

**Indian Bank Q4 FY'26 Results
Post Earnings Conference Call / Meet
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Transcript

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Anand Dama (Host – Emkay Global)

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

From the top management, we have with us Shri Binod Kumar ji, MD & CEO, Shri Ashutosh Choudhury, Executive Director, Shri Shiv Bajrang Singh, Executive Director, Shri Brajesh Kumar Singh, Executive Director and Ms. Mini T. M., Executive Director.

First, I would request MD Sir to briefly summarize the key highlights from the fourth quarter FY '26 results and also provide strategic direction on growth, margins, and asset quality for FY '27, post which we will have a Q&A session.

Over to you, MD Sir.

Shri Binod Kumar, MD & CEO

Thank you, Anand ji. My colleague on board, Mr. Ashutosh, Mr. S. B. Singh, Madam T. M. Mini. And one correction, Mr. Brajesh Kumar Singh is not here. He's out for some other meeting.

Anand Dama (Host – Emkay Global)

Okay.

Shri Binod Kumar, MD & CEO

Dear investors, analysts, thank you for sparing on time and coming to the call of Indian Bank. So, if I summarize the result, I think it has been a decent year, almost all parameters except cost-to-income ratio, we have done better than our guidance. Total business has grown by 12.79%, and total deposit has grown by 12.29%.

Advance has grown by 13.43%. CASA, which has been the challenge, CASA still, we have grown by 10.85%. And after a dip in June, consistently all three quarters the bank CASA share has gone up. In September, it was 38.87%, then 39.08%, then 39.67%. So, CASA, we have been able to maintain almost. We have given guidance of 40%, so 39.67% almost we have maintained. We remain very cautious in raising bulk deposits. Of course, we have to, but we remain very cautious in raising bulk deposits.

Advance has grown by 13.43% and primarily contributed by RAM sector. RAM has grown by 15.18%. And corporate has grown. Corporate last year, if you see growth was only 3%. This year, corporate also has grown by 9.19%. And, within RAM, it is contributed primarily by retail, which is 18.72%, and MSME, which is 16.39%. We have sanctioned around 6 lakh loans and Rs 48,000 crore to MSME sector. Jewel loan remain our strength area, so jewel loans also has grown at a very decent pace of almost 28% and reached up to Rs 1.27 trillion.

Coming to the efficiency parameter, net profit has reached for the quarter. Rs 3,103 crore, with a sequential growth of 1.3%. And, for the year, Rs 10,918 crore to Rs 12,156 crore, with a growth of 11.33%. Operating profit has touched Rs 5,286 crore, with Q-o-Q growth of 5.21%. If I talk of annually, it has gone from Rs 18,998 crore to Rs 19,916 crore, with a growth of 4.83%. NII also, we have Rs 7,109 crore, it has touched with a sequential growth of 3.09%. If I talk of annually, with a growth of 6.91% and has reached Rs 26,915 crore.

Other income, we have seen a marginal decline sequentially, Y-o-Y 8.32% growth, primarily because of the impact on the treasury income. NIM, if you see for the quarter, it is 3.23%, but if

you see annually, it has come down from 3.41% to 3.24%, so 17bps decline. We have given guidance of between 3.15% to 3.30%, so we have maintained that. ROA, for the quarter it is 1.28%, but if you see annually, in March '25 it was 1.32%, and March '26, we ended at 1.31%, so only 1 bps decline in that.

Return on Equity for the quarter it is 18.98%, but for the year end, it is 19.53%. Then cost-to-income ratio, of course, is one area where we have given guidance but actually, we ended up for the year at 46.03%, but we have taken course correction, and cost-to-income ratio has come down from 46.90% in December to 44.99% in March '26. Provision coverage ratio is constant at 98.28%, we are maintaining since December also, March also. For the year also it is the same. Credit cost annualized for the quarter is 0.47%, for the year it is 0.31%.

Then asset quality, gross NPA has come down from 3.09% to 1.98% with a reduction of 111bps, net NPA from 0.19% to 0.15%. Slippage ratio for the quarter is 0.96%, but if you talk of annualized it is 0.85%, which has come down from 1.09%. Recovery for the quarter is Rs 1,499 crore, but for the year it is Rs 6,651 crore. We have given guidance of between Rs 5,500 crore to Rs 6,500 crore. SMA, of course, I would like to highlight, so I will start from March '24.

March '24 SMA was 15.59%, which was 18.06% in March '25, and now it is 4.73%. Good work has been done by the department on the SMA front. And SMA, if I talk of more than Rs 5 crore, it is Rs 922 crore only. We have made some provisions, although we are not seeing any stress because of the West Asia crisis, but we have made a provision of around Rs 310 crore keeping this crisis in view. But, as I told in the SMA data, we are not seeing any stress.

This is purely prudently we have made this so that in case something happens, then we will have some cushion. Then, during the year, we have sanctioned around Rs 4,26,000 crore taken altogether, retail, agriculture, MSME, corporate, with a growth of 62%. 62% growth there is in the sanction. Corporate also we have sanctioned around Rs 1.31 trillion. So, corporate also around 62% growth we have seen. Maximum growth is in MSME at 81%. We have a pipeline of Rs 51,000 crore. And not much stress we have because of personal loan, we don't have much, only Rs 6,500 crore.

