



“Punjab & Sind Bank Q1 FY-26 Earnings Conference Call”

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MANAGEMENT: Shri Swarup Kumar Saha, Managing Director, and Chief Executive Officer
Shri Ravi Mehra Executive Director
Shri Rajeeva Executive Director
Shri. Arnab Goswamy, Chief Financial Officer

Moderator: Mr. Ganesh Shankanawar

Moderator: Ladies and gentlemen, I am Ganesh Shankanawar, the moderator for today's earnings call. I welcome and thank each one of you for joining us today for the Punjab & Sind Bank's earnings call for Q1 FY 26. Please note that this conference is being recorded. All the participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the opening remarks by the management. Should you need any assistance during the conference call, please raise your hand on the WebEx panel or press *3# on your phone. I would now like to introduce the management of Punjab & Sind Bank. We have with us today Shri Swarup Kumar Saha - Managing Director and Chief Executive Officer, Shri Ravi Mehra - Executive Director, Shri Rajeeva - Executive Director and Shri Arnab Goswamy - Chief Financial Officer.

I would now like to hand over the conference to Sri Swarup Kumar Saha, MD and CEO for the opening remarks after which we will have the forum open for the interactive Q&A session. Thank you and over to you sir.

Mr. Swarup Kumar Saha: Thank you, Mr. Ganesh. Good afternoon and I welcome all the participants for this Q1 ConCall of Punjab and Sind Bank, which was declared in his board meeting on 19th of July. The presentation has already been uploaded. I am sure most of you must have been able to go through the presentation and the key highlights of our bank's performance.

Just to set the context I'll just mention a few of the silent features of the Q1 results of the bank. The bank's total business grew by 10.94% and stood at Rs.2,31,132 crore comprising of total deposits which stood at Rs.1,31,182 crore showing a growth of 8.78% and the advances were approximately Rs.1,00,000 crore showing a growth of 13.92%.

The focus of the bank continues to be on RAM advances. Our RAM advances grew at 17.18% out of which the retail credit grew at 29%. In terms of the profitability numbers, the operating profit for the quarter increased by 70.35% and stood at Rs.540 crore. The net profit also showed a significant improvement for the quarter with increase of 47.80% and stood at Rs.269 crore. In terms of asset quality, the Gross NPA has been reduced further sequentially to 3.34% and the Net NPA also was reduced sequentially to 0.91%. The slippage ratio was at a very moderate level of 0.21%. The provision coverage ratio of the bank continues to show sequential increase and it stood at 91.77%. The bank was well capitalized at 17.90%. The CD ratio of the bank stood at 76.19%. In terms of the deposits, we all know that the banking system is undergoing challenges on deposit mobilization on the CASA front particularly, and our CASA grew at 5.24 % Y-o-Y. However, the retail term deposits of the bank is showing considerable traction and it grew sequentially by 5.18% and on a YoY basis it grew at 11.43%. The RAM share dipped sequentially in terms of percentage marginally and in view of the corporate lending book growing at more than 10.31% Y-o-Y basis. However, this is a temporary blip and I think we will be in line with the overall guidance of having 56% to 57 % RAM by the end of the financial year.

In terms of the other numbers that we have, the recovery has been robust for us and we expect that this traction will continue. The core fee income has also grown by 18.03%. We are showing good traction in the core fee income. We are stressing quite significantly in our third party income and other commission based income. The treasury also has done

significantly well in the current quarter and the treasury profit for the quarter was Rs.208 crore. This has also boosted our operating profits and net profits. The slippages continue to be on the downward side trend. In fact, if you see the slippage ratio of 0.21%, it has been showing downward trend in the last few quarters and has been contained. Capital as we already said that the capital adequacy issue was at 17.90% which is healthy. In terms of the expansion of the bank's network and delivery channels, we are expanding and we have created 4 new zonal offices in this quarter at Agra, Moga, Patna & Varanasi. We also have a plan of opening more than 200 branches in the current financial year and expanding our BC network. We have 2282 BCs, we expect to increase it to at least 4000 by the end of the year. The branch expansion will be primarily in the southern part, central, eastern, north eastern, and the western part of the country. Various new initiatives have also been launched during this period, which have been highlighted in the bank's presentation. On the digital learning side, we have taken a lot of new initiatives. We have already declared that we had taken digital housing and digital vehicle loan. Now we have also introduced the digital KCC, the digital MSME loans, which we have started with Rs.25 lakhs and we intend to take it to Rs.1 crore very shortly within two to three months' time. Various value added products have been launched both on the liability and on the asset side. So that's all from my side. I'll be happy to take the questions.

