



Indian Bank Q3 FY'25 Results Post Earnings Conference Call / Meet Held on 29.01.2025

Transcript

Management:

Shri Binod Kumar
MD & CEO

Shri Mahesh Kumar Bajaj
Executive Director

Shri Ashutosh Choudhury
Executive Director

Shri Shiv Bajrang Singh
Executive Director

Shri Brajesh Kumar Singh
Executive Director

Moderator:

Shri Anand Dama
Analyst, Emkay Global Financial Services Ltd.

Disclaimer :

This is a transcript and may contain transcription errors. The Bank or the sender takes no responsibility for such errors, although an effort has been made to ensure high level of accuracy.

Anand Dama (Host – Emkay Global)

Good evening, everyone. We welcome you all to Indian Bank's Post Results conference call for the third quarter of Financial Year 2025 hosted by Emkay Global.

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

First, I would request the MD Sir to briefly summarize the key highlights of the third quarter results and also provide us the strategic direction on growth, margins and asset quality. Post which we will open up the floor for Q&A session. Over to you MD Sir.

Shri Binod Kumar, MD & CEO

Thank you, Anand and good evening to all who are participating in the con call. Friends, Indian Bank has published its quarterly result today and key highlights are Total business has grown from Rs.12.44 trillion to Rs.12.61 trillion with a YoY growth of 8.33%. Deposit has grown from Rs.6.93 trillion to Rs.7.02 trillion with a YoY growth of 7.34%. CASA, we have been able to maintain at 40% CASA share and CASA has grown by 3.70%. One good thing retail term deposit, which we have been able to grow at decent 9%. Advances we have grown from Rs.5.51 trillion to Rs.5.59 trillion at 9.61% YoY and 1.60% QoQ. RAM, we have grown from Rs.3.25 trillion to Rs.3.35 trillion with a growth of 12.79% and QoQ growth of 3.08%. Particularly in retail we have grown at 15.80%. Agriculture we have grown at 13.50%, MSME at 8.20%. The share of RAM has grown from 63.32% on September'24 to 64.35% on December'24. If I talk of the net profit, net profit has grown from Rs.2,119 crore a year ago to Rs.2,852 crore with YoY growth of 34.57% and QoQ growth of 5.36%. Operating profit has also increased from Rs.4,097 crore to Rs.4,749 crore at 15.91% YoY and 0.44% QoQ. NII has increased from 5,815 crore to 6,415 crore with a YoY growth of 10.32% and QoQ growth of 3.57%.

NIM, we have been able to increase overall Global NIM from 3.41% to 3.45% on YoY basis that means there is 4 basis point increase and from 3.39% to 3.45% on QoQ basis 6 basis point improvement is there. ROA, we have been able to increase from 1.33% to 1.39% and on YoY basis there is increase of 28 basis point from 1.11% to 1.39%. Return on Equity again we have been able to maintain at 21% with a YoY growth of 108 basis point. Cost to Income ratio again we have been able to reduce it from 45.12% to 44.56%. PCR we have been able to maintain at 98.09% up 219 basis point as compared to the December 23. Credit cost sequentially also and YoY basis also it has come down to 0.47% from 0.65% a quarter ago. Earning per share also has seen an increase of 26% YoY basis from Rs.67.12 to Rs.84.70 and 5.39% on QoQ basis from 80.37 to 84.70. Book value has also increased from Rs.347.73 to Rs.412.42 on YoY basis and sequentially from Rs.394 to Rs.412.42. Cost of Deposit, there is increase of around 5 basis point on QoQ and yield on advances has increased 15 basis points sequentially. Gross NPA, we have been able to bring it down to 3.26% i.e. 22 basis point sequentially and 121 basis point on YoY basis. NNPA also we have been able to reduce it to 0.21% from 0.27% a quarter ago and 0.53% a year ago.

Slippage ratio consistently it is coming down from last three quarter in June it was 1.5% and September 1.06% now it is 0.78% consistently. If you see our recovery is more than slippage this time also against slippage of Rs.1,016 crore, the recovery is Rs.1,911 crore. SMA book, many analysts may have question, SMA has increased a little bit because of three big accounts has come to SMA, out of that now all these three has come out of SMA 2 and one is in SMA 0 and presently our exposure to SMA 2 is less than Rs.3,000 crore.

The Bank has taken various initiative during the last two to three years on the account of digital initiative and HR transformation also. in the last two, three years we have opened more than or launched more than 117 journeys or product and processes. Similarly account opening has also been revamped and the account opening if I compare it was 56 lakh during the last financial year, which is 42 lakh in the nine months. Similarly, in current account, we have opened 1.80 lakh account in the last financial year. So far, we have been able to open 1.15 lakh. Whatever guidance we have given for the financial year we stick to the guidance. We have given deposit guidance of 8% to 10%. We will continue to do that. We will achieve the advances guidance of 11% to 13%.