MFI also not much, Rs 3,300 crore. In corporate, last year around Rs 8,000 crore. Exposure in NBFC, it has come down by around Rs 8,000 crore. Out of that NBFC exposure in AAA, AA, and A, it is around 99%. So, the majority of that is in AAA category. Coming to the guidance, we are giving deposit guidance between 9% to 11%. Advances growth of between 11% to 13%. CASA, approximately, we will maintain around 40%. CDR around 80%, gross NPA between 1.50% to 1.60%, net NPA at the same level, I mean, less than 0.25%, you can say.

Recovery, of course, as our pool is coming down, so going forward, if you see from last year to this year, it has come down by around Rs 1,000 crore. It was Rs 7,600 crore, which has come down to Rs 6,600 crore. So, giving guidance of between Rs 4,500 crore to Rs 5,500 crore. AUC recovery last year also was good. We have given guidance of Rs 2,000 crore and actually we surpassed that. We are giving guidance of recovery in written-off book between Rs 1,200 crore to Rs 1,500 crore.

I don't see further rate cuts, but cost of deposit, I expect that it will remain elevated because advance growth is outpacing deposit growth. So, I see some pressure on the NIM. So, that's why I'm giving guidance between 3.10% to 3.25%. ROA also, I'm giving some guidance between 1.20% to 1.30%. Credit cost, we'll maintain less than 1%. Slippage ratio, we'll maintain less than 1%. Broadly, these are the things and apart from that, we have taken some initiative.

Like I told in CASA, we have taken some initiative because of that, we have been able to maintain CASA share. We have launched various products and two products, really, we have seen good

traction. We are analyzing why other products have not taken off. So, in that line, we have launched IND Aspire for Women because IND Aspire, we have seen good traction. So, we have launched IND Aspire for Women and IND Gig Champion. For gig workers, we have launched a new product. So, hopefully, we will see some traction in the coming quarter and very recently, we have launched.

In operative accounts, we have around 34 lakh in operative accounts, we have made them operative and that has resulted in a total balance of around Rs 4,000 crore. Similarly, we are focusing on QR code and POS machines, etc. Because float, I believe everybody knows that financial literacy is improving. And there is a structural shift. People are becoming investors instead of savers. So, we have to rely on float. We have added around more than 3 lakh salary accounts during the quarter.

Average balance, I would like to highlight. If see, average balance in saving fund, normal account, I am saying, ex BSBD account, it has gone up from Rs 30,000, which was last year, to Rs 46,000. Similarly, in current account, average balance has gone up from Rs 1.88 lakh to Rs 2.64 lakh. So, we are focusing on strengthening the relationship, depending on the relationship.

Of course, two challenges I will say for this year. Growth, I believe country, government, and RBI, as you must be seeing in the newspaper also, they will take all measures to sustain the GDP growth. So, if GDP growth is intact, I believe credit growth will also be intact. If there is some headwind on the GDP growth, of course, then impact will come on us.

But two immediate challenges I see is the recovery. Recovery, of course, Rs1,000 crore already it has gone down. And this year, treasury profit may not be to the extent it was last year. But there are also some good news. We have not book very high profit in the treasury. That means we have not sold some good yielding securities. So, that may help us in passing through this phase.

Now I will request my colleague, Mr. Ashutosh, to highlight about the digital initiative, what we have taken during the year.

Shri Ashutosh Choudhury, Executive Director

Thank you, sir. Good evening, all. The digital business of the Bank for financial year '25-'26 has grown by 63% and reached Rs 272,000 crore. The mobile banking customers have increased to 2.36 crore. The base has increased. And the mobile banking transaction has shown a healthy growth of 15%. That is 65.8 lakh per month. The transaction is happening there. The digital adoption rate in retail and agri has reached to 97%. That means the retail and agri loan that has been sanctioned, that is 97% through digital channel.

The bank is implementing 10-plus AI and agentic AI-related platforms with the help of almost more than 160 fintech partners. When sir has talked about the CASA, let me say last year we introduced a segment of customers, VBX. Those who have not visited the branch for quite some time, we have classified them. That particular category of customers are almost increasing. And it has reached 22 lakh. And the base identified to move some more customers. That base is almost 1 crore plus. So, in the digital aspect, we have done that.

And, this year, we have introduced a CRM platform. The CRM platform that we introduced is for retail. Now, we are going to introduce for corporate. And, on that platform, the module also will enable service requests and sales management. So, this will not only deepen the existing relationship with existing customers, but also it will give a boost to acquire new customers based on sales management.

Now, I would like to tell you a couple of things that we have done during this particular financial year. We have digitized the corporate credit. The journey is almost complete. And we are taking one step forward in our corporate credit journey that I will discuss with all of you.

We have a partnership with POS aggregators where we can provide POS machines to customers of other banks. Then we also introduced a new corporate website. We are strengthening our UPI app, IND UPI. The updated version will be introduced this financial year. We have introduced EFRM solutions. That is a real-time AI-driven behavioral analysis platform, which will help in curbing the digital frauds, as well as money mule accounts.