Moderator: Thank you sir. We will now begin the question and answer session.

Mr. Ashok Ajmera: Good evening Sir, the June quarter has been a little difficult for the entire banking sector I think. A little bit of slowdown is there, in our case, if you look at our operating profit. When we compare the numbers we mostly compare with the last quarter because in the corresponding quarter one year has already gone and in between a lot of development has taken place. So the operating profit has gone down from Rs.816 crore to Rs.540 crore. Similarly sir, sequentially the net profit has also gone down, the profit after tax also has gone down and even the business growth though there is a little growth in the advances of 0.35% in this quarter. Out of that I think Rs.533 crore are the purchased or acquired accounts. So in real sense, there is no credit growth at all in this quarter. Rather I would say you have just maintained it. Similarly sir, if you look at the SMA numbers, the SMA 2 has increased from Rs.120 crore to Rs.558 crore, which also is a little bit of a cause of concern. The recovery from written off accounts has also gone down substantially if you compare with the last quarter from Rs.369 crore to only Rs.109 crore and real recovery and upgradation has also gone down substantially to Rs.350 crore from Rs.891 crore. One more observation is sir, our AAA advances have gone down from Rs.7400 crore to Rs.6400 crore by almost Rs.1000 crore and an amount of Rs.500 crore out of that has increased in AA. Is it because of rating downgrade of those companies or there have been a change in the composition of our credit? I would also like to know about this MTNL account, I think we have got about Rs.184 crore –Rs.185 crore outstanding. So how much has already been provided for because it became NPA?

Mr. Swarup Kumar Saha: Thank you Mr. Ajmera for your questions. I'll try to answer them one by one. First of all, we all know that we work in a financial ecosystem where the 1st Quarter has its own share of challenges and is normally a quarter where we show a slowdown and that's the historic way of looking into things. When we look into profitability,

I think from my experience, what I have gathered over the last so many years, is that normally when we look into the operating profit numbers, we look it into YoY basis because profitability is with the business growth and as the business grows overall from QoQ the profitability comes back into the system. So we should appreciate that the bank has shown, in spite of the slowdown that is happening, 70 % growth in operating profit. I think that's a significant number that we can all highlight and also the net profit numbers which has gone up by 47%. Now of course in terms of the actual understanding of things, in terms of the Q4, one of the big chunky recovery had happened in Q4 helped the numbers. So these things happen when the bank progresses during the year and many of the resolutions happen & the credit growth comes back slowly. In terms of the business growth, we would like to say that the business growth which was not in double digits have now shown a YoY growth of 11%. We intend to continue with this growth and as you have seen in the current context, credit growth is muted overall in the entire financial ecosystem for various reasons which you are all aware of. In spite of that, we have been able to maintain YoY growth and maintain the numbers as of Q4, which we will take forward. In terms of SMA 2, one of the basic reason was one of the state government guaranteed account, which of and on comes to the SMA category. We have mentioned this in the presentation also. As of now we don't feel any big threat from that account. Recovery in Write off accounts, has gone down sequentially. I have told you that in Q4 there was recovery from the NARCL transaction which helped the recovery in Q4. We continue to keep our guidance of having a healthy recovery and upgradation for the current year. I would also like to tell you is that in terms of asset quality, we continue to maintain a sequential improvement both in gross and net NPA and that doesn't include any write off during the quarter. So I think the point needs to be appreciated also, that when we talk of sequential improvements or sequential deterioration, this point also needs to be kept in mind. In terms of the AAA, there's nothing to be worried about. It is fundamentally because of rejigging of portfolio. The income is also very important for the bank and we have been talking to the analysts and the investors about rejigging our portfolio between the AAA's, AA's and the A's. What we find is that in the AAAs there is a pricing war that is going on in the ecosystem and we get a better bargain in AA's. You will be appreciate that the profitability comes from the A's and the AA's. While the asset quality is important, we'd also like to see that how we maintain our margins and that's why we are rejigging our portfolio by moving towards AA's and A's which gives us a better pricing margin. With respect to MTNL, the exposure that we have is around Rs.180 crore and it was fully provided for in September 24 itself.

