

**“The Bank reported good Credit Growth and managed its profitability too in Q1/FY26”**

### Ajcon Global's observations & views

1. The bank has achieved good business growth and maintained its NIM over the conservative guidance given earlier.
2. The bank proposes to enhance its digital capabilities by launching 37 journeys during FY26 and has added 30 new features in its mobile banking app IndSMART.
3. The Bank has performed well on recovery front also during the quarter.

### Q1FY26 RESULT ANALYSIS

- 1) **Total business** rose by 1.52% QoQ at Rs. 1345436 Crores in Q1FY26 against Rs. 1325294 Crores in Q4FY25 and rose by 10.25% YoY from Rs. 1220306 Crores in Q1FY25.
- 2) **Total Gross Advances** rose by 2.21% QoQ at Rs. 601147 Crores in Q1FY26 against Rs. 588140 Crores in Q4FY25 and rose by 11.50% YoY from Rs. 539123 Crores in Q1FY25.
- 3) **Total deposits** rose by 0.97% QoQ at Rs. 744289 Crores in Q1FY26 against Rs. 737154 Crores in Q4FY25 and rose by 9.26% YoY from Rs. 681183 Crores in Q1FY25.
- 4) **Net interest income** fell by 0.47% QoQ at Rs. 6359 Crores in Q1FY26 against Rs. 6389 Crores in Q4FY25 and rose by 2.93% YoY from Rs. 6178 Crores in Q1FY25.
- 5) **Operating profit** decreased by 4.96% QoQ at Rs. 4770 Crores in Q1FY26 against Rs. 5019 Crores in Q4FY25 and rose by 5.97% YoY from Rs. 4502 Crores in Q1FY25.
- 6) **Net Profit** increased by 0.57% QoQ at Rs. 2973 Crores in Q1FY26 against Rs. 2956 Crores in Q4FY25. Also, rose by 23.69% YoY from Rs. 2403 Crores in Q1FY25.
- 7) **NIM (Global)** decreased to 3.23% in Q1FY26 against 3.37% in Q4FY25 and 3.44% in Q1FY25, respectively.
- 8) **Cost of deposits** increased to 5.14% in Q1FY26 against 5.10% in Q4FY25 and 5.05% in Q1FY25, respectively. **Cost of Funds** increased to 5.23% in Q1FY26 against 5.21% in Q4FY25 and 5.12% in Q1FY25, respectively. **Yield on Advances** decreased to 8.58% in Q1FY26 against 8.64% in Q4FY25 and 8.69% in Q1FY25, respectively.
- 9) **Cost/Income ratio** increased marginally to 45.78% in Q1FY26 against 45.05% in Q4FY25 and 44.31% in Q1FY25, respectively.
- 10) **The total Government guaranteed advances** came down to Rs. 25183 Crores in Q1FY26 against Rs. 28356 Crores in Q4FY25 and from Rs. 28923 Crores in Q1FY24.
- 11) **CASA ratio** declined to 38.37% Q1FY26 against 40.17% in Q4FY25 and 40.56% in Q1FY25, respectively.
- 12) **C/D ratio** increased to 80.77% in Q1FY26 against 79.79% in Q4FY25 and 79.15% in Q1FY24, respectively.
- 13) **Return on assets (ROA)** came down to 1.34% in Q1FY26 against 1.37% in Q4FY25 but increased from 1.20% in Q1FY24.
- 14) **Fresh slippages** decreased to Rs. 1334 Crores in Q1FY26 against Rs. 1393 Crores in Q4FY25 and Rs. 1928 Crores in Q1FY25. Recovery + Upgradation increased to Rs. 2059 Crore in Q1FY26 against Rs. 1782 Crore in Q4FY25 and Rs. 1937 Crores in Q1FY25.
- 15) **Gross NPA ratio** improved to 3.01% in Q1FY26 against 3.09% in Q4FY25 and 3.77% in Q1FY25. Net NPAs ratio improved to 0.18% in Q1FY26 against 0.19% in Q4FY25 and 0.39% in Q1FY25.
- 16) **Credit cost** decreased substantially to 0.28% in Q1FY26 from 0.81% in Q4FY25 and 0.71% in Q1FY25, respectively.
- 17) **Provision Coverage ratio** rose further to 98.20% in Q1FY26 against 98.10% in Q4FY25 and 96.66% in Q1FY25.
- 18) **The Bank's Capital Adequacy ratio** declined marginally to 17.80% in Q1FY26 against 17.94% in Q4FY25 and inched up from 16.47% in Q1FY25.

### KEY FINANCIAL INDICATORS – Q1FY26

<b>CMP (25.07.2025)</b>	: Rs. 637.55
<b>Face Value</b>	: Rs. 10
<b>Book value per share</b>	: Rs. 448.29
<b>Market Capitalisation</b>	: Rs. 85875.43 Crs.
<b>Capital Adequacy Ratio</b>	: 17.80%
<b>C/D ratio</b>	: 80.77%
<b>CASA ratio (Domestic)</b>	: 38.97%
<b>Net Interest Margin (NIM)</b>	: 3.23%
<b>Cost / Income ratio</b>	: 45.78%
<b>Gross NPA</b>	: 3.01%
<b>Net NPA</b>	: 0.18%
<b>PCR</b>	: 98.20%
<b>Slippage ratio</b>	: 0.94%
<b>Credit cost</b>	: 0.28%
<b>Return on Assets (Annualised)</b>	: 1.34%
<b>Return on Equity (Annualised)</b>	: 20.26%

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### Management Comments

- 19) In his very exhaustive opening remarks, Shri Binod Kumar, MD & CEO of the Bank, stated that the bank has taken various steps to increase CASA deposit. Bank has opened 12.17 lakh savings accounts in Q1FY26 and launched five CASA products for various customer segments to boost deposits. He mentioned plans to open 119 branches in FY26, mainly in Gujarat, Maharashtra, and Rajasthan, with 51 already operational. A senior citizen branch has also been opened to attract stable deposits.
- 20) On the digital front, the bank introduced a lighter version of the IndSMART app, designed specifically for transactions and UPI, aiming to drive customers toward using the bank's own platform rather than external apps. A dedicated MSME business app has also been introduced, featuring 13 digital journeys to enhance digital MSME lending. Additionally, the bank has introduced a digital KCC journey to simplify and digitize land record documentation. Also, the bank has implemented Agentic AI for collections to effectively manage SMA levels and minimize slippages.
- 21) The bank targets Rs. 2.25 lakh Crores in digital business for FY26, with Rs. 57,955 Crores achieved in Q1FY26 and is focusing on expanding its MSME portfolio. As shared by Executive Director Shri Ashutosh Choudhury, the Bank launched 11 digital journeys and introduced Employee Assist, a chatbot to support staff with internal guidelines.
- 22) Responding to an analyst's query on recoveries from written off accounts, Shri Binod Kumar shared that the Bank is targeting AUCA recoveries of Rs. 400–500 Crores in Q2FY26.
- 23) In response to an analyst's concern on NIM, the management expressed confidence to maintain NIM guidance of 3.15/3.20 % for FY26. However, he cautioned that margins could come under pressure if the RBI implements a rate cut exceeding 100 bps during FY26.
- 24) The bank expects to earn Rs. 1,000 Crores as PSLC commission in FY26 and has booked one-fourth of this amount in Q1FY26, added Shri Binod Kumar.