We have introduced IND Optima. That is our cash management services where almost 150-plus corporate customers have been onboarded. So, in the pipeline, I would like to also highlight some of the things. We are introducing a corporate ecosystem engine which will help our relationship managers while negotiating with the customers. We are also planning to introduce an RFP creator because we produce a lot of RFPs for onboarding IT and non-IT vendors. We are also in the process of introducing invoice processing. This will automate the receipt validation, approval, and payment of invoices.

In CRM platform, we are introducing lead nurturing management. We are introducing an intelligent document reader. This will help with our documentation. Post-sanction when we go for documentation, this will check the legality of that particular document. So, also with this EFRM solution, this suspicious transaction reporting that we are planning to automate. Along with this, with our news and contact center, we are automating the grievance redressal mechanism which will reduce the TAT and improve the customer experience.

Thank you, sir, with this.

Anand Dama (Host – Emkay Global)

Thank you, sir. Now we'll take up the Q&A. (Operator Instructions) First question we'll take from Ajmera ji. Ajmera ji, please unmute yourself and ask a question.

Ashok Ajmera, Analyst

Yes, hello

Shri Binod Kumar, MD & CEO

Yes, Ajmera ji.

Ashok Ajmera, Analyst

Yes. Hello, sir. Good evening, sir. And congratulations for yet another good quarter. As you yourself have also said, and I can see also that you have surpassed on almost every front except one or two on the guidance. So, that is commendable. And not only touched or this thing, but like in case of the credit also, the growth is very good, 13.43%. Even in the deposit also, in spite of the various challenges, you have done very well, 12.29%. And AUCA recovery in the entire year is very good, Rs 2,508 crore.

Of course, next year, the target you have reduced a bit than that. So, my compliments on that, sir. So, my first question or rather I would like to seek your views and comments on this ECL guidelines. Now, they have been finalized now, and RBI declared the final guidelines, which we were waiting for for quite some time. And many of the banks have already started preparing for that and making some extra additional provisions also. So, in our case, in our bank, how is the

preparedness? How much total hit we are going to get?

And whatever the time has been given, I think up to March 31, 2030, or some people are saying '31. How are we prepared to take care of this extra provisioning? So just my first, even though you are saying that even in this quarter also you have made Rs 310 crore extra provision on standard assets to take care of any eventuality, but that is on the geopolitical situation in the West Asia war. So, can I have your views on this, sir?

Shri Binod Kumar, MD & CEO

Yes. Thank you, Ajmera ji. So, before coming to that, this quarter also we have sold IBPC of around Rs 6,000 crore. And we have opened 102 branches against; we have set target of opening around 300 branches in three years.

So, we are on track of that. So, coming to your question about your ECL guidelines, Ajmera ji, guidelines came only yesterday, and few things they have added. So, whatever we have calculated in the draft guidelines, I think impact will be a little higher than that.

However, we are in the process, actually guidelines have come only yesterday. We are in the process of calculating. See, I can give some number, but that will not be very relevant because ultimately, next meeting, you will say, sir, you have told this number, now you are saying this number. So, I don't want to create that situation. We will give you concrete numbers so that variation is minimum. But, having said that, let me assure you, all of you, that impact is not going to be very huge. Because we, as all of you know, we have been preparing in different ways, not only in the name of ECL, but we have been preparing in different ways. Since last five years, we have been going through a very good phase, I will say benign asset quality phase. So, I don't see much of the impact in the, I mean, overall impact.

And, as I told you earlier in the earlier call, that we will be able to absorb all the impact in one year. Now I'm saying, we will be able to absorb all the impact in, say, six to nine months, maybe between one to three quarters, maybe. That is, I mean, broad, broad, broad, you can say.

Ashok Ajmera, Analyst

Okay, sir. Point well taken, sir. Sir, my another observation is on this slippage in this quarter, which has increased to Rs 1,355 crore as against about Rs 1,000 crore in the last quarter. And going forward with this kind of situation prevailing, geopolitical, which impact might not have seen much in March, but, in this quarter, in the coming April, May, June, we might have some impact on that. And you also covered a little bit on this.

So, where do you see the, I mean, first of all, do you see that it will make major impact if the war, I mean, goes on? Or I mean, there's total uncertainty about that. And how much impact do you see, and from where it can come negatively? And how are we prepared to take care of that? So, that is my another, if you can just elaborate on that.

And, coupled with that, the SMA numbers has drastically come down. SMA-2 from Rs 4,309 crore to Rs 922 crore. And SMA-1 has gone just a little bit, Rs 700 crore only higher. So, whether going forward, both these questions are coupled. I mean, it's basically connected to each other.

Shri Binod Kumar, MD & CEO

Yes. Thank you. Thank you, Ajmera ji. So, first of all, if you see, from the March to December, it has gone up, slippage. But that is every quarter, if you see, every annual March, there will be around Rs 400 crore to Rs 500 crore MOC. So, this number has gone up basically on account of MOC.

And that was in the last March also, there was around Rs 500 crore MOC. This quarter also around Rs 400 crore MOC. So, this March will always be have some MOC because of that slippage ratio will be higher.

