

Management Discussion

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Good afternoon, 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 Q2 FY '27. Please note that this conference is being recorded. [Operator Instructions] 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 Shri Swarup Kumar Saha sir, MD and CEO of Punjab & Sind Bank, 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.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, thank you, Mr. Ganesh, and a good morning to all of you and welcome to this Q2 earnings call of Punjab & Sind Bank. Thank you for joining us. The Board of the bank has approved the reviewed results of the bank as of September '26 and the necessary results were uploaded in the stock exchanges along with the presentation. All of you must have already have got an opportunity to go through the presentations. So just to set the context, I would like to present some of the highlights of the bank's performance of September '26 quarter. Overall business grew by over 15.7% and stood at INR2,79,000 crores. Deposits grew at 13%, and the total deposit was at INR1,53,000 crores plus. Advances grew at a healthy rate of 19% plus, and it stood at INR1,25,919 crores. So the bank continues to grow in terms of its business mix, over 15% consistently over the last few quarters. The CD ratio of the bank was at 82.13%. We expect that it will be -- going forward, as we have -- as we speak, in our guidance, we'll expect that the deposits growth -- will grow between 13% to 14% and advances will grow at 18% to 20%. So overall, we expect that the CD ratio will be around 82% over the next two quarters. The CASA, of course, though it has grown at 7.5% Y-o-Y, the share has gone down. Of course, we know the challenges in maintaining the CASA. However, we are making a lot of efforts, but the ratio has dipped slightly at 28.83%. The focus on the bank's advances, of course, has been RAM, as we have been speaking all along. And overall, the RAM growth advances has grown by over 31%, and the share of RAM advances to the overall gross advances is now at 61.37%. As we have been speaking earlier, that our guidance for the RAM advance percentage would be around 65% for this current year and take it up to 70% in '27-'28. So we are in that track. If you compare our September to September numbers, we'll find that the RAM percentage has grown from 55.15% to 61.37%. So we will continue to work in that area. In some of the other areas on the business side, of course, the growth has been evenly balanced between retail, agri, MSMEs. The retails have grown at 42%, agri at 16%, MSME at 28.69%. In terms of profitability and income, the healthy part of the Q2 result was that the net interest income has grown by 22%. I think that's a healthy sign which is going to take the bank forward to improve its margins, profitability, ROEs, etc. The operating profit of the bank has increased by 22% Y-o-Y, and it was at INR617 crores in Q2. The net profit has also increased at nearly 40% and stood at INR412 crores. So we are moving to a steady increase in our quarterly operating and net profits. This has been of course helped by a good 23.6% growth in the core fee income. We continue to monitor that. We continue to put a lot of strategies in improving our core fee income on the various products that we have, whether it is non-fund business, whether it is cross-selling to third-party products, whether it is other service charges. So -- and we find that, that is showing a good traction quarter-on-quarter over the last few

quarters. So we'll continue to work on that. Of course, this in view of the movement in the geopolitical situations, in the movement of the yields, the treasury performance has been muted with the hardening of the yields. So in spite of that, our operating profit has increased by 22% to INR617 crores. In spite of a comparatively lesser recovery in written-off accounts compared to the previous quarter, we continue to show traction in the operating profits, which shows that the bank is slowly but steadily trying to generate operating income through its core business, that is on deposits, advances, and other areas, and not totally dependent on the market orientations of the movement in the yields. The asset quality also has improved. We have gross NPAs at 2.09%, net NPA continues to improve at 0.61%, PCR also has improved. Our capital adequacy also stands at 16.55%, CET1 at 15.49%. In terms of some of the efficiency ratios, our net interest margin has improved by 17 bps Y-o-Y to 2.77%. Return on assets has increased by 0.88%, uh, compared to -- and return on equity also has increased to 13.21%. The cost-to-income ratio has also marginally decreased -- declined in Q2, and we will continue to monitor that ratio in a big way by increasing our income overall. So these were some of the highlights in terms of the guidance. We feel that the bank's overall trajectory, as I said, would be on improving our deposits growth, improving our CASA percentage, and we have taken a lot of efforts in terms of various products. However, we continue to focus on that. A lot of outreach programs are being carried out. We'll be doing special campaigns for deposit mobilization. We continue to -- we expect that the gross NPA to be below 2% by the end of March. Net NPA should -- already we have given a guidance of 0.65%, we are already at 0.61%. We'll continue to now reduce it further. Recovery upgradation, we have given a guidance of INR1,000 crores plus. We have already reached INR622 crores. So we are more -- we are on track in all our guidance areas. And a lot of other transformational projects that we have been talking about are implemented. These are present in the slides. I'll not like to repeat them. And therefore, we feel that the bank is now -- consistently now performing and delivering on the various expectations that we had raised in the previous calls that we had. And the bank continues to work on various other transformation projects like digital transformation, on collection efficiency, recovery management. Our Gift City is now just around the corner. We should be live and ticking around November end. We also are now more or less there for the forex trade module, that also should kick in by this Q3. So therefore, most of the projects that we have been talking about are nearing its completion, and we expect that the returns on those investments will be coming very soon. So that's all from my side for the time being. I'll now be happy -- we'll now be happy to take the question answers. Thank you very much.