CASA, we have given guidance of around 40%. We have been able to maintain that and our endeavour will be to maintain CASA at 40%. Although that may be a little challenging. Credit to deposit ratio or LDR, we have given approximately 80%. We are at 79.63%. So, we have been able to maintain that. Net NPA, we have given guidance of less than 0.23%. We are at 0.21%. Recovery, we have given guidance of Rs.7,000 crore, so far we have been able to recover Rs.5,800 crore. So, we are on track. We will be able to achieve that. AUC recovery, we have given guidance of Rs.2,000 crore. We have already recovered Rs.2,100 crore. NIM, we have given guidance of 3.40% to 3.50%. So, we are on that target.

ROA, we have given guidance of approximately 1.20%. We have beaten that. We are towards 1.39%. ROE, we have given guidance of 19% to 20% and we are at 21%. Cost to income ratio, we have given guidance of approximately 44% and we are at 44.56%. Credit cost, we have given guidance of 0.77%, but we are at 0.47%. So, these are the numbers and I will request my colleague Mr. Mahesh Bajaj to explain about the digital initiative. Thereafter we can take calls.

Shri Mahesh Kumar Bajaj, Executive Director

Thank you, Sir. Good evening, friends from the Analysts and the Investors. As far as our digital journey, the success story continues. Our digital migration has gone up from 87% to 92% i.e. 5% YoY up. So, branch level transactions have come down to 8% and the mobile banking and all the channels there's a growth of 18%. Same way the transaction growth is also 12% and again MD Sir was talking about the digital journey. So, this financial year, we have launched 39 journeys and this quarter 15 journeys. So put together 117. And our business on the digital channel have gone up by 125%. It was Rs.52,884 crore during the last financial year December '23. And this time it is Rs.1,18,981 crore. So, it is 9 months growth is 125%. Same way in RAM it has gone up by 113 basis points. In e-deposits (digital deposits) also it has gone up by 186% from 7,500 crore to 21,000 crore. Same way the digital adoption also has gone up in RAM with MSME 80%, Retail 77% and Agri 88%. We have crossed the digital business since inception, which we started our journeys more than Rs.2,05,870 crore and almost all journeys if you see even the journey wise also the growth is there. We have opened Rs.89 lakh account through digital platform which is YoY 160% growth.

Same way on the liability side it is 186% growth which is Rs.14,000 crore. On the digital home loan also 3.2 times growth is there which is Rs.4,259 crore. Even digital vehicle loan also 4.7 times growth is there. We have in the Jewel loan in the retail side also, we have now made journey on the digital channels which is again a 12 time growth, which is Rs.7,715 crore. Digital MSME growth is also close to 79%, which is close to Rs.4,718 crore and same way on the digital Agri 98% it is almost doubled, where the growth itself is Rs.33,467 crore. Even on the Self Help Group also we have started our journeys and our IndSMART app already it is launched on June '24 for the retail customer and it has more than 275 functionalities. It is available on both Google Pay and Apple App store. We are now very shortly going to start our mobile banking for the corporate customer also, it is under CUG and on the retail more than 60 lakh customers have already onboarded. The digital business and fintech partnership, we have onboarded close to 138 Fintechs, and the Bank provide all type of fintech solution to the government, to the institutions like Municipal Corporation, SaaS collection,

religious institution, FASTag, and all kind of solutions, Bank is providing through their fintech partnership, and bank is having various other ongoing key projects, which we have provided in the presentation. With that I'll conclude my presentation. Thank you.

Questions and Answers

Anand Dama (Host – Emkay Global)

Yeah, thank you Sir. So, before we open up the floor for Q&A, I had two questions. One was, you said that the credit growth will be about 10% to 11% which means that the fourth quarter will have to do a heavy lifting in terms of about 5% to 6% quarter-on-quarter growth. Now that you are focusing a lot on margins front, whether obviously the targets were actually given by the earlier management, would you want to stand to it or like you basically would want to revise it downwards?

Shri Binod Kumar, MD & CEO

No, no, we won't go for any downward revision, credit we are saying we will be growing in the range of 11% to 13% and margin also we will be maintaining that between 3.40% to 3.50%.

Anand Dama (Host – Emkay Global)

Yeah, but then that would call for a pretty heavy growth in the fourth quarter given the run rate.

Shri Binod Kumar, MD & CEO

But you see, credit we have grown at almost 10% already. So, may be you see in fourth quarter demand is also higher. So, that is achievable and we will achieve that.

Anand Dama (Host – Emkay Global)

My second question was to Mr. Bajaj that I mean, we have given a good slide on digital lending front. So is it all organic digital lending that we're doing or basically there are a lot of partners through, which basically we are doing this thing.

Shri Mahesh Kumar Bajaj, Executive Director

Basically, our journeys we have already taken a vendor. So, with their help we are doing all these journeys. As far as the other solutions which we are providing where we did not go for our own solutions there, we have onboarded 138 Fintech partners. Like some government department is asking for a platform solution. So, for that only we have onboarded these Fintechs, other than that Bank has its own journeys, we are only doing and through our own permanent partners only. Vendors, we have already onboarded for mobile banking as well as the DLP digital lending platform.

Anand Dama (Host – Emkay Global)

Then you call we had a, you know Rupeek as one of the partners which was there particularly on the golden front. So, is it still working? That partnership is still working or like we have basically closed down that partnership.

Shri Mahesh Kumar Bajaj, Executive Director

No, that was basically for doing business on the gold loan. But Bank on its own is having good amount of business. So, with Rupeek we have stopped doing I think a few lakh or crore must be

pending. No outstanding as on date and we are not taking it forward. Co-lending the Bank has stopped.

