don't have number here available.

Jay Mundra, Analyst

Sir, have you after the final guidelines on gold loan wherein LTV was generalized...

Shri Binod Kumar, MD & CEO

Yeah. It is in presentation, jewel loan. Agri jewel loan, non-priority it is there, Rs. 12,000 crores. presently it is Rs. 14,000 crores, but you are asking total. Total we will give you.

Jay Mundra, Analyst

Sure. Sir, after RBI changed the Rule, I mean, they have given the banks that you can change the LTV on non-consumption loan, have you done any changes in the gold loan product after the RBI has liberalized the LTV?

Shri Binod Kumar, MD & CEO

No, we have not changed. We have not changed any LTV.

Jay Mundra, Analyst

Okay. Sure. And sir, on this thing, this quarter -- okay, so leave it there. So that is one. Sir, on ECL, I think Nitin was also asking the same thing. I'll ask in a different way that when you say that ECL impact is manageable, and we may not need to amortize, when you do that calculation, do you account for the write back that you may have possibly from such a 90% plus PCR or that is the gross number that you believe is so manageable that you can do it in one year itself.

Shri Binod Kumar, MD & CEO

No, write back also.

Jay Mundra, Analyst

Okay, so that number is after assuming some write back, given the...

Shri Binod Kumar, MD & CEO

After write back also, yes.

Jay Mundra, Analyst

Okay. Sir...

Shri Binod Kumar, MD & CEO

That's why I'm saying -- actually, that's why I'm not giving the number. Write back, we are still thinking, should we take write back, should we not? Because if you see, we have to maintain provision even if account is upgraded. So, we'll have to think, actually, that's why we are not sharing the number. Once our number is finalized and we internally are convinced.

Jay Mundra, Analyst

Right. And sir, the draft guidelines, I think they are silent, right? If you can write back or if you not write back or what is your reading? I mean, what do the draft guidelines say in terms of provisions already created? Can you write back or cannot write back?

Shri Binod Kumar, MD & CEO

Guidelines does not speak anything. If I have gone through correctly and understand correctly, there is no discussion on that point at all.

Jay Mundra, Analyst

Right. Okay. And sir, on Stage 2, right, so your SMA 1 plus 2 is Rs. 19,000 crore, which is roughly 3% of the book. Is that a number of good proxy for Stage 2 assets, or would there be over and above this number or lesser than this number? How should one look at stage 2 as per draft guidelines?

Shri Binod Kumar, MD & CEO

I think that should be a good. SMA 1 and 2 combined should be good. Yes. So upgraded accounts will also come under Stage 2.

Jay Mundra, Analyst

But that are very small number, right? I mean, even though if you wait for...

Shri Binod Kumar, MD & CEO

Yeah, yeah.

Jay Mundra, Analyst

Okay.

Shri Binod Kumar, MD & CEO

But SMA 1 and 2 will be a good proximity for a Stage two.

Jay Mundra, Analyst

Right. And sir, there is an improvement in SMA 2 in corporate book. Is that a state government account or what?

Shri Binod Kumar, MD & CEO

Yeah, yeah, that account has gone to SMA 0. That is oscillating between 0 and 2.

Jay Mundra, Analyst

Right. Anyway, it was a state government account, right? So you have got the money, right? Is that understanding?

Shri Binod Kumar, MD & CEO

Yes. Yes.

Jay Mundra, Analyst

Okay, sir. Thank you, and all the very best.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Jay.

Anand Dama (Host – Emkay Global)

Thank you, Jay. Next question we'll take from Jayant Kharote from Axis. Jayant, please unmute yourself.

Jayant Kharote, Analyst

Thanks Anand. Congratulations, sir, on a good set of numbers. So first, again, going back to the NIM discussion, can you clarify that 40% number in 3Q repricing? You mentioned overall book or the MCLR book? Also for the deposit book?.

Shri Binod Kumar, MD & CEO

MCLR book. MCLR around, so whatever, say, my MCLR book is 48%. So, 40% of that will be repriced in Q3, and similarly, out of total term deposit, 22% will be repriced in Q3.

Jayant Kharote, Analyst

And sir, what is the current status of how much of the total book has already been repriced in MCLR? So Q4 will also have some bunching up, right?

Shri Binod Kumar, MD & CEO

Q4 also, yes. Q4 is also there. Okay. So more than that, you can say around 50% to 60% has already been repriced.