Questions & Answers

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Thank you, sir. [Operator Instructions] First question is from Sushil sir. Sushil sir, please go ahead.

Sushil Choksey - Analyst, Indus Equity Advisors

Congratulations, Team PSB, for excellent result and guidance revision on upward trajectory, which speaks for India growth story.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Thank you.

Sushil Choksey - Analyst, Indus Equity Advisors

Sir, you've taken a lot of Herculean tasks over a period of your tenure and the team's tenure to enhance the visibility of Punjab & Sind Bank in corporate and RAM. So what makes you tick the

upward guidance specifically on all parameters which leads to a betterment of bank? And second thing, to strengthen the same, what kind of initiatives have been taken for enhancement in credit with digital road map, human resource, branch expansion, bringing more efficiency? And second thing, the RAM breakup, if you could give whether it is more number of customers or ticket per SUV or a car or housing loan have increased quarter-on-quarter. This is my first question. And treasury outlook?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, thank you, Mr. Choksey. Yeah, as we go along during the financial year and as we continue to consistently -- the team consistently performs, it enables us a room to improve our guidance on various factors. So therefore, we feel that in terms of the overall business, we continue to retain the guidance and move ahead. In fact, in terms of some of the other guidance areas like gross and net NPA, I think we should be much beyond the numbers that we have already set our goals for. And this has been primarily been enabled by various -- as you rightly said, that we have been trying to build in a lot of systemic platforms, the systemic enablements which allows a bank to perform in a much more efficient manner. The idea was that the bank should become the most efficient bank in the country, and therefore, to build the most efficient bank in the country, we had to build a lot of structures, a lot of processes had to be redefined, a lot of products had to be customized, and a lot of team building and teamwork had to be inculcated amongst the workforce. So therefore, all that we have been doing for the last few years are now slowly and steadily yielding results. The teams are now much more oriented -- goal-oriented. The teams are much more -- have more enablers, particularly the branches. The field functionaries are having much more enablers to perform. For example, I'd like to tell you that on the digital platform that we have built so far in terms of the 12 products that we now provide in a single QR code, 50% plus of our vehicle loans are done through our digital platform. More than 40% of our housing loans are either done through the digital platform, through an STB process, or through the assisted journey. And that frees a lot of energy, a lot of manual intervention in our assessment. We are now building up on the gold loan. Earlier we did it on up to INR2.5 lakhs, now we have opened it up to INR50 lakhs. We have brought in commercial vehicle loans, we have brought in personal loans, we have brought in mutual fund loan against mutual fund. So these are all some of the digital transformations that are happening. And top it all, we have now engaged a global consultant to do a holistic digital transformation, both on the asset and on the liability side. So whatever we have been doing so far on isolations in the digital part, we'll now bring together through overall digital transformation 2.0, we'll have the best of the mobile app, mobile enablers, so that our reach out to our -- reaching out to our customers becomes much more efficient. So therefore, in terms of the various parameters that we have been able to build in the structures and some of them are still work in process, and once they also get crystallized, I think it will be a great boon to the bank's future. In fact, if you talk on the capacity part also, the bank has put in a lot of transformation initiatives in the capacity building of the team, both at head office and in the field functionaries. And they have been -- now been exposed to more and more state-of-the-art trainings that are required to improve their capacity. So we have done an HR transformation also of -- last two years, and we continue to do that, build upon that. And as you said, regarding the branch expansion, etc., we are opening branches. We have identified top 200 districts wherein the country has 80% of the bank business. We are expanding them to those areas where we are not there so far. We have found out -- we have already found out 300 potential centers. The account -- the branches will get opened as the premises get finalized, as we appoint more and more workforce at various levels. We are taking a lot of -- doing a lot of recruitments at