Mr. Ashok Ajmera: Sir, thanks for the clarification and I definitely agree that positive things are there also, the asset quality has a little bit improved and yes, you have compulsions of the June quarter being a very slow quarter, especially this year, it has been witnessed in some other banks also. Having said that sir, can we visit the targets or the guidance for FY 26? Like you have given the credit growth of 15% to 16 %, deposit growth of 8% to 10 % and so whether now, in the remaining three quarters or say 8 and a half months, achieving this 15% to 16 % credit growth is still, I mean the target is still intact.

Mr. Swarup Kumar Saha: Yes it is.

Mr. Ashok Ajmera: Similarly, for the recovery & upgradation, the guidance of Rs.1,000 crore. So all that guidance which are given for FY 26 remains intact.

Mr. Swarup Kumar Saha: Yes Mr. Ajmera it all remains intact and we are very confident we will achieve them.

Mr. Ashok Ajmera: So now, coming to this rate cuts and you know the impact of that. So, what is the composition of our book in EBLR and MCLR and is there any other like small fixed rate? How much of this has already been, for both income side and expenses side, factored in and the remaining load is still there of the revising the MCLR.

Mr. Swarup Kumar Saha: As far as the data point that you're asking for, we have 46 % of our book in the EBLR component. So, that remains and we have started in a short way in the MCLR cut, but that is very not significant at this point of time. We still have sufficient room to work on it slowly. Therefore you see that is what exactly I have been also telling in my past interactions with all of you. We knew about this situation would come three quarters ahead before. When we were going into the market to raise capital, whether it was bonds or whether it was equity, we were telling that how we are going to combat this this threat on the margins of a possible rate cut, and we were also contemplating a 100 bps cut quite early. So we have been able to re-strategize our book and that's how the concept of moving towards the AA's & the A's came in and increasing the advances in the high yielding assets like gold loan, personal loan, educational loan, agricultural loan. So that is the strategic thinking that we have already put in place and this will play out slowly. We have also repriced our deposit products now, we have cut our deposit rates in savings, fixed deposits, we have brought them considerably down and that's how our cost of deposit has also gone down. We feel that these things will play off in the next two, three quarters. Of course, there will be an impact on the margins immediately for the next two quarters and after that maybe from the Q4 quarter when things even out in a much better form and when the growth comes back in the last two quarters to the level which we expect, the threat of the margins will get mitigated in that aspect.

Mr. Ashok Ajmera: So, so does it mean sir that with the future two rate cuts are expected of 25 bps each, means about 50 bps more and still some of this has to be factored in the previous ones what, what kind of a NIM on annualized basis for FY 26 can we expect, can we go back to that 2.71 or 2.78 or we will remain at 2.5 or 2.4 sir?

Mr. Swarup Kumar Saha: It's too early a call at this point of time. Maybe we'll observe for one more quarter but in terms of our aspiration what I would like to say is that we would like to reach that level whatever number you just said, but to tell it exactly whether we will reach or not, I think we'll be in a better position when I interact with you after the Q2 results.

Mr. Ashok Ajmera: Alright sir, if I get some time, I'll come back again, let others say.

Mr. Swarup Kumar Saha: Thank you Mr. Ajmera.

Moderator: Thank you. We will now move on to the next question, which is from the line of Mr. Sushil Choksey over to you sir.