Jayant Kharote, Analyst

Okay, sir. Sir, actually, I'm not able to get the math. If 50%, 60% is repriced, and you're seeing another 40% gets repriced in Q3, then Q4, we would have already repriced the whole book.

Shri Binod Kumar, MD & CEO

That's why I'm saying it should bottom out in Q3. See, some repricing will always happen, but rate cut started.

Shiv Bajrang Singh, Analyst

Three months, up to three months MCLR will keep on repricing.

Shri Binod Kumar, MD & CEO

Only one year MCLR impact will come in Q4.

Jayant Kharote, Analyst

Understood, sir. But you're saying that the bulge will be behind us from Q3.

Shri Binod Kumar, MD & CEO

Yeah.

Jayant Kharote, Analyst

That is what I understand.

Shri Binod Kumar, MD & CEO

Yes. Yes.

Jayant Kharote, Analyst

And in TD you are expecting. Actually, TD can keep releasing you some gains in Q4.

Shri Binod Kumar, MD & CEO

TD bulk repricing will happen in Q4 because rate has not gone down substantially. You can say upto Q1 at least, rate has not gone down substantially.

Jayant Kharote, Analyst

Understood, sir. Sir, you said there was some IT refund. Pardon my ignorance. You don't capture IT refund -- interest on IT refund in your NIMs, do you by any chance, and if that was the case...

Shri Binod Kumar, MD & CEO

No, no, no, we don't. That comes as part of other income.

Jayant Kharote, Analyst

Understood. And in Q3, you are expecting a steady or slight decline and then recovery in Q4.

Shri Binod Kumar, MD & CEO

NIM?

Jayant Kharote, Analyst

NIMs, yes.

Shri Binod Kumar, MD & CEO

Yeah.

Jayant Kharote, Analyst

Sir, second question is on credit growth. We have seen first 15 days post the 22nd GST, how is the offtake? Any products that you want to call out where the numbers are better than your expectation?

Shri Binod Kumar, MD & CEO

The impact; I am getting this question from many places, but what I can say. See, so far, we have seen good consumption demand and some good traction, particularly, in vehicle loan. So apart from that, gradually it will come, but we are expecting good traction in a few of the sectors like consumer goods and then vehicle loan. We should see some good traction.

Jayant Kharote, Analyst

Sir, mid corporate segment, is there -- some banks are saying some offtake towards the end of the quarter from mid corporates, are you seeing any of that?

Shri Binod Kumar, MD & CEO

Yeah, mid corporate, of course, also there will be because of the consumption there will be demand.

Jayant Kharote, Analyst

Sir, lastly, on capital release due to the new risk weights, have you done any calculations? How much can it be? The AA book will release some risk weights?

Shri Binod Kumar, MD & CEO

See, net-net may be -- I mean, very marginal release maybe because, if you see, you have seen the two components. Number one, they have told that PD has to be in the range of whatever they have given one range, so PD has to be in that range. If PD of the external rating agency is not in that range then it will be capital charge for the lower rating category will be applied. So there will be some increase there also. And one component CCF, you have seen CCF on the under-on portion. There also they have increased some multiplication factor. So, net-net there may not be very substantial improvement in the capital, maybe 5 to 10 basis points.

Jayant Kharote, Analyst

Great. Thank you very much, and congratulations once again for a great set of numbers.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Jayant.

Anand Dama (Host – Emkay Global)

Thank you, sir. We have one question in the chat box. And it says that you have SMA 1 and SMA 2 book somewhere about Rs. 19,000 odd crores, loans below even Rs. 5 crores, and if one assumes about 5% of that it comes down to about Rs. 1,000 odd crores of provision that you will require. And of that Rs. 400 crores you've already done, so whether you intend to finish off the entire ECL provisioning of additional about Rs. 600 crores in just FY26 itself.

Shri Binod Kumar, MD & CEO

No, no, if you talk of SMA 1, SMA 2 only, it is already there. SMA 2, we are providing 10%, already providing 10% on SMA 2, and 5% we have started now in SMA 1.

Anand Dama (Host – Emkay Global)

Okay. So, on SMA 1, basically, you should be largely done in terms of provisioning in FY26 itself, right? That's a fair understanding.

Shri Binod Kumar, MD & CEO

Yeah, yeah.

