

BSE SENSEX	S&P CNX
37,319	11,222
Bloomberg	INBK IN
Equity Shares (m)	480
M.Cap.(INR b)/(USD b)	111.8 / 1.6
52-Week Range (INR)	380 / 201
1, 6, 12 Rel. Per (%)	-12/-3/-31
12M Avg Val (INR M)	535
Free float (%)	18.5

Financials & Valuations (INR b)

Y/E March	FY19	FY20E	FY21E
NII	70.2	76.6	86.0
OP	48.8	55.2	63.6
NP	3.2	11.5	19.1
NIM (%)	2.8	2.7	2.7
EPS (INR)	6.7	24.0	39.8
EPS Gr. (%)	-74.4	258.3	65.9
BV/Sh. (INR)	374	395	432
ABV/Sh. (INR)	273	303	346
RoE (%)	2.0	6.7	10.2
RoA (%)	0.1	0.4	0.6
Valuations			
P/E(X)	34.7	9.7	5.8
P/BV (X)	0.6	0.6	0.5
P/ABV (X)	0.9	0.8	0.7

CMP: INR233 TP: INR280 (+20%)

Buy

Operating performance in line; higher provisions drive losses

- INBK reported a loss of INR1.9b (our estimate: PAT of INR1.8b), dragged by higher provisions of INR16.4b (our estimate: INR10.1b). NII increased 8% YoY to INR17.6b (in-line), as the margin expanded 7bp QoQ to 2.95%. **For FY19**, NII grew by 12%, while PAT stood at INR3.2b (v/s INR12.6b in FY18).
- Total income grew 10% YoY, as fee income picked up to INR3.4b in a seasonally strong quarter, while forex income nearly doubled to INR841m. However, growth in total income trailed that in opex (+13% YoY), leading to modest PPOp growth of 7% YoY. C/I ratio was at 46.6% (4QFY18: 45.3%).
- Loan book grew by 15.8% YoY to INR1.8t, while deposits increased 16.2% YoY to INR2.4t. The share of RAM advances stood at 58.1% (v/s 56.9% in 4Q FY18). CASA deposit growth stood at 9.2% YoY, leading to a marginal decline in the CASA ratio to 35.5% (v/s 35.7% in 3QFY19).
- Slippages moderated to INR10.1b (v/s INR17.5b in 3QFY19), while recoveries/upgrades came in at INR2.6b/INR0.6b. Absolute GNPA increased 1.2% QoQ to INR133.5b, while NNPA declined 10.3% QoQ to INR67.9b. GNPA/NNPA ratio declined 35bp/67bp QoQ to 7.1%/3.8%, while the PCR ratio was up 649bp QoQ to 49.1% (PCR incl. TWO stood at 65.7%).
- **Other highlights:** (i) Slippages run-rate guided at INR8-9b/quarter for FY20. (ii) PCR on NCLT exposure at 83%. (iii) Tier-1 ratio was at 11.3%, with total CAR of 13.2%. (iv) O/s SMA-1/2 book was at 5.1%/1.5% of domestic advances.
- **Valuation view:** INBK has reported a weak performance over the past few quarters, as the focus of new management remains on balance sheet cleansing. We expect the bank to report a gradual recovery in earnings, led by an improved slippage trajectory, and RoA/RoE to improve to 0.6/10% by FY21. We have fine-tuned our earnings estimates to factor in the current weakness and elevated provisions. INBK has a strong capital position with tier-1 of 11.3%, and thus, is well poised to sustain healthy loan growth. We maintain **Buy** with a TP of INR280 (0.8x FY21E ABV).

Quarterly performance

Y/E March	FY18				FY19				FY18	FY19	FY19E	v/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	14,595	15,436	16,227	16,377	18,070	17,309	17,167	17,635	62,636	70,181	17,507	1%
Other Income	6,521	7,146	5,489	4,903	4,398	4,283	4,452	5,696	24,058	18,829	5,151	11%
Total Income	21,116	22,582	21,715	21,280	22,468	21,593	21,619	23,330	86,694	89,010	22,658	3%
Operating Expenses	8,592	8,826	9,623	9,643	9,492	9,682	10,153	10,876	36,684	40,204	10,131	7%
Operating Profit	12,524	13,756	12,092	11,638	12,976	11,910	11,466	12,454	50,010	48,806	12,527	-1%
% Change (YoY)	38.7	36.7	18.4	8.7	3.6	-13.4	-5.2	7.0	25.0	-2.4	7.6	-62
Other Provisions	7,156	7,446	9,181	15,463	10,296	10,043	9,237	16,388	39,246	45,964	10,070	63%
Profit before Tax	5,368	6,310	2,911	-3,826	2,680	1,867	2,229	-3,934	10,764	2,842	2,457	NM
Tax	1,644	1,795	-120	-5,145	587	366	707	-2,037	-1,826	-377	649	NM
Net Profit	3,724	4,515	3,031	1,320	2,093	1,501	1,523	-1,898	12,590	3,219	1,808	NM
% Change (YoY)	21.1	11.5	-18.8	-58.7	-43.8	-66.7	-49.8	NM	-10.4	-74.4	37.0	NM
Operating Parameters												
Deposits (INR b)	1,915	1,987	2,065	2,083	2,102	2,195	2,258	2,421	2,083	2,421	2,337	4%
Loans (INR b)	1,294	1,392	1,483	1,566	1,584	1,670	1,712	1,813	1,566	1,813	1,779	2%
Asset Quality												
Gross NPA (%)	7.2	6.7	6.3	7.4	7.2	7.2	7.5	7.1	7.4	7.1	7.8	-70
Net NPA (%)	4.1	3.4	3.3	3.8	3.8	4.2	4.4	3.8	3.8	3.7	4.2	-48
PCR (%)	45.7	50.7	48.9	50.3	49.3	42.8	42.6	49.1	50.3	49.1	45.8	336