Mr. Sushil Choksey: Sir, you raised equity and you raised infrastructure bond, you have strategized the bank to transition in the low interest rate regime. 1st is, can I know what kind of initiatives we've done in the bank in terms of product, co-lending, how to increase RAM, what strategies have we done to increase our attack on visibility because our RAM is at 57% or 58% corporate is at 42%. The thing is that to improve yield and specifically our visibility on a sustainable basis on a QoQ basis rather than a rush at the month ends only, what have we done that the bank would be visible in terms of client size, whether it's corporate or retail?

Mr. Swarup Kumar Saha: Yeah, thank you for the question. I know this is a very important question that you've raised in terms of post the hour raising of funds from the market. So the bank has taken various initiatives to rebrand our liability and asset products. Some of them are indicated in the presentation. I won't go through them but the point is that innovation is important to be in the market. So therefore we have been able to customize various liability products both from the savings and the current side and also trying to reach out to the customers so that we don't miss out on the retail liability base. We know that CASA is a challenge and that's a challenge all the banks are themselves facing, and you will find that in terms of though it's nothing very significant but still I will just make it a point of mention here is that if you observe the de-growth in the CASA ratio of many of the banks, we have also de-grown, but our de-growth was a shade lesser than some of the banks which have grown at a faster rate but have de-grown at a faster rate in the CASA ratio as such. So there is a challenge in that, but on the overall side, we feel that while that is a challenge, we have to do outreach to the customers. So we are trying to hold on to the CASA plus retail term deposit overall portfolio and if you see that on a sequential basis, the retail term deposit has grown by 5 % and that is quite significant in terms of the overall liability resources and this is happening because of our various initiatives that we have taken to rejig, re-customize our salary products, our parivar accounts, our special accounts for students, special accounts for the farmers. So these things will all play out as we move forward. In terms of the lending, you raised the issue of the TAT. Yes, we have also gone into the digital mode now. Two quarters before we had declared that we are doing vehicle loans and housing loans which can be sanctioned between 15 to 30 minutes. In-principle sanctions can be given to a customer even on a holiday. So now we have taken that forward and now we are in the MSME segment and the Agriculture segment also. MSME means we have opened up to Rs.25 Lakhs on a pilot basis, maybe by September we'll open it up for the entire bank and take it up to Rs.1 crore by the end of the Q3. So there again the issue of the turnaround time would be taken care of. In terms of our products also within the asset side, we have customized lots of products, whether it is agriculture, whether it is MSME, cash flow based. We are also now venturing into our supply chain management. The integration is going on with our vendor and very shortly we will be announcing, it will happen sometime in Q2. So that will again be an important product amongst the entire bouquet of the products. We have also tied up with various car manufacturers. On the digital car loan we have a tie up with one of the biggest car manufacturers in the country which is also slowly taking traction and will continue to do it with other car manufacturers also. So we are in a situation where innovation is being taken very seriously. You mentioned about co-lending, yes, we are already having a portfolio

around Rs.3000 crore plus in co-lending amongst the various NBFC partners. We are looking into it by expanding and we have taken a call that we will be increasing this portfolio quite significantly in the next two or three quarters. As of now, the experience of the co-lending both in the retail and the MSMEs are excellent. We don't foresee any challenges. We think we have a lot of room where we can increase it further and get a better pricing on those products. So overall, on the initiatives that we have taken, we think that we'll be able to manage the expectations of all the stakeholders.

Mr. Sushil Choksey: So in the co- lending, how many partnerships have done for Rs.3000 crore and how many partnerships are visualized over a period of this year in next nine months?

Mr. Ravi Mehra: In the present scenario for we are expecting 8-10 more partners going forward.

Mr. Sushil Choksey: Can we assume that this Rs.3000 crore book can be heading towards Rs.10,000 crore by March end.

Mr. Ravi Mehra: May not be that number but definitely substantial increase will be there.

Mr. Sushil Choksey: And are we, working with approximately 9% yield on co-lending?

Mr. Ravi Mehra: Yes

Mr. Sushil Choksey: Okay, second thing sir, you have rolled out all the digital products where consumer finance, whether its car, home loan, as you said. Every quarter we see DLF and some of the large developers in Delhi NCR selling Rs.1,000 crore worth of flats. When you look at luxury car market, there's no better market than Delhi and NCR or northern India, even better than Bombay. In such scenario, what kind of market share we are likely to target? Where home loans are concerned or car market is concerned. Third is we are one of the unique banks among peer who do second hand car financing via NBFC or directly. Are we likely to target some high yield portfolio where the second hand cars are concerned?

