

“Highest ever Quarterly & Yearly profit supported by healthy loan growth, higher CASA (52.51%) and strong recovery with improved asset quality”

Ajcon Global’s observations & views:

1. The Bank continues to demonstrate strong execution across growth, profitability and asset quality, supported by granular, branch-led expansion and disciplined underwriting, particularly in MSME and retail segments.
2. Management guidance for FY27 remains ambitious yet achievable, with targets indicating sustained improvement in return ratios (RoA 1.8%, RoE 20%+), controlled credit costs and stable margins. While macro risks (crude, inflation, geopolitics) remains uncertain, the bank appears well-positioned for consistent earnings delivery, supported by strong liability franchise, improving credit mix and scalable growth drivers such as GIFT City and gold loans.

Q4FY26 Result Analysis:

- 1) **Total Business** rose to Rs. 6,42,531 crores in Q4FY26 from Rs. 5,95,163 crores in Q3FY26, up 7.96% QoQ.
- 2) **Total Deposits** stood at Rs. 3,50,564 crores in Q4FY26, increasing 8.99% QoQ from Rs. 3,21,661 crores in Q3FY26 and up 14.14% YoY from Rs. 3,07,143 crores in Q4FY25.
- 3) **Gross Advances** increased at Rs. 2,91,967 crores in Q4FY26 up by 6.75% QoQ against Rs. 2,73,502 crores in Q3FY26 and also up by 21.74% YoY against Rs. 2,39,837 crores in Q4FY25.
- 4) **Net Interest Income (NII)** slightly increased 8.18% QoQ to Rs. 3,702 crores in Q4FY26 from Rs. 3,422 crores in Q3FY26 but rose 18.81% YoY from Rs. 3,116 crores in Q4FY25.
- 5) **Operating Profit** increased 7.68% sequentially to Rs. 2,946 crores in Q4FY26 from Rs. 2,736 crores in Q3FY26, marking a 16.90% YoY growth from Rs. 2,520 crores in Q4FY25.
- 6) **Net Profit** rose 13.21% QoQ to Rs. 2,014 crores in Q4FY26 from Rs. 1,779 crores in Q3FY26 and increased 34.90% YoY from Rs. 1,493 crores in Q4FY25.
- 7) **Net Interest Margin (NIM)** stood at 3.91% in Q4FY26.
- 8) **Cost of Deposits** slightly decreased to 4.33% in Q4FY26 from 4.47% in Q3FY26 (4.74% in Q4FY25).
- 9) **Cost of Funds** decreased to 3.95% in Q4FY26 from 4.10% in Q3FY26 (4.30% in Q4FY25).
- 10) **Yield on Advances** decreased to 8.72% in Q4FY26 from 8.92% in Q3FY26 (9.30% in Q4FY25).
- 11) **Total Non-Interest Income** increased to Rs. 938 crores in Q4FY26 from Rs. 933 crores in Q3FY26, 0.54% QoQ but down 4.38% YoY.
- 12) **Fee-Based Income** decreased 5.68% QoQ to Rs. 498 crores in Q4FY26 (Rs. 528 crores in Q3FY26) also down 3.30% YoY from Rs. 515 crores in Q4FY25.
- 13) **Treasury Income** increased 123.08% to Rs. 33 crores in Q4FY26 from Rs. -143 crores in Q3FY26 but down -65.98% YoY from Rs. 97 crores in Q4FY25.
- 14) **Cost-to-Income Ratio** down to 36.51% in Q4FY26 from 37.19% in Q3FY26 (38.50% in Q4FY25).
- 15) **CASA Ratio** increased to 52.51% in Q4FY26 from 49.54% in Q3FY26.
- 16) **Credit-to-Deposit (C/D) Ratio** down to 83.28% in Q4FY26 from 85.03% in Q3FY26 and 78.09% in Q4FY25.
- 17) **Return on Assets (ROA)** improved to 1.97% in Q4FY26 from 1.86% in Q3FY26.
- 18) **Fresh Slippages** increased to Rs. 839 crores in Q4FY26 from Rs. 749 crores in Q3FY26, while Recovery and Upgradation rose to Rs. 344 crores in Q4FY26 from Rs. 287 crores in Q3FY26.
- 19) **Gross NPA Ratio** declined to 1.45% in Q4FY26 from 1.60% in Q3FY26 and 1.74% in Q4FY25.
- 20) **Net NPA Ratio** declined to 0.13% in Q4FY26 from 0.15% in Q3FY26 and 0.18% in Q4FY25.
- 21) **Restructuring of Standard Advances** stood at Rs. 2,079 crores in Q4FY26 against Rs. 2,095 Crores in Q3FY26.
- 22) **Credit Cost** decreased to 0.91% in Q4FY26 from 0.97% in Q3FY26 and 1.07% in Q4FY25.
- 23) **Provision Coverage Ratio (PCR)** up slightly at 98.59% in Q4FY26, compared with 98.41% in Q3FY26 and 98.26% in Q4FY25.
- 24) **Capital Adequacy Ratio (CAR)** stood at 18.36% in Q4FY26, down from 17.06% in Q3FY26.