Anand Dama (Host – Emkay Global)

Now we'll open up the floor for Q&A. We have Mr. Ashok Ajmera in the queue so please unmute yourself and ask the question.

Ashok Ajmera, Analyst

Yes Sir. Good evening, Binod Kumar ji, and welcome to you to Indian Bank as the Managing Director & CEO. Nice to see you there.

Shri Binod Kumar, MD & CEO

Thank you. Yeah, thank you. Good evening.

Ashok Ajmera, Analyst

Sir. Yes, good evening. My first question is I will extend Anand's concerns, because my major concerns is basically on the growth now a days in most of the Banks are facing. But it seems that our growth in last nine months. Of course you have joined, I mean the Bank recently. But of course, I'm talking about the whole Bank as such has been very mute. So, if you maintain the same targets of 11% to 13% say even 12% of the credit growth. You need to disburse in this quarter almost about Rs.38,500 crore as against Rs.8,500 crore in the last quarter and Rs.25,000 crore in whole of nine months. So how, we believe that Rs.38,500 crore can be disbursed by Indian Bank only from January to March 2025. Throw some colour on your sanction pipeline and your disbursements you know under pipeline. Because even if some fresh sanctions take place now, I think the loan book will not increase. The disbursement will not take place before 31st March.

Shri Binod Kumar, MD & CEO

So, Ajmera ji, I appreciate your concern because in last quarter we have grown by Rs.8,500 crore and say that we will grow by Rs.38,000 crore. So, I appreciate your concern but if you see in last quarter the growth has been good in the RAM sector. RAM we have grown at 13%, so, that means there is no challenge on the RAM. So, then question comes on the corporate. Corporate we have a good pipeline of around Rs.40,000 crore in various stages. Some are in the disbursement stage somewhere in principle has been given some proposal has come to head office and after my joining we have also conducted one MC. So, as you were saying, after taking charge, I have already taken a stock of the situation. So, you are saying Rs.38,000 crore, rather I am targeting Rs.40,000 crore and we will be able to achieve between 11% to 13%.

Ashok Ajmera, Analyst

Yeah, I said I took the average of 12%. That is why Rs.38,000 crore but Rs.40,000 crore is better. And we will be very happy Sir, if you achieve this target because on the deposit fronts also, we are lagging behind.

Shri Binod Kumar, MD & CEO

Yeah, deposit also let me tell you the good thing. Good thing is if you see that data may not be there our deposit growth we could have grown. There is no issue in that. But total wholesale deposit we have degrown from 1.08% to 1.01%. So, there is no point in taking deposit at higher cost and

deploying somewhere at not very profitable opportunities. Similarly, if I talk of the retail deposit, we have good growth of around 8% to 9%. CASA, we have been able to maintain 40%. So, if we want to grow it's our choice. If you would have wanted to grow at let's, say 9% or 10% in CASA if that make business sense we could have grown because you could have taken some bulk deposit because CASA, and retail term deposit is supporting us.

Ashok Ajmera, Analyst

No Sir, it's very good to be optimistic and then to achieve also the same optimism targets. Sir, my second little bit observation is you said that the SMA 2 numbers had increased to Rs.4,982 crore. You said that three accounts have already been recovered the amount they are regular from SMA 2 to SMA 0 may be or SMA 1 and now the balance out string is only Rs.3,000 crore in SMA 2 as on today. So, these two or three accounts are a habitual of one month lag. I mean coming in SMA 2 and again going in SMA 1 or it was a onetime problem for them.

Shri Binod Kumar, MD & CEO

See these accounts are coming in SMA for some time like say 3 to 4 months. But out of these three two has come become regular completely not even in SMA 0. Only one account is in SMA 0, which we expect that will also become completely regular and going forward it is our expectation that they should not further slip to SMA.

Ashok Ajmera, Analyst

Okay Sir, that's a very good point. There is one note that Rs.155 crore excess provision has come to the profit and loss account because of the sale of the stressed loan book. So going forward in this quarter also we expect this kind of additional recoveries like or the reduction in the provision because of those recoveries. Sale of stress loans.

Shri Binod Kumar, MD & CEO

Sale of stress loan. So, I will reply it like this Ajmera ji. So, recovery is adding to our bottom line and operating profit also that amount is around Rs.548 crore. Last quarter, it was somewhere Rs.782 crore. So, we expect that this Rs.540 crore to around Rs.500 crore, we will be able to achieve that because we have given guidance of recovery around 2,000 in AUC and we have already achieved 2,100 and whereas it was last year Rs.3,000 crore. So, we expect that this momentum will continue because, we have good TWO book of around Rs.40,000 crore.

Ashok Ajmera, Analyst

Good Sir. My last question in this round Sir is on investment book or rather nowadays, we'll call it as a trading profit or opportunities either I don't know on the arbitrage or something. So how do we, can the treasury looking, I mean income from treasury in this coming quarter. Profit from the investment, sale of investment or the treasury profit, some indication in this coming quarter. I mean January to March quarter.