the LBO level, PO level, at the CSL level. So all these things will fructify and give the bank results. So overall, we feel that the bank's trajectory on the guidance part would be on the -- with an upward bias. And I feel that we'll be able to maintain that. And finally, on the treasury, yes, we are, of course, a bit constrained. The entire banking system are going through this rough patch on the treasury front. Therefore, we have to wait and watch the developments that happen on the geopolitical side and how -- already RBI has started the reverse cycle on the repo rate. We expect that some more corrections will happen on the repo rate on the upper side. So therefore, we will be monitoring that part. The yields have hardened overall, but on the other side, the NIMs will get a bit impacted -- positively impacted. In view of the potential rate hikes, the one -- 25 bps that has already been done and some more which is in the offing maybe in the next cycle. So overall, the margins may improve. We expect that...

Sushil Choksey - Analyst, Indus Equity Advisors

Sir, your margins...

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Of impact on the [Indecipherable] like to have. So I think that is all. Yeah.

Sushil Choksey - Analyst, Indus Equity Advisors

Sir, your margin uptick led by the current hike and estimated hike in second half, as your retail products will have a transmission. At the same time, what is the visibility on corporate book? And sir, you were the last -- maybe one of the -- at the fag end where technology upgradations are concerned. So you've got the better visibility and a better technology compared to peers because it's an experienced product, matured product. Now keeping the transformation journey ahead and in the current scenario, what kind of digital spend are you doing and what kind of human resource spend you will do to enhance the capability of the bank?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, as you rightly remarked that we have been a bit late started in terms of various projects that we have undergone, and that has also helped us to be the -- to imbibe the best of the technology. And whether we have -- whether we start from the core banking upgradation, or whether we talk on cybersecurity, whether we talk on collections efficiency, whether we talk on trade finance models, every area, we have -- now, we are bringing those products like supply chain finance. You must have seen in the presentations, we are bringing the collections management solutions, both payment and collections for corporates and government organizations. So all these are part of the transformation exercise, and I think we -- late starter advantage, late mover advantage also sometimes helps the bank, and we'll continue to do that. On the corporate credit side, we have already around INR12,000 crores of pipeline, around -- in-principle sanctions of around INR8,000 crores to INR9,000 crores. So overall around INR20,000 crores of pipeline we have already created, and we'll continue to be -- though we'll be selective in our approach, we'll be working on the pricing on very much more on a professional way, on competitive way, so that we don't lose out on our margins as such. So we have a healthy pipeline being created. This corporate credit pipeline was hardly minimum a few -- maybe one or two years back also, where we hardly had any pipeline. Now that has been built up over a period of time to around INR20,000 crores. So that's the area we are working on. And of course, on the HR, as I said, capacity building, HR transformation, HR interventions, on performance management culture, on target setting, what are -- the various components of our transformation have all been now implemented in the bank. I think we have the

best of the -- and again, those areas on HR also, I'd like to tell, is that, many other banks have -- which have implemented, we have went a bit beyond that and we could extract a bit more in terms of the transformation area. So I think overall, the bank is now at a much more -- is in the pivot of actually now reaching a INR3 lakh crore business by the end of this financial year and INR4 lakh crore by the end of FY '29. The guidance on that part also remains intact. We may reach the INR4 lakh crore business much ahead of our aspirational target of March '29 if we continue to move in this direction.