Anand Dama (Host – Emkay Global)

FY27, we will not have any ECL-related impact.

Shri Binod Kumar, MD & CEO

Stage 2. On account of Stage 2.

Anand Dama (Host – Emkay Global)

And on Stage 1.

Shri Binod Kumar, MD & CEO

Other factors we have some impact.

Anand Dama (Host – Emkay Global)

Sure. Sure. And sir, on the PSLC fees, this quarter was about Rs. 340 crores. You said that, I think, you're spreading the PSLC fees over four quarters. But versus first quarter, the PSLC fees obviously was better in second quarter. Now, there is a change in the guideline, do you expect this Rs. 340 crores, Rs. 350 crores kind of run rate in third and fourth quarter as well, or it should go up?

Shri Binod Kumar, MD & CEO

No, no. I think it will be maintained at this level only. Because, see, if you are not selling further PSLC in the H2, there will be no addition in the PSLC income.

Anand Dama (Host – Emkay Global)

Right, sir.

Shri Binod Kumar, MD & CEO

So, it will be maintained at this level.

Anand Dama (Host – Emkay Global)

Sure. Sir, last two questions, we'll take from the participants, one from Ashlesh and then from Bhavik. Ashlesh, please unmute yourself.

Ashlesh Sonje, Analyst

Hi, sir. Good evening.

Shri Binod Kumar, MD & CEO

Good evening, Ashlesh.

Ashlesh Sonje, Analyst

Sir, just a clarification on the ECL part. If I understand correctly, you already have 98% PCR, you have another 5% coverage on SMA 1, 10% on SMA 2, then for which set of loans do you require any additional provisions for that?

Shri Binod Kumar, MD & CEO

LGD stage 1. On a standard book, we will require stage 1, and there they are asking for LGD of 65%. So, requirement in that segment will be higher.

Ashlesh Sonje, Analyst

Okay. And approximately what is the coverage do you expect on that?

Shri Binod Kumar, MD & CEO

And also one component, if you have gone through, on eligible collateral, normally we are maintaining 0% risk weight. They have asked now 45% LGD. So on that count also we will have to provide. I mean, we will have to make provisions.

Ashlesh Sonje, Analyst

Understood, sir. And roughly what is the coverage you will expect on Stage 1?

Shri Binod Kumar, MD & CEO

I didn't get you.

Ashlesh Sonje, Analyst

What ECL coverage do you expect to eventually maintain on Stage 1 loans?

Shri Binod Kumar, MD & CEO

It depends on how much requirement comes,

Shri Ashutosh Choudhury, Executive Director

Normally 1.5 points.

Shri Binod Kumar, MD & CEO

It is coming around 1.5%.

Ashlesh Sonje, Analyst

Understood, sir. And the current provisions would be roughly around 40 basis points.

Shri Binod Kumar, MD & CEO

Yeah.

Ashlesh Sonje, Analyst

Okay, sir. Thank you.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Ashlesh.

Anand Dama (Host – Emkay Global)

Hello.

Bhavik Shah, Analyst

Hello. Yes. Hi, sir. Thanks for the opportunity. Congrats on the good numbers. On MCLR, core have taken cut of 65 basis points. We have also taken a term deposit cut from the one, two, three-year bucket by 60 basis points. We have also cut SA rates. We have also cut SA rates. Sir, our MCLR cuts in one-year bucket have only been 25 basis points versus large credit banks, they have cut one-year MCLR by 75 basis point. Sir, why such a disconnect? So, would we accelerate MCLR cuts going forward, or we are good, incrementally we won't.

Shri Binod Kumar, MD & CEO

No, actually, see, MCLR is formula-driven. RBI has given formula, we are putting input in that, and whatever it is coming we are taking that, and it is marginal cost of funding formula. And if you see, marginal cost of bulk deposit has gone down, but on term deposit, which is the core term deposit, which is the major component of our resources, there rate has not gone down substantially, so because of that only MCLR reduction is a little subdued.

Bhavik Shah, Analyst

Okay, sir. Sir, There's component of return on equity also in the MCLR Computation. So, would we be using 18%, 20% or it will be lower than that?

Shri Binod Kumar, MD & CEO

Return on equity, around 18% to 20% we will be maintaining.