Shri Binod Kumar, MD & CEO

Treasury profit. Yes, we are expecting in this quarter treasury profit was Rs.78 crore. So, trading profit was Rs.283 crore, but there was MTM charge of Rs.24 crore. So may be in next quarter we will have some trading profit again, should be in the same range and MTM may not be there. Because

we expect that there should be some moderation in the interest rate, so may not be there. This is my expectation. But don't know market how it will behave.

Ashok Ajmera, Analyst

No. Anyway Sir good. Once again congratulations and all the best to you. You are maintaining a very good ROA of 1.39%. Your net NPA is also almost now no more scope is there for any further provision 0.21. Of course, in gross NPA might still there is scope for reduction. So, anyway all the best to you Sir. And if time permits, I'll come back again Sir for some minor data points.

Shri Binod Kumar, MD & CEO

Thank you. Thank you. Ajmera ji.

Anand Dama (Host – Emkay Global)

Next question will take from Piran from CLSA.

Piran, Analyst

Yeah, thank you and congratulations, Binod ji, for this new role as MD & CEO. So firstly, I just wanted to ask what our LCR is right now. Liquidity coverage ratio.

Shri Binod Kumar, MD & CEO

Thank you Piran. My LCR as on 31st December was 116%. And presently it is 125%.

Piran, Analyst

Okay. And what are our plans. You know after the LCR norms come? Is 116 the comfortable level for us or do we plan to shore it up?

Shri Binod Kumar, MD & CEO

But on an average our LCR remains in the range of in excess of 120%. Approximately 125% and impact of new norms are around 8 to 10 basis point. So, on particular day I cannot say. But we with 125%, even if there is a hit of 10 basis point then 115%, we will be able to maintain. I think that is comfortable.

Piran, Analyst

Okay. Okay Sir. And secondly, just going back on our SMA book, can you give us some colour? These three accounts, which sector were they from? Are they PSUs or privates? And what gives you confidence that the SMA 0 account will be recovered soon? Just some colour would be useful Sir.

Shri Binod Kumar, MD & CEO

See if you see the track record of all these accounts. These accounts recovery has been very good and it's not new account, it's old. All these are old accounts. So, all of a sudden, some problem crept in. since last, I will say around six months there has been some issue. But now some understanding has been reached and we expect that these accounts should not slip into SMA, further. Two has already come out of SMA and one which is in SMA 0 is expected to come out shortly.

Piran, Analyst

Okay Sir. And Sir, just lastly in Agri for other Banks we see in the third quarter slippages are usually higher. You know like ICICI Bank, Axis Bank. They say slippages pick up in third quarter but for us it has actually gone down. Is it a different profile we do, because we don't do much, Kisan credit cards. What would be the reason really?

Shri Binod Kumar, MD & CEO

Yeah yeah. Actually, we are focusing on investment credit. So that is the differential.

Piran, Analyst

And KCC is not much for us.

Shri Binod Kumar, MD & CEO

KCC we are doing but selectively.

Piran, Analyst

Okay. Okay. So, this answers my question. Thank you and wish you all the best in your new role.

Shri Binod Kumar, MD & CEO

Thank you. Thank you Piran.

Anand Dama (Host – Emkay Global)

Next question will take from Rakesh.

Rakesh, Analyst

Hi Sir. Thanks. Thanks for the opportunity and quite good set of numbers. So, just had few queries Sir. So firstly, coming to this standard asset provision we are continuously making this provision and if I am not mistaken that number like you know, we have done it like kind of, around Rs.550 crore we have done for the nine months. We already had close to around Rs.8,000 odd crore in the March '24. So, what is the provision that we have for the restructured book and for the SMA? So, if you can just tell us what is the provision cover we have on that now.

Shri Binod Kumar, MD & CEO

On SMA 2 book, we make provision of 10% flat.

Rakesh, Analyst

Okay.

Shri Binod Kumar, MD & CEO

And on restructured book we have a provision of 25%.

Rakesh, Analyst

Okay. So does this mean that, the additional provision that we have, so if I consider that you know for the standard loans, which are not stressed, you know we would have approximately 55bps of provision. 50 to 55 bps of provision. And then we have as you said 20% provision for restructured and 10% for SMA. So, the residual standard said provision is it that we are building it for ECL only?

Shri Binod Kumar, MD & CEO

I will not say that it's building for ECL because we don't know when ECL will come. We are adopting prudent measure, I will say. Wherever we feel that there is some stress or account may slip or there may be some a sector where we can see some stress then we are conservatively and prudently making provision for that.

Rakesh, Analyst

Okay so just second question on the borrowing part. Sir, we have raised infrastructure bond of Rs.5,000 crore at 7.12%. Borrowing cost seems to have gone up. So, I know this is very small amount as compared to the borrowings total outstanding. But if you can let us know why the borrowing cost has gone up this quarter.

Shri Binod Kumar, MD & CEO

Rakesh, not Rs.5,000 crore. We have raised infrastructure bond of Rs.10,000 crore and whatever amount you see it is because of that only.

Rakesh, Analyst

No Rs.5,000 crore. I think you raised in the October '24, as you are mentioning in the PPT.