Mr. Ravi Mehra: With regard to the vehicle loan portfolio, we have grown by approximately 40% YoY if you see the numbers. More importantly just want to add what MD sir was saying regarding the digital journey for retail loans particularly towards the home loan or vehicle loan. Just in the last six months when we started in December, we have on boarded around 10,000 customers for home loan & vehicle loan through digital journey. Approximately Rs.1,500 crore was the amount of loan that was sanctioned to them. Also we are into this second hand loan vehicle loan as well and we will be tying up with major dealers for this and we're also bringing up more products into digital spectrum like gold loan, personal and other things as well. So definitely our market share of atleast vehicle loan is going to increase substantially.

Mr. Sushil Choksey: Sir as far as NCR and Delhi housing market is concerned, which can be like a 5000-10000 pocket for you in a year for this Rs.10 crore to Rs.20 crore flats. What kind of tie ups have you done for that?

Mr. Ravi Mehra: We are in the process of approving the housing projects in Noida, Gurgaon other areas as well for Delhi-NCR.

Mr. Sushil Choksey: No no, I'm not asking from a financing construction finance, but are we having a builder tie-ups for the home loans.

Mr. Ravi Mehra: Yes, builder tie-ups are also being increased and we can say that the housing society's wherever the already constructed flats are there, we are also tieing-up with them particularly in Noida & Gurgaon because the major market share is there. Going forward, maybe within the next two quarters, you'll see the results in this.

Mr. Sushil Choksey: In co-lending, if I assume let's say we are a 10,000 group portfolio over a period of three quarters, four quarters, five quarters, what would be the mix between gold loan, LAP, MSME or housing?

Mr. Ravi Mehra: As of now, out of the total co-lending portfolio, 50% is housing and 50% is LAP i.e. MSME. I don't have gold loan portfolio as of now. Once we adopt a platform for co-lending because for gold loan we need to have some platform. So, you can say if you target the number of Rs.10,000 crore, maybe home loans will be somewhere around Rs.4,000 crore to Rs.5,000 crore and MSME around Rs.4,000 crore & Gold will be Rs.2,000 crore.

Mr. Sushil Choksey: So right now co-lending will be via platform soon but sooner or later, will be integrated the same with our core banking solution too?

Mr. Ravi Mehra: Yes sir.

Mr. Swarup Kumar Saha: It's in a very advance stage.

Mr. Ravi Mehra: Very shortly will be live.

Mr. Sushil Choksey: But that is the app based, so not a core banking solution.

Mr. Ravi Mehra: No, basically platform based is that the account gets opened automatically in the system.

Mr. Sushil Choksey: I get your point. So now, understanding where treasury is concerned Swarup sir you've been quite handy where the subject was concerned. Yesterday on one other peer bank call, the ED in charge said that he sees repo at 5% by March end and 10 year G-Sec he said below 6%. What is your view first on the outlook of the treasury?

Mr. Swarup Kumar Saha: Yeah, I'm not an astrologer first of all, so I don't know but my personal view is this that in view of the market situation, I still feel that a room is being created for a further cut between 25 to 50 bps, but my own personal perspective, I feel that this should evolve post December.

Mr. Sushil Choksey: Yeah, second half, I mean in last quarter if it comes through, what would be our treasury gains and how are we positioned to garner because you are visualizing at a personal level or a bank level? How are we visualizing our treasury operations to function by March end?

Mr. Swarup Kumar Saha: If see my Q1 numbers, my treasury department did pretty well at Rs.208 crore and that was the result of the movement that has happened over the last one quarter and a half. Post April announcement the yields moved a bit in the wrong direction but if it happens the way I've envisaged it, I think we'll have a good traction in our treasury income. We're all prepared for that and we are all waiting for the opportune moment to encash the movement that can happen but if there is any significant contribution, I think it will be post Q3 and maybe Q4, not before that.