Thereafter, that one thing I can assure you, during the financial year, this number, of course, I mean, something drastic happens, then I cannot say, But, in normal situation, this number, slippage ratio, will be better in all the quarters. Except for March, again, there will be some MOC. So, every quarter, you can assume that the slippage number will be less than that, number one. Number two, coming to SMA. So, SMA reduction, I will not take any brownie point because two government accounts are there, so that is not in SMA-2. That's why number has come down. So, no brownie point for that.

SMA-1 increase has come because one account out of that is in SMA-1. So, SMA-1 has increased a little bit. But if you see SMA, total SMA has really gone down. From last year, Rs 45,000 crore – Rs 46,000 crore, now it is Rs 31,000 crore. So, SMA number overall has come down. See, if you talk of stress, stress is not only from the war. Stress is already from the tariff point. That means, from August, you can say that there is some stress in the system.

I believe in the resilience of the banking system and resilience of our economy. And you must be seeing various positive response from all the governors and various ministers that whatever required, they will try to maintain the economic growth rate. So, if economic growth rate is maintained, I think the government will take some measures. And, because of that, I am not seeing much impact on the asset quality also. And, if at all, because already it is around four to five months, around seven months.

If you take from August, that means four and three, seven months, almost seven months. Then almost it should have started some incipient increase in SMA, so which we are not seeing. So, hopefully, we will try it this time also without being impacted much.

Ashok Ajmera, Analyst

Sir, now on the treasury also, you touched on the treasury front, in this quarter also, it has taken a toll. The loss on the sale of the investment is Rs 105 crore. And then profit, Rs 99 crore minus, means treasury has a pressure on this, as far as this quarter, even in the last quarter also it was there little bit. So, but you also said at the same time that going forward, we, since we have the higher value, higher yield, lower yield, higher income investments in our book. So, in the coming quarter, how do you see the treasury, performing going forward?

Shri Binod Kumar, MD & CEO

No, of course, there will be impact on the treasury, no denying. But impact, only limited. My point is, impact will not be very severe because we have not seen, if we have sold all the securities and has raised securities with the lower yield, then my impact would have been higher. But, since we have not sold, so impact will be there, of course, but impact will not be as severe.

And still I expect that around, for the year I am saying, maybe around Rs 1,000 crore, Rs 1,200 crore profit we will earn through treasury.

Ashok Ajmera, Analyst

Sir, on your digital front, you have performed exceedingly well. In fact, there is a lot of advancement, and Ashutosh Sir, as usual, has explained very much in detail about the digital advancement of the bank. But, in the real term, whenever these journeys are completed and these digital products are put to the use, are we assessing the actual impact of the digital

introduction or apart from the surveillance and other things which doesn't directly produce anything, are we seeing any commercial like benefits?

Is there any study done on that and like vis-a-vis the kind of investment which you are making, every bank is making huge investment on this, but have you started measuring it on the impact on the revenue on the positive side and how much is it, is that process has been put into the practice, sir?

Shri Binod Kumar, MD & CEO

See, very, very pertinent point, Ajmera ji, because I have also been saying that we are spending huge in IT, but benefit of that, to the extent we desire, is yet to come. That will happen, as our digital, you say, what we say, adoption, not only adoption, but people also actually start using digital channels. Like, for example, still, yes, of course, if you ask, are we getting benefit, we are getting benefit. Like our 94% transactions are through digital channel. So, if they visit the branch, cost will be at least 5x higher.

If a customer visits branch, cost will be at least 5x higher, plus we will have to keep more employees. So, we are taking benefits, if not directly, indirectly, we are taking benefit of that. And, as rate of this adoption will increase. One, just one data I am sharing, say digital FD, people come to branch bank for making FD. So, we have just tried to push that, why people are coming to the branch. There are certain sets of people, they will definitely come. So, we don't discourage them.

But for those who can do transaction on their own, we are encouraging them to do transaction on their own. So, when they will do transaction on their own, of course, that will be cost saving to us.

Ashok Ajmera, Analyst

What a coincidence around this. I was sitting with a client just a little before, in the afternoon only. And, of course, that is a private bank. So, he was having Rs 1 crore rupees only in the current account. He's a small MSME kind of a client. So, I said, why don't you stagger it and put it in the FD? That banker, that person, came within 15, 20 minutes. They had some visit. And, on the spot online, he made three FDs of Rs 20 lakhs, Rs 25 lakhs for different duration of 91 days to 271 days or whatever.

On the spot, within five minutes, the FDs were made. I mean, on the system only and its seen. So, of course, effect-wise, positive, whether it would have been in the current account, it would have benefited more for three days to the bank. Like that's a different thing. But ease of doing business and these things is going to be. Only thing, many of the bankers I'm talking about is that the time has not come when we start putting, I mean, using some tools, putting some measurement that the profit or the advantage can become measurable.

Shri Binod Kumar, MD & CEO

We will try to.

Ashok Ajmera, Analyst

Okay, sir. Thank you very much, sir.

Shri Binod Kumar, MD & CEO

I mean it is in the backdrop of the mind, but quantification. So, one measure that run in my mind, I'll just share with you, that say if you see manpower of the banks has remained constant over the last five years. But, if you see, business of bank has grown by double or in few cases, more than double. So, of course, the benefit we are driving, it's not that benefit we are not driving. Only thing, it is not quantified on paper. We'll definitely try to.