Shri Binod Kumar, MD & CEO

Previous quarter Rs.5,000 crore and this quarter Rs.5,000 crore. So, it is impact of that only because of that and I have analyzed that. See Rakesh, what happened is... We have raised money in Q2 but impact of that has come in this quarter.

Rakesh, Analyst

Got it, okay. Sure Sir, that answers my question. Thanks a lot Sir. And all the best.

Anand Dama (Host – Emkay Global)

Yeah. Mahrukh, please as your questions.

Mahrukh, Analyst

Hello Sir, congratulations.

Shri Binod Kumar, MD & CEO

Thank you, Mahrukh. Thank you.

Mahrukh, Analyst

Congratulations on your new role Sir.

Shri Binod Kumar, MD & CEO

Thank you.

Mahrukh, Analyst

Sir. I had a couple of questions. Firstly, that deposit taking was tough for all Banks in the third quarter. Has it changed on the margin in the fourth quarter, or do you see change in the fourth quarter and do you see any deposit rate cuts even if the repo rate is not cut in the near future? That's my first question.

And my second question again is on loan growth that see Bank of India also said they are going to grow 14% to 15%. Then Union Bank also gave a loan growth guidance. They have basically retained their guidance. So, for all PSU, I mean for at least these three PSU Banks the implied growth for the fourth quarter is 5% to 6%. So, it's not only for your Bank, it's for everyone. So, is there enough demand or enough corporate demand for everyone to grow 5% to 6%? Is there some CapEx lined up or is this busy season. So, I just trying to find out whether there's indeed some demand improvement from the corporate side.

Shri Binod Kumar, MD & CEO

Thank you Marukh. See deposit rate cut. I don't think there will be rate cut on the deposit front because if you see the bulk rate it is already very high. And I think it will continue to unless there is some rate cut is there. And on the credit growth as I earlier told Marukh. RAM sector we are already growing at 13%. So, at 64% of our book are RAM. If you are able to do some good corporate credit, we will be able to grow at 11% to 13%, which guidance we have given. And for that we have pipeline of around Rs.40,000 crore in the corporate book itself. Overall pipeline of around Rs.60,000 crore. We are quite hopeful that we will be able to add around 38,000 to 40,000 during the Q4. If you see historically also credit growth in Q4 is higher as compared to other quarters.

Mahrukh, Analyst

Got it Sir. Sir with higher corporate growth would that put pressure on margins or not really.

Shri Binod Kumar, MD & CEO

No, no. Margin will be very cautious. As a philosophy we are dissuading giving loan on the repo rate loan or external benchmark linked loan, corporate book particularly, we will be cautious of the margin also. But if there is some rate cut or I mean deposit cost, cost really goes up then there can be some moderation. But we will see. We are at 3.45% NIM and we have given guidance between 3.40% to 3.50%. So, we will be able to maintain that margin.

Mahrukh, Analyst

Got it Sir. So, and my final question is on LCR. So, no final guidelines have come. Would that mean that it's. I mean we can forget about it now or how does it work?

Shri Binod Kumar, MD & CEO

No, no. We cannot forget about it. It's already there. And we are having calculation on regular basis of that.

Mahrukh, Analyst

Okay. Okay.

Shri Binod Kumar, MD & CEO

And we expect that it's at some point of time. It will come, timing we cannot say.

Mahrukh, Analyst

Got it Sir. Okay Sir. Thank you so much. Thanks a lot. All the best.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Next question will take from Kunal Sukani.

Kunal Sukani, Analyst

Hi Sir. Just a basic book keeping question. Just wanted to know how do we calculate this book value? which is at Rs.412 and if we calculate it based on the balance sheet cap equity which comes at Rs.495. So, what exactly is adjustment we do in the book value per share?

Shri Binod Kumar, MD & CEO

CFO to reply.

Shri Sunil Jain, Chief Financial Officer

That is our Net worth divided by the number of shares Sir.

Kunal Sukani, Analyst

Sure. Thanks.

Anand Dama (Host – Emkay Global)

Jai, you can go-ahead with your questions

Jai, Analyst

Hello Sir. Good evening.

Shri Binod Kumar, MD & CEO

Good evening.

Jai, Analyst

Congratulations Sir on your new responsibilities. I have few questions Sir, first, on your MCLR rates right? So, if you look there have been inching up to cost of deposits in the last 6 to 9 months but the one year MCLR rates have not increased commensurately right? It's only 5 basis point increase. How does this work? I understand other Banks have also not raised too much MCLR rates but what is your sense as to why MCLR rate increase is much lower than the rise in the cost of deposits?

Shri Binod Kumar, MD & CEO

Thank you, Jai for good wishes. MCLR is marginal cost, so marginal cost is a defined formula from RBI, so we are calculating according to that because, we have to take cost of fund then operating cost very much defined formula. So, I don't think there should be and if you see particularly cost of fund of the Banks has gone up definitely, if I talk of my Bank cost of deposit, that is QoQ basis, it has gone up by 5 basis point and if you see my MCLR has also gone up by 5 basis point in the last month. So, may be not we commensurate because whatever reply to that also it 40% is CASA so entire cost is not being built up while calculating MCLR.

Jai, Analyst

Right? Okay, sure Sir. And secondly Sir if and if you can bifurcate the loan book into MCLR and EBLR and T-bills and may be fixed rate book if you have that breakup any?