KEY FINANCIAL INDICATORS – Q4FY26

CMP (21.04.2026)	: Rs. 80.18
Face Value	: Rs. 10
Book value per share	: Rs. 39.36
Market Capitalization (Crores)	: Rs. 61,686.27
Capital Adequacy Ratio	: 18.36%
C/D Ratio	: 83.28%
CASA Ratio	: 52.51%
Net Interest Margin (NIM)	: 3.91%
Cost / Income Ratio	: 36.51%
Gross NPA	: 1.45%
NNPA	: 0.13%
PCR	: 98.59%
Slippage Ratio	: 1.25%
Credit Cost	: 0.91%
Return on Assets	: 1.97%
Return on Equity	: 26.61%

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Management Comments

- 25) While sharing the Macro Environment & Geopolitical Risk Outlook, Mr. Nidhu Saxena (MD & CEO) acknowledged emerging global uncertainties, particularly the ongoing West Asia conflict, but indicated that no stress was visible in the loan book as of March-end. MSME asset quality improved during the quarter, though any adverse impact is expected to be lagged and more visible from Q2 FY27 onwards. He highlighted risks from elevated crude prices, inflation and currency depreciation which remains to be watched while closely monitoring potential second-order effects.
- 26) The MD & CEO spoke on deposit mobilisation strategy highlighting that the bank is positioning FY27 as a “Year of Deposits” amid intense competition, with a focus on maintaining CASA around 50% and sustaining deposit growth of 14–15%. He noted that faster repricing has helped reduce the cost of deposits to 4.52% for FY26 and 4.3% in Q4, though most benefits have already been realised. As a result, further cost reductions may be limited, making it critical to strengthen the deposit franchise going forward.
- 27) The Bank’s growth strategy is focused on profitable expansion without compromising asset quality, with a clear shift toward granular, branched core business and reduced reliance on bulk transactions. Strengthened processes, product offerings and monitoring frameworks have supported this transition, reducing volatility in growth. At the same time, branch expansion remains a key pillar, with approval to open 1,000 branches over five years—183 already operational—using a data-driven, pin-code level approach to enhance granular sourcing and support sustainable long-term growth.
- 28) The Bank has consciously undertaken a rebalancing of the MSME portfolio by strengthening underwriting standards and focusing on secured, higher-rated and larger ticket exposures. This led to a temporary slowdown in growth during Q1–Q2, as the bank also reduced exposure to standalone TReDS financing due to monitoring challenges. With the portfolio now stabilizing, growth has picked up again and the Bank aims to return to its earlier 15–16% growth trajectory while maintaining improved asset quality, Mr. Saxena explained on MSME Portfolio Rebalancing & Growth Strategy.
- 29) Replying to an analyst query on GIFT City & Overseas Business, the MD & CEO highlighted that overseas advances have scaled to \$650 million with a pipeline of \$350 million, driven by global syndications and ECBs through GIFT City, keeping the bank on track to reach its \$1 billion target within 12 months. The current portfolio remains largely corporate-focused, with plans to launch retail products under the GIFT IFSC platform in H2FY27. He also noted that GIFT City operations have already turned net profitable, ahead of the initial break-even timeline.
- 30) Mr. Saxena addressed an analyst’s query on the impact of the Maharashtra farm loan waiver, indicating that the scheme is expected to provide a positive benefit of Rs. 2,000 crore by covering eligible overdue and NPA KCC accounts. He noted that this could reduce agriculture NPAs from 7.72% to 5.33%, while also driving incremental CASA inflows of Rs. 775 crore. The management does not anticipate any significant challenges from the implementation and expects the benefits to be realized by Q2–Q3FY27.
- 31) The MD & CEO, speaking on the gold loan portfolio, highlighted that the book grew 53% YoY to Rs. 24,000 crore, including Rs. 5,000 crore under co-lending with NBFCs. He noted that Q4 growth was temporarily impacted due to the transition to the RBI-mandated CLM1 model, which led to a pause in fresh underwriting. With the transition now complete, disbursements have resumed and growth is expected to normalize going forward.
- 32) **The Bank’s management has given a positive guidance for FY27 as mentioned below:**
Business: 16-17%, **Advance:**18%, **Deposit:** 14-15%, **Casa:** 50%+, **NIM:** 3.75%, **RAM to corporate:** 60:40 (+-2%), **GNPA:** < 2%, **NNPA:** < 0.25%, **ROA:** 1.80%, **ROE:** 20%+, **Slippage:** below 1%, **Credit cost:** 1%, **PCR:** 98%, **CRAR:** 18%, **Cost to income:** below 40%, **RAM Book:** 18% growth, **NII:** 15% growth, **Non Interest Income:** 10% growth, **Recovery in written-off A/c:** Rs.1200-1500 Crores.