Sushil Choksey - Analyst, Indus Equity Advisors

Sir, any visibility on supply chain and co-lending?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, so supply chain, we are just entered now the system. I think we have built the system now, we are live and ticking with two, three corporates already, and now having tested the waters, so as to say, on this area, we'd like to open it up to the various other opportunities that we have. We'll continue to work on that. Number two -- and again, this is a state-of-the-art system that we have now implemented. And number two, on your co-lending, co-lending, as you all know regarding the CLM-1 and CLM-2 issues, we are building the systems. The co-lending as of now seems to be -- have slowed down a bit. We are -- until and unless we do a bit of, what you call, the integration in a proper manner, the implementation of the RBI guidelines is of the highest -- we have given top priority to that. So we have to be very sure while we are building the systems, but it has slowed down a bit. But once we build it up and to the satisfaction of the regulator, I think then we can really push it harder on that front. Maybe another one or two months for that integration to happen.

Sushil Choksey - Analyst, Indus Equity Advisors

Sir, thank you for answering my all questions. I'll come back in the queue and best luck for the current year.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Thank you. Thank you, Mr. Choksey.

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Next question, we have from Amansingh Sahajsinghani. Please go ahead, sir.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

Hi, sir.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Hi.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

Thank you for the opportunity. So I wanted to ask two broad-level questions. Firstly, there has been a chatter on the PSB consolidations again. So if you would like to offer any comment on that?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, so I don't think we have anything to comment at this point of time. We are not aware or not privy to any information on this matter. So it's very -- it's not proper for me to comment also. As of now, there is no such input that has come to us. That much only I can say.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

Sir, last year in budget, Finance Minister announced the formation of high-level committee for banking reform. So has the committee been -- is the committee formed or is it still pending?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

That's for the government to take a call. As of now, we understand it has not been formed yet.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

Okay. And just secondly, on ECL, so if you can help me with two things. So firstly, on the ECL transition impact for the bank, so because the ECL is around the corner, the transition is around the corner, and the preparedness might be at a good level at the bank. So are there transition impact, and how will it impact the steady-state credit cost starting FY '28 for the bank?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, my CRO, Mr. Dheeraj, will be taking this question.

Dheeraj Kumar Gaur - Chief Risk Officer, Punjab & Sind Bank

Yeah, Mr. Aman, good morning. Let's see, ECL, what we are expecting, like, we are yet to finalize those numbers. We are at the almost final stage. So what we are expecting, that around 5% on the total net worth will be the additional impact, like when I'm looking for total impact perspective, so around INR700 crore we are expecting. And since glide path is available, so net impact on CRAR competition will be almost negligible. One important point is here, like, from -- with the ECL, there is some RWA level changes are also there. Those changes also will be coming into effect from 1st April 2027, so net impact on CRAR will be quite minimal actually, not very much. But -- and to answer your second question, impact on credit cost from the subsequent years, what we are expecting, like overall provisioning requirement will be somewhere between 0.5% to 0.6% only and 50 to 60 basis points, and it largely depends on how we manage our Stage 2 portfolio. So we are conscious of that, that stage to be managed properly. So we expect the total -- additional total provisioning requirement will be ranging between 0.5% to 0.6%.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

I'd like to add one information here beyond what Mr. Dheeraj said is that we are working very strongly on the collections and at one point of time, our SMA percentage on a whole was beyond 9%. I think the bank has developed a lot of strong measures, systems, processes, and now the overall SMA has gone down to below 4%. We'd like to bring it down to below 2% very shortly. And if that -- with that happening, I think -- and we are also implementing the new collection efficiency module, which will give again a state-of-the-art infrastructure to our people or workforce so that they can manage their SMAs in a much better way. So we are -- we expect that we can bring down the SMA to between 2% to 2.5% in a short span of time. And once that happens, I think the overall run rate on the ECL provisions going forward will be much healthier, much better.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

All right, sir, got it. Sir, just for one follow-up with Dheeraj, sir. So the 5% net worth impact, is -- is it including the MTM hit on HTM investments? Because one of the peer PSU bank highlighted that, with the ECL, the banks also need to mark-to-market their HTM investments, which could be a big hit, given the rising yields in the current scenario. So is it including that or ex of that?

Dheeraj Kumar Gaur - Chief Risk Officer, Punjab & Sind Bank

Yeah, at this point of time, around 5%, which you are saying, that includes all those things. So if like some adverse impact on the yield have some additional impact, so that is to be seen like how finally it pan out when actual implementation takes place. But as of now, it is including everything.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

So this is including the MTM or HTM investments, right?