Ashok Ajmera, Analyst

Yes, sir. You have become almost Rs 15 lakh crore business bank, just shying away with Rs 5,000 crores, Rs 6,000 crores only. So, anyway, sir, compliments to you. All the best to you. And, if time permits, I might come again. Thank you.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thank you, Ajmera ji. Any other participant, if you have a question, please use the raise hand option. We'll have question from Akshay Badlani. Akshay, please unmute yourself and ask the question.

Akshay Badlani, Analyst

Yes, hi. Thank you for taking my question. My question was around the lines of, as you indicated, the cost of funds will be going up. Currently also it's going up. So, what levers do we have on the asset side, where we could offset this or if there are certain set of, segments where we can price our loans better going forward?

Shri Binod Kumar, MD & CEO

If you ask me, very frankly, very few levers are left because see, almost 50% of loan book is linked to external benchmark. We have hardly any lever on that. Only area remains, a loan linked to MCLR. Because their cost of fund is inbuilt also. So, that is the only lever, but MCLR is also formula driven. You cannot do much.

Then only one thing remains, we take benefit of IT and try to, I mean, at least maintain CASA share, if not increase. Because CASA, that will be the only thing because see, bulk rate is very high. You cannot do anything with that. Since bulk rate is high, retail term deposit rate, we cannot reduce anything. So, that is the, only that remains and asset quality. We have to ensure that asset quality remains very good. Otherwise if NIM is also not there, and there is an issue on the asset quality, then of course there will be tough time.

Akshay Badlani, Analyst

Sure, sir. Just then coming to asset quality, since our exposure overall in our loan mix into agri and MSME sectors is high, although we have created extra provision buffer this quarter, how do you envisage the situation, especially in both the segments, which could be vulnerable going forward, given the, if there could be inflationary pressure going forward?

Shri Binod Kumar, MD & CEO

See, agri, we don't have much challenge because majority of my agri book is from jewel loan. So, agri, we don't see any challenge. MSME, of course, MSME, if some stress comes, which is, if industry is impacted, I will also be impacted.

But, as I told, I think government will also do something. If something happens, then government will do also something. And, at least as of now, it is not reflected, as I told in SMA, otherwise something must have, I mean, started inching up, at least in SMA, not NPA, then SMA, it must have started inching up. So, far I have not seen. And I believe we will pass through this phase without being impacted much.

Akshay Badlani, Analyst

Okay. Sure, sir. Sure. Thank you for answering my questions.

Anand Dama (Host – Emkay Global)

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

Jay, Analyst

Yes, hi. Good evening, sir, and thanks for the opportunity. Sir, if you can quantify that you said that the total SMA is Rs 31,000 crore, if you have the number for SMA-0, SMA-1, and SMA-2 separately?

Shri Binod Kumar, MD & CEO

Yes, thank you, Jay. So, total SMA is Rs 31,000 crore. Out of that, SMA-0 is almost Rs 16,000 crore. SMA-1 is Rs 9,000 crore. SMA-2 is Rs 6,000 crore.

Jay, Analyst

Okay, sure. So, sir, SMA-0 only has gone up. But if I compare versus last quarter, then SMA-1 and SMA-2, they have reduced, okay? SMA-1 is similar, and SMA-2 has reduced.

Shri Binod Kumar, MD & CEO

Yes.

Jay, Analyst

And, secondly, sir, on your growth, so last year, at the beginning of the quarter, we also said 10%, 11% kind of a growth. But we did, if I look at this year, we ended at around 15% kind of a growth. You have excellent asset quality, less than 80% LDR. What is the realistic growth number that we should assess? Because, sir, 10%, 11%, 12% is actually lower than the industry. So, are you okay with growing lesser than industry, or you want to be at least similar to industry?

Shri Binod Kumar, MD & CEO

So, this year also, industry has grown at 16%. So, I am okay with little bit, I mean, even if little bit slower than industry, without compromising on the asset quality and NIM. So, my focus is, of course, growth, but NIM and asset quality should also remain intact.

But one thing why I am giving guidance of 11% to 13% in advance, let me tell you, around 16% to 17% of my book is jewel loan. And last year, jewel loan, because of the increase in price, we have seen good number. So, maybe similar kind of growth, we may not see in jewel loan this year. So, that's why I am giving guidance of between 11% to 13%.

Jay, Analyst

Understood. And, sir, the retail term deposit, that should continue to improve, right? I mean, as of now, even if the repricing, bulk of the repricing is over, but still the cost of deposit will keep reducing only, right? Is that the understanding right or not?

Shri Binod Kumar, MD & CEO

No. See, retail term deposit also, we are not able to reduce any rate of interest on that. Because bulk is at elevated level, then you cannot keep very wide gap between retail term deposit and bulk. So, because of that, even retail term deposit will remain at this level. Or maybe a few of the banks you have noticed, in March few of the banks have increased retail term deposit rates.

Jay, Analyst

All right. Okay, sure. And, sir, if you can quantify your AFS reserve. How much is the AFS reserve as end of the quarter and maybe quarter three? So just to understand how much was the swing.