Mr. Sushil Choksey: Are we taking some benefit out of corporate bond market because of the treasury benefit advantage what we are getting today.

Mr. Swarup Kumar Saha: Yeah, we are as per appetite, we work on the bond market also.

Mr. Sushil Choksey: Okay, so the next question is, India is in a transformation journey that whether it's the present government or some corporates who are leading to a large manufacturing base coming in India, be it Apple or the Korean ship building yards which can be a big employment and Delhi-NCR figures in that list because of certain positivity, similar is like Bangalore and other educational hubs. What kind of capabilities are we creating when transformation of India is happening and PSB wants to transform? How would we capture whether it's a customer at a consumer level or such manufacturing destination which are emerging in India?

Mr. Swarup Kumar Saha: Yeah, see as we go through our own transformation journeys on our products, we have also created a Pan India strategy for how we will tackle this this expectation. So there are many manifold, you know, I don't know whether I have the time to speak on the entire thing today, but just in a brief, I would like to tell you that one of the biggest things that we are doing is of the we are spreading our mid corporate branches. far and wide, you know. Yesterday I was in Trivandrum designating a branch in that branch as a NRI branch before two months before that I was in Thrissur in same belt, opening a branch and trying to capture the business in the state of Kerala. So down south we have a lot of focus. We have created various branches across the country whether it is Bangalore, Hyderabad, Vijayawada, Odisha, Bhubaneswar, Chhattisgarh, Raipur Bombay, Thane, Nashik, Nagpur everywhere where we look into. We have created, specialized branches, whether it is an MSME potential area through cluster based approach or a mid-corporate branch through the manufacturing hubs that are prevalent in those areas. So we have created those branches and posted senior people, Scale 4 & 5 in these branches where we were not there hitherto because we were not there in those areas significantly. Out of the 200 odd branches that we have planned, more than 160 branches would be in these areas which I just mentioned. So a lot of focus will be on this branch expansion and according to that those as we move along with the branch expansion initiative, we'll be able to cater to the requirements of the localized business there. We have also done a tie up with the warehouse development regulatory authority for financing the E-warehouse receipts, in an area like Bhopal & Nagpur that gives lot of potential there something in the North. The bank has also thought similarly about the agriculture segment in the food and agro processing. So there again we are giving focus

on food and agro processing units, cash flow based lending for the MSMEs, and so it's a manifold increase. Creating new zones gives a lot of impetus to the local bank administration i.e. zonal offices to develop much deeper into the unpenetrated markets. So now we are at Moga, Agra, Varanasi, Patna and we are looking forward which is still an aspiration, but we are looking forward for Bhubaneswar, Bangalore and Raipur where these will be our 3 areas of focus in the next one year or 18 months or so. So we are just creating and as we move along we will be able to tell you what we are doing.

Mr. Sushil Choksey: Sir my next question is what is un-availed credit and what is the credit sanctioned pipeline looking for the quarter?

Mr. Ravi Mehra: Somewhere around Rs.7,000 crore going forward.

Mr. Swarup Kumar Saha: So you know that we are reading every day the challenges of credit growth & what is happening in terms of liquidity. Many of the big corporates are still going to the market for raising bonds and not availing the limits from the banks and they're sitting on lots of cash. So unavailability of the corporate segments is a challenge which we have to face. Infact view of the huge liquidity that is in the system the alternative modes of funding is available to the corporates and they are resorting to having them. But we still get in terms of the sectoral areas, the refinancing of real estate, road projects, Renewables, segments under the PLI, some manufacturing units. So the overall demand is muted, but within that muted demand, we are working very cautiously and trying to build up our portfolio but the demand of course is muted.

Moderator: Can you share updates on the progress and traction of the PSB UNiC app and the recent WhatsApp banking integration?