Shri Binod Kumar, MD & CEO

MCLR linked it is 56.68%, EBLR it is 36.97%, and fixed it is 4.74%.

Jai, Analyst

Okay sure. And Sir where do you put the gold loan, which we have? I think a decent amount gold loan. Is that also a part of out of this or this is included in floating or how does it work?

Shri Binod Kumar, MD & CEO

It is mixed, part of that in Agri MCLR and part of that in EBLR.

Jai, Analyst

Okay sure. Yes Sir. Sir on this gold loan if you can also quantify how much is the total gold loan at the Bank level? how much is Agri gold and how much is retail gold?

Shri Binod Kumar, MD & CEO

Total gold we have Rs.90,000 crore out of which Agri is Rs.78,000 crore.

Jai, Analyst

Right, and Sir, any changes because of this RBI new final circular on gold loan? do you have to make changes to any of the gold loan product on Agri and non Agri side?

Shri Binod Kumar, MD & CEO

So, yes, because of that there has been some declassification from agriculture to non agriculture and that impact has already been taken.

Jai, Analyst

Okay sure. Sir, I also wanted to check on standard assets provisioning. So, you mentioned that the Bank provides 10% straight away to SMA 2. Are there any other broad guidelines? So, we have Rs.500 crores of standard assets provisioning this quarter. If I just look at SMA 1 and SMA 2, I don't think at the, I mean one may be that explains the SMA 2. But is there any other formula or broad framework to provide for the standard assets provisioning?

Shri Binod Kumar, MD & CEO

So, Jai, I told wherever we see a stress somewhere building up we make provision in that segment, sector or account. So, some additional provision has been made in some of the sectors and some of the accounts.

Jai, Analyst

Right. And Sir if you have the number as to what is the outstanding non NPA provisions at the Bank level that may include you know restructuring provisions you have already given is there in the presentation. But what is the total stock of all. General and non NPA provisions. If you have that number.

Shri Binod Kumar, MD & CEO

So basically, you want to have ECL numbers. Presently, I don't have that number. We will share with you separately.

Jai, Analyst

Sure Sir. And lastly Sir, I think you mentioned, or you hinted that you know you are doing very well in RAM, right? So, no doubt about that. 13% to 14% is a very decent growth. But corporate growth has been coming down only, right? I mean it has now come down to 4% to 5% YoY. What is going to change in this quarter? I mean see we were growing at 10% to 11%. Then we came down to 8% to 9% and now last quarter corporate growth is around 5% only. What could change for you to just to grow this book without impacting margins too much? I was just thinking on those lines.

Shri Binod Kumar, MD & CEO

Corporate also. Otherwise, we are also growing at 8% to 9%. So, you can take last quarter as an average.

Jai, Analyst

Okay? Okay. Sure. Thank you so much Sir. And all the very best.

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

So, next question will take from Ashlesh.

Ashlesh, Analyst

Hi Sir. Good evening and congratulations on the new role.

Shri Binod Kumar, MD & CEO

Thank you, Ashlesh.

Ashlesh, Analyst

First set of questions is on the deposits front. If I heard you correctly, your guidance is 8% to 10% growth in FY25 on deposits. If I look at your YTD growth in the first nine months that is at about 1%. So, how do you plan to achieve that 8% to 10% guidance in the next quarter? Because that would imply a fairly sharp jump in your deposit acquisition.

Shri Binod Kumar, MD & CEO

Yeah, but if you see our YoY growth in deposit was 7.34% and as I told you, our growth in retail, retail term deposit is also at around 8% to 9%. So, we are quite hopeful and accretion in the last year also it would have been good accretion in the Q4. Because if you are growing at 7.3% in the YoY basis, that means whatever accretion we have been able to make last year, we will also be able to make accretion in this quarter.

Ashlesh, Analyst

Got it. So, you do not include that.

Shri Binod Kumar, MD & CEO

10%.

Ashlesh, Analyst

Sorry.

Shri Binod Kumar, MD & CEO

Yeah, please. Go ahead.

Ashlesh, Analyst

So, you said more than 10% you will achieve.

Shri Binod Kumar, MD & CEO

Deposit? No, 8% to 10%.

Ashlesh, Analyst

Okay. Sir. You don't include the infrastructure bonds in that guidance, right?

Shri Binod Kumar, MD & CEO

No, no. Infrastructure Bonds are separate.

Ashlesh, Analyst

So, secondly, you indicated that you have shed some of your bulk deposits. If I heard the numbers right, you said it's gone down from some Rs.1.08 trillion to Rs.1.01 trillion in this quarter. Any specific reason why this shedding has been undertaken in this particular quarter itself? Why not earlier?

Shri Binod Kumar, MD & CEO

Not any specific reason. Because may be not getting at our desired rate. Whatever we are looking for. Not any specific reason otherwise or not opportunity to invest it at desired rate. And for the management of the fund, we have been able to raise Rs.10,000 crore of infrastructure bond. So that is also a money fund for me. Since we have raised also Rs.10,000 crores. So, because of that also we went a little slow on the bulk side.