Dheeraj Kumar Gaur - Chief Risk Officer, Punjab & Sind Bank

Yeah.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

And sir, on the steady-state credit cost, you said 50 to 60 basis points would be the steady-state credit cost in the ECL framework. Can you highlight what would be this for the SMA 1 plus 2, which is the -- that portion which comes under standard assets right now?

Dheeraj Kumar Gaur - Chief Risk Officer, Punjab & Sind Bank

Aman , at this point of time, like, I do not have that number readily available.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, so I think you can share it separately.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

Sir, I also had a few clarifications seeking ECL. So if you can give me some time, maybe after the silent period ends, with Dheeraj sir, it would be helpful.

Dheeraj Kumar Gaur - Chief Risk Officer, Punjab & Sind Bank

Yeah, sure. Sure, sure, sure.

Amansingh Sahajsinghani - Analyst, ICICI Securities Ltd

Sure, sir. We can connect offline. Thank you so much, sir. All the best for future.

Dheeraj Kumar Gaur - Chief Risk Officer, Punjab & Sind Bank

Thank you.

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Thank you, sir. Next question we have from Ashok Ajmera. Ashok sir, kindly go ahead.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Hello?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Hello, good morning, Ashok sir. Welcome.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Yes, sir, good morning. I missed most of this call because I am traveling, I am a little away, so I might have missed some of your answers. But I have nothing much to add except that to compliment you all for the good set of numbers. And just one thing about the -- I mean, of late, we are increasing our good corporate book also. Our underwriting standards have also gone up substantially, and the yield also in the corporate book is little higher than the retail, the housing loan, and other things. So going

forward, do we plan to change the ratio between the corporate and the RAM book? And how active we are in that in mid-sized corporates? Because a lot of opportunity emerges in that particular book, so what are your views on that? Are we really, I mean, active on that, or we are little passive? And going forward, what are our plans on that, sir?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, thank you, Ajmeraji, for your compliments. As far as the ratio between the RAM and the corporate book, I think overall, the bank's strategy would be to increase the RAM percentage further and further. We are at 61% plus now. We should be at 65% by March '27 and jack it up to around 70% by March '28. That's the overall trajectory. Notwithstanding this strategy, within the corporate book, we'll continue to explore some good opportunities to invest in terms of assets. And of course, the main idea would be not only to -- on the return on money, or also on the return on our pricing will also be an important component of our decision. So while the trajectory would be to reduce the corporate percentage, the churning within the corporate portfolio will continue to happen based on our pricing appetite. And therefore, the -- I think the mid-segments, the MSMEs we'll continue to support, provided of course we get that pricing competitiveness. So the approach would be on this area in that way.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Okay, sir, point well taken, sir. Sir, on this ECL front, the impact, and especially on the treasury book, some of the impact is going to come on the HTM also. And going forward -- and our -- already, I think, the capital adequacy though is comfortable, but not to that extent. Going forward, what do you plan, I mean, to raise the further capital, or you feel that the proportion is right now even with the CD ratio of, I think, 81%, 82%?, are you comfortable going forward with the same targets of the credit targets, I mean, the loans?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, so, we feel that the optimum CD ratio of 82%, 83% is doable for us. We still feel that we can grow at 18% to 20% on advances and back it up with a deposit growth of 13% to 14%. In terms of the -- as you observed regarding the capital adequacy of the bank, as we grow on the RAM segment, the capital adequacy -- the risk weights are higher in the RAM segment. So the overall, you will find a shift in the capital adequacy this quarter in view of INR7,000 crores of additional funding that we have done. So, we have the necessary approvals for capital raising, and we will -- we have already -- we already have interacted with investors. We have appointed merchant bankers for the same. And we just would like to have a right time opportunity to go to the market and raise some funds. So we are exploring all the avenues to explore -- exploring all the avenues to raise capital, primarily through the QIP route. And we'll see what the -- when the opportunity arrives based on the feedback that the merchant bankers give us.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Yeah, but I don't think this is the right time, looking at the market conditions. But anyway, I mean, your plans are already there. Sir, on the recovery front, and especially from the written-off book and otherwise also, I think we are putting a lot of efforts. So what is our total outstanding book on the written-off book, and how much percentage of that recovery every year or every quarter you would see it to come in? And what kind of efforts we are putting in? Coupled with that, on the technology front also, our bank has upgraded tremendously in last two years. You have done a great work in the technology front also. So how many journeys are still pending and what is the road map ahead on

the technology development, sir, in the bank? And what kind of budgets have we sanctioned?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

I'll request Mr. Rajeeva, our ED...

