



Result Update – Q2FY27

“Strong Credit Growth and Improved Operational Efficiency support a healthy Q2FY27 performance for the Bank”

Ajcon Global’s observations & views

1. The Bank’s expanding digital lending capabilities, recovery initiatives and operational transformation are expected to support sustained business growth and enhance operating efficiency.
2. The Bank’s focus on increasing RAM share, alongside disciplined corporate lending and proactive capital-raising plans, is expected to support credit growth while maintaining capital adequacy and profitability.

Q2FY27 RESULT ANALYSIS

- 1) **Total Business** grew 4.81% QoQ and 15.73% YoY to Rs. 279231 crore in Q2FY27 from Rs.266420 crore in Q1FY27 and Rs. 241272 crore in Q2FY26, respectively.
- 2) **Total Deposits** increased 4.20% QoQ and 12.97% YoY to Rs. 153312 crore in Q2FY27, compared with Rs. 147130 crore in Q1FY27 and Rs. 135706 crore in Q2FY26, respectively.
- 3) **Gross Advances** rose 5.56% QoQ and 19.28% YoY to Rs. 125919 crore in Q2FY27, up from Rs. 119290 crore in Q1FY27 and Rs. 105566 crore in Q2FY26, respectively.
- 4) **Net Interest Income (NII)** was up by 11.95% QoQ and 22.32% YoY to Rs. 1162 crore in Q2FY27, compared with Rs. 1038 crore in Q1FY27 and Rs. 950 crore in Q2FY26, respectively.
- 5) **Operating Profit** rose by 13.39% QoQ and 22.38% YoY to Rs.618 crore in Q2FY27, versus Rs. 545 crore in Q1FY27 and Rs.505 crore in Q2FY26, respectively.
- 6) **Net Profit** increased by 24.47% QoQ and 39.66% YoY to Rs. 412 crore in Q2FY27, versus Rs. 331 crore in Q1FY27 and Rs.295 crore in Q2FY26, respectively.
- 7) **Net Interest Margin (NIM)** was up to 2.77 % in Q2FY27 from 2.53% in Q1FY27 and 2.60% in Q2FY26, respectively.

KEY FINANCIAL INDICATORS – Q2FY27

CMP (21.10.2026)	: Rs. 20.78
Face Value	: Rs. 10
Book value per share	: Rs. 17.55
Market Capitalisation	: Rs. 14,744.63 Cr.
Capital Adequacy Ratio	: 16.55%
C/D ratio	: 82.13%
CASA ratio	: 28.83%
Net Interest Margin (NIM)	: 2.77%
Cost / Income ratio	: 59.19%
Gross NPA	: 2.09%
Net NPA	: 0.61%
PCR	: 92.48%
Slippage ratio	: 0.20%
Credit cost	: 0.07%
Return on Assets (Annualised)	: 0.88%
Return on Equity (Annualised)	: 13.21%

- 8) **Cost of Deposits** increased slightly to 5.38% in Q2FY27 from 5.37% in Q1FY27 and fell from 5.62% in Q2FY26. **Cost of Funds** increased slightly to 5.49% in Q2FY27 from 5.47% in Q1FY27 and eased against 5.74% in Q2FY26. **Yield on Advances** rose to 8.46% in Q2FY27 from 8.15% in Q1FY27 but fell against 8.62% in Q2FY26.
- 9) **Non-Interest Income** increased by 6.02% QoQ to Rs. 352 crore in Q2FY27, compared with Rs. 332 crore in Q1FY27 and decreased by 5.88% YoY against Rs.374 crore in Q2FY26.
- 10) **Fee-based Income** increased by 50% QoQ and 23.62% YoY to Rs. 246 crore in Q2FY27, compared with Rs. 164 crore in Q1FY27 and Rs.199 crore in Q2FY26.
- 11) **Cost/Income ratio** decreased to 59.19% in Q2FY27 against 60.21% in Q1FY27 and 61.87% in Q2FY26.
- 12) **Government-Guaranteed Advances** decreased to Rs. 8354 crore in Q2FY27 from Rs. 10171 crore in Q1FY27 and Rs. 12964 crore in Q2FY26.
- 13) **CASA ratio** dipped to 28.83% in Q2FY27 from 30.06% in Q1FY27 and 30.31% in Q2FY26.
- 14) **Credit-to-Deposit (C/D) Ratio** improved to 82.13% in Q2FY27 from 81.08% in Q1FY27 and 77.79% in Q2FY26.
- 15) **Return on assets (ROA)** increased to 0.88% in Q2FY27 from 0.73% in Q1FY27 and 0.72% in Q2FY26.
- 16) **Fresh Slippages** increased to Rs. 237 crore in Q2FY27 from Rs. 207 crore in Q1FY27 and Rs. 164 crore in Q2FY26, while Recovery and Upgradation fell to Rs. 312 crore in Q2FY27 from Rs. 366 crore in Q1FY27.
- 17) **Gross NPA** improved to 2.09% in Q2FY27 from 2.21% in Q1FY27 and 2.92% in Q2FY26. Net NPA improved to 0.61% in Q2FY27 from 0.65% in Q1FY27 and 0.83% in Q2FY26.
- 18) **Credit Cost** fell to 0.07% in Q2FY27 from 0.11% in Q1FY27.
- 19) **Capital Adequacy Ratio (CAR)** fell sequentially to 16.55% from 17.61% in Q1FY27 and was also down from 17.19% in Q2FY26.
- 20) **Provision Coverage Ratio (PCR)** rose to 92.48% in Q2FY27 from 92.33% in Q1FY27 and 91.88% in Q2FY26.