Bhavik Shah, Analyst

Okay. And sir, on ECL, I just wanted to confirm the 400 crore provision currently lies in your standard book, right? They are not a part of MCLR. They are already a part of specific, which will reverse it to standard.

Shri Binod Kumar, MD & CEO

Yeah, that is part of a standard book, SMA 1.

Bhavik Shah, Analyst

Understood, sir. Thank you.

Shri Binod Kumar, MD & CEO

Thank you, Bhavik

Anand Dama (Host – Emkay Global)

Sir, we just take last question from Gaurav Kochar. Gaurav, please unmute yourself. Maybe we can't hear Gaurav. I think Kunal was there. Kunal, you want to ask a question?

Kunal Shah, Analyst

Yeah. Am I audible?

Anand Dama (Host – Emkay Global)

Yeah, Kunal, please go ahead.

Kunal Shah, Analyst

Yeah. So just wanted to reconfirm. So now this Rs. 400 crores of provisioning that is coming in the standard asset provisioning through P&L. So that's the correct assumption. Otherwise, maybe here was a write back in the standard asset provisioning, but I think because of this line item it is showing like almost a similar number like a last quarter.

Shri Binod Kumar, MD & CEO

Yeah. There was some release in other segments, so because of that, it is looking like similar number.

Kunal Shah, Analyst

Okay, okay. And just to maybe looking at what you are indicating, it seems like from this Stage 3 provisioning, we are not looking to allocate much of the provisioning towards Stage 1 and Stage 2, and it will be the incremental provisioning that we will create. So, is that the fair assumption?

Shri Binod Kumar, MD & CEO

Yeah, yeah. Yes.

Kunal Shah, Analyst

So, this is our conservative, or this is something which is being indicated.

Binod Kumar, Analyst

No, no. See, what I am saying, so the account which is upgraded write back may not be a lot in these certain accounts. But we have some additional provision in Stage 3, then of course, in final calculation that will be taken care. But if some account is upgraded, whatever upgradation, provision of that will not be written back immediately.

Kunal Shah, Analyst

Okay, okay, got it. But maybe when we are looking to create Stage 1 provisioning of 1.5, and even like say Stage 2 provisioning, which you are already carrying at 10% odd, so this Stage 1 can actually come from the additional provisioning which is sitting in the Stage 3.

Shri Binod Kumar, MD & CEO

Stage 3. Yes.

Kunal Shah, Analyst

Okay. Okay, got it. Yeah, thanks. Thanks.

Shri Binod Kumar, MD & CEO

Thank you, Kunal.

Anand Dama (Host – Emkay Global)

Thank you. Kunal. I think Gaurav is connected, sir. So he just want to ask a question. Yeah, Gaurav, please unmute yourself. I think we can't still hear Gaurav. So, I think he has put the question in the chat box. What is the miscellaneous income that you have put out? So, I think you mentioned that miscellaneous income is higher because of interest on IT refund. But most other banks tend to put the interest on IT refund in the interest income, the other interest income. So why is that we put it into other income? And if it is, so why is the other interest income also higher?

Shri Binod Kumar, MD & CEO

I mean, this is accounting policy of the bank. We are booking each under miscellaneous income.

Gaurav, Analyst

We have seen the FAQs at RBI, there also it is given that we have to book under other income. Yes.

Shri Binod Kumar, MD & CEO

And other in interest income not much difference, Anand, 600 to 610 only sequentially.

Anand Dama (Host – Emkay Global)

Okay, sir. So that was the question which was there from Gaurav.

Shri Binod Kumar, MD & CEO

Okay.

Anand Dama (Host – Emkay Global)

Yeah. I think we have answered all the questions. So we'll take basically that as a last question, and with this, we can come to the end of the Indian Bank's post results conference call. Sir, do you have any closing remarks to make?

Shri Binod Kumar, MD & CEO

I think all the points have been discussed, and whatever guidance we have given, we are on track of that. We are committed to maintain that. One one guidance I have revised, Gross NPA. I have given less than 3%, now I'm revising it to less than 2%. Rest all the guidance and we are on track of whatever guidance we have given.

Anand Dama (Host – Emkay Global)

Sure, sir. That's very helpful. On behalf of Emkay and the management of Indian Bank, I thank all the participants for joining and happy evening and Happy Diwali. Thank you, sir.

Shri Binod Kumar, MD & CEO

Thank you. Thank you. Happy Deepawali once again to all of you.