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Yes, sir. I would love to hear Rajeeva sir.

Rajeeva - Executive Director, Punjab & Sind Bank

Thank you, Ajmeraji. So, see, recovery has been under our focus, and that has resulted into both the ratios GNPA and net NPA going down. Now, to answer your questions specifically on TWO [Phonetic], we continue to hold almost INR7,344 crores of TWO book. And if you look at the results over last few years, we have been recovering around approximately 10% of the book. This year also, so far the recovery has been almost INR250 crores, to be precise INR247.88 crores. And we will continue to focus on the TWO, and hopefully we should be able to repeat our performance of the last year.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, and to add to what Mr. Rajeeva said is that we are also now -- as you talked of technology, I'd like to add here, on the recovery front also -- on the recovery side also, we are implementing, that's a work in process, on having the best of the recovery management tool in the bank where the purchase order has been issued to the desired vendor. They will implement in around six to nine months' time. The first phase will be done by March, the second phase another three, four months. So again, as I talked earlier regarding various technology tools, we have implemented -- we have already implemented the collection tool. The recovery tool is under implementation, and we are investing heavily in that area. I request Mehraji to talk on the digital side, on the assets that we are doing.

Ravi Mehra - Executive Director, Punjab & Sind Bank

Yeah. With regard to the digital side of assets, we are working on different products. Multiple products have already been launched and almost 12 products are available as of now in single QR code. I'd just like to mention one thing that since the inception of our digital journey, from 4th of November 2024, we have sourced approximately 40,000 proposals digitally to a tune of approximately INR8,000 crore. And the sanction rate is really wonderful. It's around 50% in vehicle loan and 40% in home loans. The sourcing is also very strong, and we are also working on the rural engines. We have recently enhanced the MSME digital lending to INR3 crore. Earlier it was INR1 crore, and even the gold loan has also been enhanced to INR50 lakh. Thank you.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

[Speech Overlap] What kind of budget do we have for this '26-'27 and maybe going forward on the technology? And secondly, so many new things coming, and especially in the cybercrime space now with the DPDP, new act coming in, and there are various other modules which are available in the market, and the banks have to prepare themselves also with the various problems which they are facing on the digital front, especially on the cyber front, there, what is your outlook, sir, and what kind of preparations we are doing for DPDP to come to be fully compliant of that act and various other measures which are being announced by the Reserve Bank of India to comply with?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, so see, these are regulatory measures, and the bank has to prepare itself -- all banks, not only us. All banks have to prepare itself on the various expectations on that, whether it is under DPDP Act or whether it is under the cybersecurity. So these are some of the things where we cannot -- is zero tolerance area. So we have to implement, and we are in the process of implementation, and our teams are working in tandem with the requirements. In terms of cybersecurity also, we are upgrading our cybersecurity postures. It would have happened a few months back, but in view of some of the complications that happened in the earlier process, our cybersecurity upgradation got a bit delayed. But notwithstanding that, it happens in any organization. We are now very close to doing that. Maybe in this quarter, we'll be able to complete the RFP process, appoint the new vendor and the cybersecurity upgradation happens. We are also working on resilience operations center which is another very important area for implementation to make the bank resilient to the operational risk. That is a very, very strong and important area to make the banks resilient. So the resilient operation center is getting implemented. By December, it will have the first phase of implementation. By March, it will be implemented in full. So all these factors -- of course, the budgets, I might -- I'll advise my CFO to -- I don't have it offhand at my disposal. I'll advise the CFO to inform you separately. But point is that we are investing quite handsomely in our IT requirements. And because we know that these are indispensable requirements. These have to be done. It adds to the cost in future, but without them, the bank's efficiency gets -- doesn't get to its full potential. So therefore, we are investing, but we are staggering the investments in such a way that the bank gets the total benefit out of it in the very near future. So we can assure you all that the bank is creating that infrastructure in a big way to create that.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Yes, sir. Yes, sir. I am sure you will do it because you are giving a lot of emphasis to the training also, and you are definitely taking all these things very seriously and sincerely. So all the best to you, sir, you all, and Mehra sahab, special compliments for all your [Indecipherable]. I believe anyway we will be again in touch, and I will congratulate you for your this first training in the banking career maybe sometime in the next few months. And all the best to you all, and thank you very much for giving me this opportunity, sir. Thank you.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Thank you, Mr. Ajmera.