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Management Comments:

- 21) In his opening remarks, the MD & CEO, Mr. Swarup Kumar Saha, highlighted that the Bank sustained healthy business growth of 15.7%, driven by 19% growth in advances and 13% growth in deposits, while net interest income grew by 22% YoY; the Bank remains focused on strengthening its RAM portfolio, targeting a 65% share of advances in FY27 and 70% by FY28, while maintaining a credit-deposit ratio of around 82%.
- 22) Addressing the question on corporate credit growth, the MD & CEO highlighted a corporate credit pipeline of around ₹20,000 crore, including ₹8,000–9,000 crore of in-principle sanctions, with a selective lending approach focused on competitive pricing and margin protection. He further reiterated the Bank's target of achieving ₹3 lakh crore in business by FY27 and ₹4 lakh crore by FY29, potentially ahead of schedule.
- 23) Replying to an analyst's query on supply chain finance and co-lending, Mr. Swarup Kumar Saha stated that the Bank has operationalized its supply chain finance platform and commenced operations with two to three corporates, while co-lending activity remains subdued due to pending system integration and implementation of RBI guidelines, which are expected to be completed over the next one to two months.
- 24) In response to an analyst's query on ECL transition impact, the MD & CEO, Mr. Swarup Kumar Saha, and the CRO, Mr. Dheeraj Kumar Gaur, indicated an estimated impact of around ₹700 crore, equivalent to 5% of net worth, including the MTM impact on HTM investments, with a negligible impact on CRAR due to the available glide path. The Bank expects steady-state provisioning requirements of 50–60 bps, depending on the management of Stage 2 assets, while targeting a reduction in the SMA portfolio from below 4% to 2–2.5% to support healthier provisioning levels going forward.
- 25) Talking about capital adequacy and future credit growth, Mr. Swarup Kumar Saha reiterated the Bank's target of 18–20% advances growth and 13–14% deposit growth, while maintaining an optimal CD ratio of 82–83%. He added, the Bank is exploring capital-raising options, primarily through the QIP route, and has appointed merchant bankers to identify a suitable market opportunity.
- 26) In response to an analyst's query on recoveries from the written-off book, the ED, Mr. Rajeeva, stated that the Bank had a written-off portfolio of ₹7,344 crore and had recovered approximately ₹248 crore so far this year, with recovery performance historically averaging around 10% of the outstanding book annually.
- 27) Talking about digital asset growth, Mr. Swarup Kumar Saha, highlighted that the Bank is implementing an advanced recovery management tool to strengthen collection efficiency, with the first phase expected by March and the second phase within the subsequent three to four months. Further on digital progress, the ED Mr. Ravi Mehra added that the Bank has sourced around 40,000 digital loan proposals worth approximately ₹8,000 crore since November 2024, with sanction rates of around 50% for vehicle loans and 40% for home loans; it has also expanded digital MSME lending limits to ₹3 crore and gold loan limits to ₹50 lakh.
- 28) In response to an analyst's query on financial inclusion and rural banking, the ED Mr. Ravi Mehra highlighted the expansion of the Bank's BC network to around 3,400, wider availability of digital services and insurance schemes, and a Pan-India financial inclusion campaign to improve outreach to eligible beneficiaries. The MD & CEO, Mr. Swarup Kumar Saha, added that the Bank is leveraging its rural branch network and digital lending products across MUDRA, MSMEs, SHGs and KCC to drive deposit mobilisation, credit growth and financial inclusion.