Mr. Swarup Kumar Saha: Yeah, we are focusing on the digital journeys. Our digital transactions have crossed 90% overall and there is a lot of traction. The registrations have also started increasing. The active users are over 10 Lakhs now. So we are giving a lot of focus on the digital journeys. WhatsApp banking is also live and I think we are also getting good traction on how the customers are interacting on the WhatsApp. With respect to the CASA issue, the CASA ratio dropped to 30.6%. Yes, we have taken a lot of initiatives customizing our asset and liability products. We have strengthened our mobile app. We also have good salary account packages. Our teams are on the ground, whether it is the defence accounts, teacher's accounts, municipal corporation account, administrative office, civil servant accounts and we have good traction there and we are getting good results. Ultimately how we do outreach for the CASA & Mutual products. In terms of the infrastructure book, there is no conscious de-risking strategy. It is just that Q1 normally is a slow quarter in terms of infrastructure business. We have a lot of in principal sanctions and unavailed sanctions on the infrastructure, roads particularly and renewables. So there is no conscious decision of de-risking, but it's just the muted demand in the market. In terms of the NIM that you asked there is no such similar item for Q1.

Moderator: Thank you sir. We will now move on to the next question, which is from the line of Nikhil Thakur over to you, sir.

Mr. Nikhil Thakur: What was the slippage ratio of Q1 FY 26 and is the bank on track to maintain full year's slippages below 1.25%? 2nd question is post QIP, what is the CRR in CET 1 level in Q1 and do you foresee any need for further capital raising in FY 26?

Mr. Swarup Kumar Saha: The slippage ratio is at 0.21% for the quarter. The overall slippage ratio has sequentially moved downward and is on a downward trend or positive trend if you see the YoY numbers. In March 24 quarter, the slippage ratio was 0.47% and if you go through it QoQ from June, then September, December, March, and again June we have reached a level of 0.21%. So we expect that we will be achieve the guidance on the slippage ratio and at this point of time the annualized slippage ratio is 0.84%. In terms of the other question on capital, the capital adequacy ratio stood at 17.90% post the raising of the capital and the CET 1 was at 16.02%.

Mr. MB Mahesh: If you could just kind of give us an understanding on this reduction in cost of deposits from 5.74% to 5.66%? What would be the contribution of term deposits versus any reduction in SA for the quarter?

Mr. Swarup Kumar Saha: See we were foreseeing the possible rate cuts a few months ago and we were conscious of when and at what time we should reduce the rate of our deposit products. So, our bank has moved early in terms of reduction of the rate of interest. 1st of all we reduced the rate on savings then we reduced our rate on retail term deposits. Some of the flagship deposit products that we had which we were providing at the range of 7.45% also were brought down to 7.25% and now we have brought it down to 6.90%. So that is the gradual reduction we have done and that's how this is impacting. This has positively impacted the reduction in the cost and we have also shed a bit of bulk deposits which has also evened out during this quarter. So overall our deposit cost has come down.

Mr. MB Mahesh: Sir, can you just kind of give us numbers as to what was the average CASA rate or SA rate for last quarter and this quarter and what was it on the term deposit side for last quarter and this quarter?

Mr. Swarup Kumar Saha: The range of savings deposit is rate is now at 2.5% and our retail term deposit is at 6.90%, the highest rate that we have.

Mr. MB Mahesh: Your yields have declined from 8.63% to 8.47%. By the end of this quarter this 8.47 goes where based on the current decline in yields?

Mr. Swarup Kumar Saha: Yeah, this will move into reverse direction now means the positive.

Mr. MB Mahesh: But in the sense what is the quantum that you are expecting in this?

Mr. Swarup Kumar Saha: As I said that in terms of quantifying the number, you know, it's very dynamic now in the market. So, we have to be very careful in how we pace ourselves in this but the bottom line which would be important for all of us to understand is that this will have an uptick as my advances grow and as my advances on my MCLR linked loans also grows. This will continue to move in the positive direction. At what point, I'll be able to tell you a much more firm figure after Q2. As of now I can say it will move on the upper trend.

Mr. MB Mahesh: Okay, just one question. This 2.52% net interest margin, till where are you comfortable that it declines before you need to start taking far more serious action on the deposit side?

Mr. Swarup Kumar Saha: Yeah, I think at this point, this is the level where we are, we have been below this also, and now I think this is the optimum level. If doesn't work out, we'll of course will take further action, but I don't think at this point we are in that situation.