Ravi Mehra - Executive Director, Punjab & Sind Bank

Thanks a lot, sir. Thank you, sir.

Ashok Ajmera - Analyst, Ajcon Global Services Ltd.

Thank you.

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Thank you, sir. Next question we have from Rakesh Shah on the Webex chat box. I'll read out the first question, sir. During Q2 FY '27, the bank conducted 258 financial literacy camps reaching 3,383 participants and facilitated banking access for 59,897 individuals under Pradhan Mantri Jan-Dhan Yojana. So what initiatives are being taken to improve the active usage of accounts and expand financial inclusion in underserved areas?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, Mr. Mehra will answer.

Ravi Mehra - Executive Director, Punjab & Sind Bank

Good afternoon. With regard to the financial inclusion and expanding the reach to the customers for PMJDY benefits, we are increasing the number of BCs as of now. And primarily around 31st of -- 30th September, we have got around 3,400 BCs. We are also increasing the number of CBCs, and we are also adding the number of products and services to be offered on the digital machines that handle devices that they are carrying. Approximately, I think 35 such services are there in the machines, and we are targeting to expand the insurance part, particularly the SBY and JJBY products to each and every eligible borrower -- eligible customer under PMJDY. With regard to the expansion in the rural areas and semi-urban and metropolitan areas with regard -- number of BCs, I think is he -- I cannot hear.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

You can read it out.

Ravi Mehra - Executive Director, Punjab & Sind Bank

No, I think he just typed, I cannot hear.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

It's okay.

Ravi Mehra - Executive Director, Punjab & Sind Bank

So with the expansion of BCs and expanding the number of products in the handheld devices, we'll be covering up the allotted targets. And just like to mention that on 30th of September, we have around 30 lakh PMJDY accounts and around 47 lakh PMSBY enrollments and approximately 15.5 lakh of PMJJBY enrollments as well.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, and to add to what Mr. Mehra said is that we'll be launching a Pan-India campaign on financial inclusion from 21st of this month, which will carry on up to 31st December, wherein we'll take all the products of the government, central government, state government, and reach out to our customers in the villages. It will be an outreach program from the bank side to the targeted beneficiaries for financial inclusion.

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Thank you, sir. Next question from the same person, Rakesh sir. With 590 branches in rural areas and 331 in metropolitan areas, how is the bank leveraging its rural branch network to drive deposit mobilization, credit growth, and financial inclusion?

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Yeah, rural area, we are significantly present, we have substantial network there. We monitor their performance. They have their own challenges. However, we like to use -- leverage this network in the rural areas, and through the BCs, through the various digital methods that we have on various products, whether it is Mudra, whether it is MSMEs, whether it is SHGs, whether it is KCC. These are some of the digital products that we have implemented. Deposit mobilization is an important area. Rural branches give us healthy deposits. We continue to leverage on the network that we already

have and open more and more branches also in various areas, whether it is rural, semi-urban areas, and capture the market wherever we can from our side.

Ganesh Shankanawar - Investor Relations, Concept PR India Limited, Punjab & Sind Bank

Thank you, sir. As there are no further questions from the participants, we now conclude this conference. Should you have any other further queries, please reach out to Mr. Ganesh Shankanawar at 77386-88746 or at ganesh@conceptpr.com.

On behalf of Punjab & Sind Bank, I thank each one of you for joining the conference call today. You may now disconnect your lines. Thank you. Have a good day.

Swarup Kumar Saha - Managing Director and Chief Executive Officer, Punjab & Sind Bank

Thank you very much. Thank you all.