INDIAN BANK – Q1FY27

Result Update (13.07.2027)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"Balanced Growth, Steady Margins and Healthy Asset Quality Mark Q1 FY27"

Ajcon Global's observations & views

1. **The Bank proactively built a ₹1,000 crore floating provision ahead of full ECL adoption, reflecting prudent balance sheet management and likely to cushion the near-term credit cost impact of the ECL transition.**
2. **Management guidance remains constructive, with margins expected to sustain near the upper end of the 3.15–3.25% band, MSME stress not yet visible and improving branch-level execution supporting sustained growth momentum.**

Q1FY27 RESULT ANALYSIS

1) **Total Business** rose by 2.30% QoQ at Rs. 1529201 Crores in Q1FY27 against Rs. 1494839 Crores in Q4FY26 also up by 13.66% YoY from Rs. 1345436 Crores in Q1FY26.
2) **Total Advances** increased by 2.62% QoQ at Rs. 684623 Crores in Q1FY27 against Rs. 667113 Crores in Q4FY26 and rose by 13.89% YoY from Rs. 601147 Crores in Q1FY26.
3) **Total Deposits** rose by 2.04% QoQ at Rs. 844578 Crores in Q1FY27 against Rs. 827726 Crores in Q4FY26 and increased by 13.47% YoY from Rs. 744289 Crores in Q1FY26.
4) **Net Interest Income** increased by 4.59% QoQ at Rs. 7435 Crores in Q1FY27 against Rs. 7109 Crores in Q4FY26 and rose by 16.92% YoY from Rs. 6359 Crores in Q1FY26.
5) **Operating Profit** rose by 5.13% QoQ at Rs. 5557 Crores in Q1FY27 against Rs. 5286 Crores in Q4FY26 and up by 16.50% YoY from Rs. 4770 Crores in Q1FY26.
6) **Net Profit** increased by 5.48% QoQ at Rs. 3273 Crores in Q1FY27 against Rs. 3103 Crores in Q4FY26. Also, rose by 10.09% YoY from Rs. 2973 Crores in Q1FY26.
7) **Net Interest Margin (NIM)** increased to 3.29% in Q1FY27 against 3.23% in Q4FY26.

KEY FINANCIAL INDICATORS – Q1FY27

CMP (13.07.2026)	: Rs. 842.55
Face Value	: Rs. 10.00
Book value per share	: Rs. 510.72
Market Capitalisation	: Rs. 1,13,515.39 Crs.
Capital Adequacy Ratio	: 17.58%
C/D ratio	: 81.06%
CASA ratio (Domestic)	: 39.73%
Net Interest Margin (NIM)	: 3.29%
Cost / Income ratio	: 44.80%
Gross NPA	: 1.86%
Net NPA	: 0.15%
PCR	: 98.22%
Slippage ratio	: 0.77%
Credit cost	: 0.23%
Return on Assets (Annualised)	: 1.31%
Return on Equity (Annualised)	:19.48%

8) **Cost of Deposits** declined to 4.80% in Q1FY27 against 4.83% in Q4FY26 and 5.14% in Q1FY26, respectively. **Cost of Funds** decreased to 4.83% in Q1FY27 against 4.88% in Q4FY26 and 5.23% in Q1FY26. **Yield on Advances** came up to 8.09% in Q1FY27 against 8.07% in Q4FY26 but declined from 8.58% in Q1FY26, respectively.
9) **The Cost-to-Income ratio** improved to 44.80% in Q1FY27, from 44.99% in Q4FY26 and 45.78% in Q1FY26 — a decline both sequentially and YoY.
10) **The Total Government guaranteed advances** down to Rs. 21877 Crores in Q1FY27 against Rs. 27084 Crores in Q4FY26 and from Rs. 25183 Crores in Q1FY26.
11) **The CASA ratio** improved to 39.73% in Q1FY27, up from 39.67% in Q4FY26 and 38.97% in Q1FY26.
12) **C/D ratio** increased to 81.06% in Q1FY27 against 80.60% in Q4FY26 also from 80.77% in Q1FY26.
13) **Return on Assets (ROA)** rose to 1.31% in Q1FY27 against 1.28% in Q4FY26 but down from 1.34% in Q1FY26.
14) **Fresh Slippages** decreased to Rs. 1250 Crores in Q1FY27 against Rs. 1355 Crores in Q4FY26 and from Rs. 1334 Crores in Q1FY26. Total Recovery + Upgradation increased to Rs. 1885 Crore in Q1FY27 against Rs. 1499 Crore in Q4FY26 but down from Rs. 2059 Crores in Q1FY26, respectively.
15) **Gross NPA** improved to 1.86% in Q1FY27 against 1.98% in Q4FY26 and 3.01% in Q1FY26. Net NPAs remained same at 0.15% in Q1FY27.
16) **Credit Cost** decreased to 0.23% in Q1FY27 from 0.47% in Q4FY26 also from 0.28% in Q1FY26.
17) **Provision Coverage Ratio** remains at 98.22%.
18) **The Bank's Capital Adequacy Ratio** declined to 17.58% in Q1FY27, from 17.93% in Q4FY26.