Mr. MB Mahesh: Okay, done thank you.

Moderator: Thank you sir, we will now move on to the next question, which is from the line of Bhavik Shah, over to you sir.

Mr. Bhavik Shah: One is on movement of SMA1 and SMA2 books. So last quarter, we had SMA 1 of Rs.23 crore and SMA 2 of Rs.120 crore. This quarter we have SMA 1 & SMA 2 of Rs.572 crore to Rs.558 crore. To understand there would be two lumpy accounts. One would have moved from SMA 1 to 2 and second as in would have come into SMA 1.

Mr. Swarup Kumar Saha: Yeah.

Mr. Bhavik Shah: Okay & just want to check sir on NBFC is there demand, how are you catering to demand or what are the incremental yields you are charging?

Mr. Swarup Kumar Saha: Yes, demand from NBFCs will always be there. We also have a lot of demand and we will be pricing our product and our exposure. We are already at 14 odd percent. I think we like to keep it at that level, but there is a lot of scope for churning within the NBFC exposure that we have. But to answer to your question pointedly is that yes, there is demand.

Mr. Ashok Ajmera: So I have just one, some observation and discussion on with this RBI relaxation on taking the collateral from the farmers for the agriculture is for the lower loan amount of below 2 Lakhs to take collateral gold. So that becomes now little easier for the banks to lend money, small loan amounts. So have we prepared any, any kind of our plans on that to increase our agri loan portfolio?

Mr. Swarup Kumar Saha: Yes, we have. Yes, that is a positive development for the banks and we will we will be taking full advantage of it.

Mr. Ashok Ajmera: Any kind of like some numbers or something that, in the coming quarter or two, how much money can we disburse or can we lend, because of this?

Mr. Swarup Kumar Saha: The guideline has just come and we are working on exactly what portfolio we can build on this. The colour will be shown after Q2.

Mr. Ashok Ajmera: Okay, Sir, as regards to our MSME loan book or even little bit of corporate. What kind of inquiries we are having? I mean from where this, this requirement is coming and what is the status of our already sanctioned book or sanctions in pipeline, any number can be given on that so that we can have some idea about this achieving 14-15 % of the target that which are the segments from where the demand is coming?

Mr. Ravi Mehra: Sir, with regard to the pipeline, as I told somewhere around Rs.7,000 crore pipeline is there both sanctioned & un-availed. The segments in MSME, cluster wise segment, specialized trading and manufacturing as well, the specialized sectors like sports in Punjab, hosiery. With regard to the corporate sector, as MD sir told the infrastructure, road development and this renewable energy, that is going to be our main focus.

Mr. Ashok Ajmera: This renewable energy like solar as per our experience, there is a lot of demand because the overall basic capacity for the basic thing like the sale capacity is also increasing, PV module capacity manufacturing is also increasing. So downstream there is a lot of opportunity in this particular segment which even in our own experience in our own office, I mean there are a lot of such inquiries in the proposals. So, as a bank, I think we also must be focusing on this because there is a lot of scope in renewable energy and the loan amount can vary from small 1 MW to maybe around 3 to 4 MW for Rs.2 crore, Rs.3 crore to maybe Rs.20 crore to Rs.25 crore for those small and many of them are under the government schemes also, like in Maharashtra, there is a scheme Kusum where a lot of such projects are being put up people are getting the contracts for 5 MW, 10 MW, 20, 30, 40. Similarly, in Rajasthan also there is a lot of scope, we know a few parties like they are getting from Rajasthan government to set up the cluster based renewable energy plant. So I think we can, we should focus on those kind of projects where even the government is involved, PPAs are signed and there is good opportunity there sir.

Mr. Ravi Mehra: Yes definitely sir.

Mr. Swarup Kumar Saha: You're right, you're absolutely right Mr. Ajmera.

Moderator: Thank you sir. We will now conclude this conference. On behalf of Punjab & Sind Bank I thank each one of you for joining the conference today.

Mr. Swarup Kumar Saha: Thank you