Shri Binod Kumar, MD & CEO

Yes, swing is massive. December quarter it was Rs 4,000 crore plus, March quarter it is minus Rs 200 crore.

Jay, Analyst

Okay. So, around Rs 4,200 crore swing right?

Shri Binod Kumar, MD & CEO

No, Rs 4,000 I told, sorry, Rs 400 crore. So, Rs 400 crore to minus Rs 200 crore.

Jay, Analyst

Right, right. And, sir, total gold loan books sir we have given the retail gold, but how much will be the agri gold and MSME gold put together if you have that number?

Shri Binod Kumar, MD & CEO

Rs 1.27 lakh crore is the total jewel loan.

Jay, Analyst

Right. Okay. Thank you so much, sir. I will come back in the queue sir.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Jay.

Anand Dama (Host – Emkay Global)

Yes. Thank you, Jay. Next question we'll take from Parth Gutka. Parth, please unmute yourself.

Parth Gutka, Analyst

Yes. Hi, Sir. My question is on the overseas advances. Last couple of quarters we are seeing phenomenal growth in this segment. Can you just elaborate on the same. As in this relating to which sectors, and from which regions? Yes.

Shri Binod Kumar, MD & CEO

We have only two branches, Sri Lanka hardly anything, only GIFT City and Singapore. So, we are participating basically in the syndicated loan, and some trade finance. So, I mean not any sector specific, but we are participating in syndicated loans, so from different sectors. It is not any specific sector.

Parth Gutka, Analyst

Okay, sir my next question is what is the proportion of bulk deposits within the overall deposits?

Shri Binod Kumar, MD & CEO

Bulk and CD taken together around 18% to 19%.

Parth Gutka, Analyst

Okay. And what is the internal threshold?

Shri Binod Kumar, MD & CEO

We have not kept internal threshold as such but we would like to maintain in this range only, I mean less than 20%.

Parth Gutka, Analyst

Okay. Okay, sir. Thanks a lot sir. Thanks a lot for answering my questions.

Shri Binod Kumar, MD & CEO

Thank you, Parth.

Anand Dama (Host – Emkay Global)

Thank you. Next question we'll take from Akshay Badlani. Akshay, please unmute yourself. Yes, Akshay is not around, we'll take the questions from Jayant Kharote. Jayant, please unmute yourself and ask your question. Jayant, we request you to unmute yourself and ask your question. Jayant, we are not able to hear you.

Jayant Kharote, Analyst

Am I audible?

Anand Dama (Host – Emkay Global)

Yes, Jayant. Yes, audible.

Jayant Kharote, Analyst

Sorry about that. First question is on the asset quality. If you can help us quantify what is the total outstanding floating provisions that you hold on your book, contingent or floating, and then follow up to that is the ECL requirement. I know you said that the number could be higher, but if you could help us what was the initial assessment at least in the size, why I am getting slightly confused is you said the number may be higher, but then you said we will do it in three quarters and not four. So, is it about the steady-state impact or is it about the one-time impact? If you can just sort of give us three clarifications.

Shri Binod Kumar, MD & CEO

So, in NPA, in fact, we are not holding any floating provision, NPA whatever we are making only a specific account-wise provision. Number one, number two, see while I told it is number is higher, when we make assessment of the ECL guidelines, there were certain things we have taken up with RBI. Based on that, we have made various scenarios. So, keeping these scenarios in view, I have told that maybe we may need one-year time.

But now that final guidelines have come and now we, with I mean almost certainty we can say of course number we are calculating and why there is some impact because HTM book earlier it was not part of the draft guidelines. Now HTM book has come, that is why impact will go up. But overall impact what we are saying say worst case scenario, so from worst case scenario now it has improved. That is why I am saying it will go up, but overall impact will be less as compared to worst case scenario.

Jayant Kharote, Analyst

Okay. Sir, you have also done some accelerated provisions this quarter, right? Related to the West Asia war. So, including that, what is the total provisions that you hold outside your PCR?

Shri Binod Kumar, MD & CEO

They do not even tell me. My CFO is very hard nut. He does not disclose to me also.

Jayant Kharote, Analyst

Sir, but you would have some idea because it will be needed in our ECL to offset the ECL impact, right?

Shri Binod Kumar, MD & CEO

They are giving only with the impact that to exact, they have not given so far. So, we are working on that. Let us see.

Jayant Kharote, Analyst

Sir, how much of this quarter at least can you call out of the provisioning, this quarter was linked to NPA provisions and others were standard?

Shri Binod Kumar, MD & CEO

No, see NPA will not help much. So, we have around this quarter around Rs 500-odd crore we have made in the standard.

Jayant Kharote, Analyst

Great, sir. Sir, second question was regarding LCR, if you could help us give your average LCR number and again how has that been trending and I have a follow-up.

Shri Binod Kumar, MD & CEO

Yes, LCR we are comfortable, throughout the year we are comfortable and because of the implementation of these new guidelines from April 1, there is benefit of 4 to 5 bps.

Jayant Kharote, Analyst

Sir, where are you right now on the LCR?

Shri Binod Kumar, MD & CEO

LCR 127%?

Shri Ashutosh Choudhury, Executive Director

Average is 127%.

Shri Binod Kumar, MD & CEO

Average 127%.