Ashlesh, Analyst

Got it Sir. And just lastly on the AUC recovery that momentum has been extremely strong for us in this nine months. Any sense you have for the recovery outlook for the next year whether this can be along similar lines or down let's say 20% or down 40% from FY25.

Shri Binod Kumar, MD & CEO

AUC recovery, since last year it was Rs.3,000 crore. This year we have given guidance of Rs.2,000 crore. Let final number come in the march then we will give guidance for the next year.

Ashlesh, Analyst

Okay Sir. Perfect. Thanks a lot for your responses.

Shri Binod Kumar, MD & CEO

Thank you, Ashlesh.

Anand Dama (Host – Emkay Global)

Thank you. Next question we take from Sushil.

Sushil, Analyst

Binod ji, Congratulation on your new role

Shri Binod Kumar, MD & CEO

Thank you.

Sushil, Analyst

And congratulations to team Indian Bank for a great set of result. Sir, everybody is asking a question on growth path. I have a little different question. Textile industry in southern India post Bangladesh is witnessing some positivity and you've been headquartered in Tamil Nadu in Chennai. The cluster

of textiles is large, auto ancillary is very large performing sector for India, and they again based in South. Are we seeing accelerated traction specifically in these two sectors from our RAM or large corporate. In the credit, which we are sanctioning or likely to sanction.

Shri Binod Kumar, MD & CEO

I mean, we have not seen as you are saying, any good demand improvement. But we expect that going forward there should be some demand from the textile sector. Because if you see the textile sector is struggling since last two years and gradually things are improving. So, textile sector may see some good demand in coming quarter or going ahead.

Sushil, Analyst

So, unavailed credit is mean the credit pipeline, which is already sanctioned, the availment is not fully utilized. You mean in these two segments of the Bank, or you would say they are quite utilized well?

Shri Binod Kumar, MD & CEO

No, unutilized portion are there.

Sushil, Analyst

So, what would be unutilized credit in the Bank today? If I ask from a credit growth perspective.

Shri Binod Kumar, MD & CEO

Unutilized limits. We have sanction limit of unutilized limit of Rs.17,928 crore unavailed portion.

Sushil, Analyst

Sir, any visibility on infrastructure which Apple cluster, large data centers, many other warehousing, and multiple large projects whether led by PE or large conglomerates are coming in Tamil Nadu, Karnataka, and southern belt in similar proportion to western zone. And the visibility is very high on those projects. Is any credible visibility at your end these companies are talking to you likely to emerge in this quarter or the next quarter?

Shri Binod Kumar, MD & CEO

So not any specific sector wise I cannot give you. But we have a good pipeline wherein we have given say sanction of in partially disbursed book is Rs.10,851 crores, where we see there will be disbursement then we have sanction of Rs.8,000 crore. Where we have sanctions, but disbursement is yet to start. There are some cases where still some negotiations are going on that is around Rs.5,000 crore we have given sanction but some amendment in terms and conditions may be required. So, these are the thing.

Sushil, Analyst

Sir, Management team had taken lot of initiative where digital spend is concerned. State government businesses are concerned not only within state of Chennai but in various geographies like boards, municipalities, collection which would attract CASA and many other things and lot of digital spend was initiated in last two years. Any further improvement outlook coming from these businesses, or the digital spend, which Mr. Bajaj may answer if possible.

Shri Mahesh Kumar Bajaj, Executive Director

Yeah. See, again our last few quarters of our digital spend on the if we talk about the NINS it is close to 25% and OpEx it is 9% to 10% and in even the further committed figures are also close to 9% to 10% of our OpEx it will remain and same way on the capital expenditure also on the IT will remain the next two to three years. Already we have committed for so many projects. And on the Government fintech partnership already we have done good amount of the tie ups or close to 100 projects completed and 65 to 70 projects are already in pipeline. So those for those also we have already the line of fintech partnerships and those projects also will keep doing.

Sushil, Analyst

So, this Fintech partnership can contribute how much to our growth in terms of retail or MSME loans.

Shri Mahesh Kumar Bajaj, Executive Director

No, it is not basically this fintech partnership. Basically, it is for government department. Basically, it gives us the collection. So, this government and Fintech department when we started almost three years back, we have got close to Rs.15,000 crore to Rs.20,000 crore of the present balance in those accounts.

Shri Binod Kumar, MD & CEO

Thank you, Sir.

Anand Dama (Host – Emkay Global)

Next question we'll take from Ashlesh.

Ashlesh, Analyst

Sorry I'm done. No more questions from my side, thanks.

Anand Dama (Host – Emkay Global)

Next question we take from Rakesh.

Rakesh, Analyst

Yeah. Hi Sir. Thanks for the opportunity. Again, just one small question Sir. So, we have a total PSL you know approximately 1.9 trillion. So, what is the re-financeable, borrowing that we can get against that because that would greatly save on the borrowing cost as well as it will help on the LDR front also. So, if you can help us understand that.

Shri Binod Kumar, MD & CEO

So re-financeable PSL you are talking of.

Rakesh, Analyst

Yes Sir. Out of 1.9 trillion number, which is the completely in house generated book of PSL.

Shri Binod Kumar, MD & CEO

So, refinance out of that. See it's, I will reply it like this 1.9 trillion is the book. So, part of that will be refinanced, part of that will be repaid but our growth will continue. So, PSLCs whatever earning we are having through PSL. We will continue to have that income through the PSL in the coming quarter also.