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Management Comments

19) In his opening remarks, Shri Binod Kumar, MD & CEO, gave highlights of Bank’s performance in the quarter stating that the Bank delivered another quarter of balanced and sustainable growth while maintaining a healthy credit-deposit mix. Robust traction across the RAM portfolio supported business expansion. Profitability improved meaningfully, with NII, operating profit and net profit registering healthy growth, NIM expanding sequentially and the cost-to-income ratio improving to 44.8%. On PCR, management decided to maintain the ratio at 98.22% (against 98.28% last year), stating that doing so would only have reduced net NPA only marginally (to 0.13-0.14% from 0.15%), and hence the current level was considered appropriate.
20) On asset quality, recoveries of ₹1,885 crore outpaced slippages of ₹1,250 crore during the quarter, aided by one large ₹400 crore recovery, keeping the Bank firmly on track to achieve its full-year recovery guidance of ₹4,500–5,500 crore (₹1,900 crore already achieved) as well as its Gross NPA guidance of 1.50–1.60%.
21) SMA levels were largely flattish, with the increase in SMA-2 (₹190 crore) attributable to a single account under DCCO extension, which management expects to normalize as the revised repayment schedule takes effect. CASA remained broadly on track toward the Bank's 40% target; though management flagged sustaining this level as an ongoing area of focus going forward. Notably, branch-level target participation improved sharply to 51% from 25–27% a year earlier, reflecting stronger execution and engagement across the branch network, he added.
22) In response to a question on MSME stress and ECLGS disbursement, Shri Binod Kumar stated that while the Bank had anticipated some stress emerging in the MSME segment, this has not materialized so far & the SMA book has in fact improved, with no signs of stress visible as of now, though management remains watchful going forward. On ECLGS, he added that the Bank's total eligible amount stands at ~₹11,000 crore (as per the government-prescribed formula), of which ₹5,000 crore has already been disbursed, providing a cushion, should stress emerge in the MSME book.
23) Addressing the question on treasury performance and AFS reserves, the MD & CEO stated that the AFS reserve, which stood at negative ₹100 crore last quarter, has now improved to positive ₹500 crore. He added that treasury profit for the quarter came in ahead of internal expectations of ₹250–300 crore, aided by a decline in yields toward the end of the quarter, with the incremental gain flowing into the AFS reserve rather than being fully booked as trading profit.
24) In response to an analyst's query on the relatively muted NBFC growth (2% YoY) versus strong industry-wide NBFC credit growth reported by the RBI, Mr. Kumar stated that the Bank has remained selective in this segment, participating largely in AAA/AA-rated names despite ample opportunities in the market. He noted that the NBFC book had in fact declined by ~₹6,000–7,000 crore between June to March, with only ~₹3,000 crore added this quarter, as the Bank remains mindful of anticipated repayments during the year.
25) On the FCNR mobilization target, Mr. Binod Kumar stated that the Bank has raised ~$150 million so far, with a healthy $1 billion pipeline already in place. He clarified that the challenge lies not in raising FCNR deposits where traction remains strong but in funding the associated demand loans sought by depositors. He remained confident of achieving a combined $1.5–2 billion through FCNR and ECB during the year.