Shri Ashutosh Choudhury, Executive Director

At present we are at 123%, 124%.

Shri Binod Kumar, MD & CEO

Average is 127%. At present we are at 123%, 124%.

Jayant Kharote, Analyst

Sir, then just to add if you are sitting at 127% and you will have 400 bps to 500 bps release, why run at such a high LCR when you are paying such high cost for deposits, why not operate at 115%, 120% and it will help your NIMs?

Shri Binod Kumar, MD & CEO

Without taking name of the bank, one bank had to raise very huge sum at very high cost. So, I don't want to create that situation when everybody panics. So, a little cushion is already there.

Jayant Kharote, Analyst

What do you think is a fair number? What is a fair number that every bank should operate at?

Shri Binod Kumar, MD & CEO

I think we should have around 115% to 120%. Going below 115%, I mean say some event may entirely impact. And let me tell you, we are not making a special effort for maintaining LCR. Whatever, we have excess in the SLR book that is contributing to maintaining the LCR. So, it's not like that specifically for this purpose we are purchasing SLR.

Jayant Kharote, Analyst

Great. So, basically that's where you are also not guiding for very high trading profits because you want to enjoy that on both on NIM side as well as LCR side.

Shri Binod Kumar, MD & CEO

LCR side, yes.

Jayant Kharote, Analyst

Benefits of that bond. Great. So, I think that is a good, stated strategy. Thanks, and all the best for the next year

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Jayant.

Anand Dama (Host – Emkay Global)

Yes. Thank you, Jayant. Last question we'll take from Ashlesh. Ashlesh, please unmute yourself and ask your question.

Ashlesh, Analyst

Hi, sir. Good evening. So, two questions from my side. First one is on the comment you made, prefer to prioritize maintaining margin and asset quality over just growth. Good to hear that. But, sir, if I have to paint a scenario where over the next year the cost of deposit continues to inch up. From this level, let's say by 20 basis points or 30 basis points, how would you in that scenario, maintain your margins, what levers would you have at your disposal, that is one.

Secondly, you made the statement about ECL that you will potentially be able to absorb it over a period of one to three quarters. Does that mean that the ECL shortfall one-time number will be somewhere between 1x to 3x your quarterly PPOP? Is that the understanding?

Shri Binod Kumar, MD & CEO

I mean, you can make inferences, but that is a huge number gap. One to three quarters is a huge gap. So, as I told you, if cost of deposit keeps on inching, so part of that will be offsetted by increasing MCLR because cost of deposit is also part of the MCLR. So, part of that, of course, MCLR will also start increasing, then that will help.

Ashlesh, Analyst

Anything you can do on the asset side, possibly change the mix further towards better yielding assets or high pricing?

Shri Binod Kumar, MD & CEO

See, asset side, I really, I mean, don't see much of the scope because in corporate book, definitely not. Something can be done in the segment, say mid-segment, you can say between and, again, retail, MSME is linked to your EBLR. There also you cannot increase spread, etc. So, that book is also tied up. Only thing remains, some corporates between mid-segment corporates, and that's why we are focusing on mid-segment corporates between Rs 50 crore or Rs 100 crore to Rs 500 crore. There we can command little better price as compared to the corporates or retail and MSME, and that area remains my focus area.

Ashlesh, Analyst

Understood, sir. And second one on that ECL thing, just trying to understand the statement which you have made when you say we'll be able to absorb it in one to three quarters

Shri Binod Kumar, MD & CEO

But that is wide range. Let us see. I will come up. I will give numbers very shortly. It's not like that. We have some assessment.

Ashlesh, Analyst

Okay.

Shri Binod Kumar, MD & CEO

But I don't want to give any number and then come back and say that, no, no, it has gone up and or it has substantially come down. Either way, it is not right. If I give you a number and that number go up, it is not right for anybody. And either way also, if I give number and then you come down substantially, that is also not right. That's why it is too early, for day before yesterday it has come.

Ashlesh, Analyst

Understood, sir. Sir, and just lastly, if I can squeeze in one more. Given that bond yields have increased over the past few months, does that mean that your provisions for AS 15 can decline materially over FY '27?

Shri Binod Kumar, MD & CEO

I expect. Materially means I mean per quarter if you are making say Rs 800 crore. So, may be Rs100 crore you can save.

Ashlesh, Analyst

Understood, sir

Shri Binod Kumar, MD & CEO

Yes.

Ashlesh, Analyst

Perfect. Okay, sir. Thank you.

Shri Binod Kumar, MD & CEO

Thank you, Ashlesh.

Anand Dama (Host – Emkay Global)

Sir, one question which has come in the chat box. Again, it is related to ECL only, is that earlier basically you had said that about 1% to 1.5% will be the impact on the capital in terms of ECL. Now it would have gone up or down whatever like you may do the calculation, but does it mean that in FY '27 itself you will absorb the ECL impact through P&L and you will not need any impact to be taken on the April 1, 2027 through net worth? Is that what it means?

Shri Binod Kumar, MD & CEO

No. 1% to 5% have I told? I have told we will absorb in one year, that is what I have told. So maybe somebody might make inference out of that, but of course no, of course, some impact will come in next year also, because entirely we cannot make provision in this financial year. Although we have four quarters but still we cannot make entire whatever requirement is there. So, some impact will spill over to the next year also.