Rakesh, Analyst

No Sir, sorry, I was referring to something else. So PSL income is coming and that is doing quite good to our fee income.

Shri Binod Kumar, MD & CEO

Yeah, yeah.

Rakesh, Analyst

But what I was referring is that in the borrowing number Sir. So, for the refinance borrowing, you know how much more that we can get and what would be the upper limit of that refinance we can avail against?

Shri Binod Kumar, MD & CEO

Refinance borrowing okay. We will give you Rakesh separately.

Rakesh, Analyst

Sure Sir. Thank you, Sir. Thank you so much Sir.

Anand Dama (Host – Emkay Global)

Next question we take from Dixit.

Dixit, Analyst

Yeah, one is just one clarification, you mentioned that SMA number has come down to below Rs.3,000 crore so you are talking about SMA 2 only, right?

Shri Binod Kumar, MD & CEO

So, all SMA. I was talking.

Dixit, Analyst

Okay. So, this Rs.7,700 crore has come down below Rs.3,000 crore.

Shri Brajesh Kumar Singh, Executive Director

It has come down to Rs.2,543 crore only which was Rs.7,677 crore all together RAM and plus corporate.

Dixit, Analyst

Okay. And my second question was any particular reason for not continuing the co-lending business?

Shri Binod Kumar, MD & CEO

Co-lending, see, we are waiting for. We are in the process of having some complete end-to-end co-lending solution. Till that time, because subsequently there are many issues crop up regarding towards reconciliation. So, because of that we are waiting till we have a complete end to end solution for the co-lending only then we will go for co-lending.

Dixit, Analyst

Okay. how much would be our MFI book?

Shri Binod Kumar, MD & CEO

MFI Rs.1,244 crore only.

Dixit, Analyst

And how it is SMA?

Shri Binod Kumar, MD & CEO

There is no SMA. NIL SMA in that.

Dixit, Analyst

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

Shri Binod Kumar, MD & CEO

Thank you.

Anand Dama (Host – Emkay Global)

Thanks Dixit. Sushil ji, you can ask your question.

Sushil, Analyst

Sir. Your outlook on your international book and treasury. Seeing the yields which are there. Are we being conservative in our guidance or?

Shri Binod Kumar, MD & CEO

See, our overseas book is growing at a decent 7% to 10% we will continue that growth rate YoY and QoQ also. On treasury book, yes, we will see some moderation in the yield. So basically, some income should come from there. Guidance exact number may not be, I mean, I may not be in a position to give you the exact number, but we expect some good income from the treasury in Q4.

Sushil, Analyst

Sir, previously Mr. Bajaj, did answer my digital taps and expenditure question but do we have some kind of a budget, which we have planned over a period of two years after you have joined the Bank that we would like to spend on digitization, and digital expenditure of the Bank, which is like a CapEx.

Shri Binod Kumar, MD & CEO

Presently, you know Bank is spending around Rs.1,200 crore annually on the digital front and we will continue. One thing I can assure you exact amount that will depend on the requirement also what strategy we adopt going-forward. But this type of spending will keep on happening for say another two, three years at least because there are many projects in the pipeline. Many initiatives have already been taken. So, we will mature that.

Sushil, Analyst

Sir, we had created a subsidiary for a lot of backend work to be done and I think RBI had granted approval and many Banks like SBI Bank, Bank of Baroda have been effective in doing lot of kisan related products or cross selling or back-end processing, where retail was concerned. Where do we stand today and how is the shape taking up place where Indian Bank is concerned on that.

Shri Binod Kumar, MD & CEO

So IGSSL has been only recently established, and in this quarter, we have been able to garner business of Rs.1,765 crore in this year itself and we have a good plan for that because see we want that to be our marketing arm so, we will focus on retail product also. We will focus on housing loan we will focus on vehicle loan, and collection also. We will use them for collection also. So going forward we have lot of expectation from and lot of plans for our subsidiary.

Anand Dama (Host – Emkay Global)

In the interest of time, we will take that as a last question. Sir if you have any closing remarks to make before we end the call.

Shri Binod Kumar, MD & CEO

Bank is doing good. Numbers you have already seen, we will maintain the same philosophy of steady growth and good asset quality and efficiency parameters like return on asset or provision coverage ratio. So, these things will continue and we will focus on MSME also and if you see the last two years, as Mr. Bajaj told you, we have made lot of investment on digital front but the benefit of that is yet to come. So digital adoption in RAM sector it is good. But on liability product also digital adoption we will like to increase. We are also coming out with the next gen call centre. We will be going for CRM solution. We are also in the process of procuring employee assist wherein if employee have some query, he can simply put his query and he can get the reply. So, that will help bridge the knowledge gap of the employee. So, these are the few initiatives we will be taking and MSME will also be our focus area.

Anand Dama (Host – Emkay Global)

And with that we will end the call. Have a good day.

Shri Binod Kumar, MD & CEO

Thank you everyone.

Shri Mahesh Kumar Bajaj, Executive Director

Thank you.

Anand Dama (Host – Emkay Global)

Thank you.