Anand Dama (Host – Emkay Global)

Okay. And, despite assuming I mean absorbing the ECL impact you're still guiding about 1.2% 1.3% ROA?

Shri Binod Kumar, MD & CEO

This year?

Anand Dama (Host – Emkay Global)

Yes.

Shri Binod Kumar, MD & CEO

Yes.

Anand Dama (Host – Emkay Global)

Sure. So, do you expect some one-offs to come through like that you are going to absorb so much of ECL impact this year itself?

Shri Binod Kumar, MD & CEO

No, no one-off; normal. This year also, so despite doing all these things we have been able to maintain around 1.3%.

Anand Dama (Host – Emkay Global)

Sure, sir. Last question we'll take now.

Shri Binod Kumar, MD & CEO

Only challenge that treasury will not be there.

Anand Dama (Host – Emkay Global)

Right, sir.

Shri Binod Kumar, MD & CEO

So part of that will be compensated by I mean NIM decrease. I expect that it will not be as severe as last year.

Anand Dama (Host – Emkay Global)

Sure, sir. Last question we will take from Sushil Choksey ji. Please limit your questions so that we can end the call on time. Over to you sir.

Sushil Choksey, Analyst

Good evening. Congratulations to team Indian Bank. Sir, based on current global environment India may be better off, and southern states are even better off because lot of manufacturing, GCC, even textile has some stability, and some other sectors. How is the pipeline visible on various sectors starting from renewable infrastructure, data center, MSME and what is unavailed credit as of today?

Shri Binod Kumar, MD & CEO

So, we have around Rs 51,000 crore in pipeline, out of that sanctioned and unavailed is Rs 34,000, Rs 35,000, that is term loan only. So, that is the pipeline.

Sushil Choksey, Analyst

What sectors are attracting Indian Bank to underwrite businesses, sir?

Shri Binod Kumar, MD & CEO

Two, three sectors, Sushil ji. One, green, you see, already green is everywhere, battery also, EV also, then solar power also. Transmission line also. I think this year transmission line we will see lot of this government PPP. And then data center, data center also we are seeing lot of demand in data center. I think last year road sector has been little slow, but we may expect this year some traction in the road sector.

Sushil Choksey, Analyst

Any color on MSMEs specifically from southern region which led by auto, ancillary, textile, other manufacturing sectors like leather tanneries in south?

Shri Binod Kumar, MD & CEO

Textile, I think textile is struggling since last, I mean, one year. Before that also textile was not doing very great. And in fact that has saved many of the textile companies, since last two, three years they were not doing very good. I know many of the companies they have not availed any of the working capital even. Few of the companies I know who has not availed working capital since their sales is not very good, sir. We do not have much exposure in leather, so we do not worry much on that account. Only a little bit worry we had for the textile, but I think they have, so far they have tide away.

Sushil Choksey, Analyst

So, being conservative at the same time being prudent on quality, you are very comfortable where your growth is concerned despite challenges for this year, this is the summation of your Q&A?

Shri Binod Kumar, MD & CEO

Yes. I mean asset quality plus bottom line is also important.

Sushil Choksey, Analyst

Sir, one last question to Ashutosh ji, what is the digital budget for this year, and as India is transforming, we also need to transform, processes are changing, what is our budget now for coming years on the digital spend?

Shri Ashutosh Choudhury, Executive Director

Choksey ji, let me answer it in a relative manner, the budget will be more or less equivalent to the human cost, that means the salary and all those things we are paying to our employees. So, in that way you can definitely correlate.

Sushil Choksey, Analyst

So, you will match the human cost in digital spend, that is what you mean?

Shri Ashutosh Choudhury, Executive Director

Yes, almost the employee cost. It will be in and around that.

Sushil Choksey, Analyst

Sir, any signs on RAM specifically of some kind of indicative warnings that economy is having some impact? Specifically in April.

Shri Binod Kumar, MD & CEO

Not much of impact, we have seen Sushil ji because even otherwise SMA, it would have started increasing SMA. So, not much impact we have seen.

Sushil Choksey, Analyst

Sir, thank you for answering all my questions. And good luck for the year to the entire team of Indian Bank.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Sushil ji.

Anand Dama (Host – Emkay Global)

Thank you, Sushil ji. We will take that as the last question. With this, we come to the end of Indian Bank's post-results conference call for fourth quarter FY '26. I now request the management to give their closing remarks if you have any, sir.

Shri Binod Kumar, MD & CEO

No, I think all the points have been discussed. The only thing as I told, we remain very cautious for the bottom line and growth, bottom line and asset quality. And growth, we are okay with 1% to 2% less than the industry. So, that is okay.

This year also, it is around 13.46%, whereas we could have shown even more. Because for the year, we have sold around Rs 23,000 crore of IBPC. So, we remain cautious of that. And two challenges, as I explained earlier, two challenges this year, see recovery and treasury income. But we will be able to maintain whatever guidance we have been given. Thank you. Thank you, all.

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 this evening, and have a good day. Thank you.

Shri Binod Kumar, MD & CEO

Thank you. Thank you, Anand ji. Thank you, all.