Source: Company, MOFSL

Exhibit 1: Quarterly Snapshot

	FY17		FY18				FY19				Change (%)	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss (INRm)												
Net Interest Income	12,465	13,850	14,595	15,436	16,227	16,377	18,070	17,309	17,167	17,635	8	3
Other Income	5,997	5,854	6,521	7,146	5,489	4,903	4,398	4,283	4,452	5,696	16	28
Trading profits	2,895	1,352	3,033	2,622	756	206	172	50	575	958	366	67
Recoveries	220	1,797	534	667	1,553	1,442	1,435	803	788	543	-62	-31
Core Fees	2,882	2,705	2,954	3,857	2,593	3,256	2,791	2,928	2,628	3,353	3	28
Total Income	18,462	19,704	21,116	22,582	21,715	21,280	22,468	21,593	21,619	23,330	10	8
Operating Expenses	8,250	9,002	8,592	8,826	9,623	9,643	9,492	9,682	10,153	10,876	13	7
Employee	4,974	5,143	5,110	5,097	5,312	5,484	5,543	5,320	5,646	5,719	4	1
Others	3,276	3,859	3,482	3,729	4,311	4,159	3,949	4,362	4,507	5,157	24	14
Operating Profits	10,212	10,702	12,524	13,756	12,092	11,638	12,976	11,910	11,466	12,454	7	9
Core Operating Profits	7,317	9,350	9,491	11,134	11,336	11,432	12,804	11,861	10,891	11,496	1	6
Provisions	5,403	8,069	7,156	7,446	9,181	15,463	10,296	10,043	9,237	16,388	6	77
NPA provisions	5,459	6,084	6,909	6,334	3,936	17,720	4,566	7,525	9,739	14,329	-19	47
Provisions on Inv.	12	1,631	-151	388	4,703	-1,804	6,481	3,260	-552	1,163	NM	NM
PBT	4,809	2,633	5,368	6,310	2,911	-3,826	2,680	1,867	2,229	-3,934	NM	NM
Taxes	1,074	-565	1,644	1,795	-120	-5,145	587	366	707	-2,037	NM	NM
PAT	3,735	3,198	3,724	4,515	3,031	1,320	2,093	1,501	1,523	-1,898	NM	NM
Balance Sheet (INRb)												
Deposits	1,837	1,825	1,915	1,987	2,065	2,083	2,102	2,195	2,258	2,421	16	7
Loans	1,220	1,277	1,294	1,392	1,483	1,566	1,584	1,670	1,712	1,813	16	6
Asset Quality (INRb)												
GNPA	97	99	97	96	96	120	118	123	132	134	11	1
NNPA	58	56	52	47	49	60	60	71	76	68	14	-10
Slippages	9	6	7	4	10	30	14	23	17	10	-67	-43
Ratios												
	FY17		FY18				FY19				Change (bps)	
Asset Quality Ratios (%)	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA	7.7	7.5	7.2	6.7	6.3	7.4	7.2	7.2	7.5	7.1	-26	-35
NNPA	4.8	4.4	4.1	3.4	3.3	3.8	3.8	4.2	4.4	3.8	-6	-67
PCR (Cal.)	40.1	43.2	45.7	50.7	48.9	50.3	49.3	42.8	42.6	49.1	-117	649
PCR (Inc. TWO)	56.5	58.1	61.7	65.4	64.7	64.3	64.4	60.8	60.9	65.7	145	481
Credit Cost	1.8	1.9	2.2	1.9	1.2	5.0	1.3	2.0	2.4	3.4	-159	95
Business Ratios (%)												
Fees to Total Income	16.8	22.8	16.5	20.0	21.8	22.1	18.8	19.6	17.9	20.3	-177	238
Cost to Core Income	53.0	49.1	47.5	44.2	45.9	45.8	42.6	44.9	48.2	48.6	286	37
Tax Rate	22.3	-21.5	30.6	28.4	-4.1	134.5	21.9	19.6	31.7	51.8	NM	NM
CASA	38.7	37.7	36.5	37.2	37.8	37.8	37.9	36.1	35.7	35.5	-232	-25
Loan/Deposit	66.4	70.0	67.6	70.1	71.8	75.2	75.4	76.1	75.8	74.9	-29	-91
Profitability Ratios (%)												
Yield on loans	9.1	9.2	8.7	8.6	8.6	8.2	8.6	8.4	8.4	8.4	28	2
Yield On Investments	0.0	7.2	7.3	7.2	7.2	7.3	7.2	7.1	7.5	7.6	34	16
Cost of Deposits	5.9	6.0	5.5	5.3	5.3	5.1	5.2	5.2	5.4	5.3	20	-3
Margins	2.5	2.7	2.7	2.9	2.9	2.8	3.1	3.0	2.9	3.0	11	7
ROA	0.7	0.6	0.7	0.8	0.5	0.2	0.3	0.2	0.2	-0.3	-49	-51
Other Details												
Branches	2,617	2,682	2,687	2,695	2,736	2,823	2,822	2,827	2,839	2,872	49	33
ATM	3,319	3,358	NA	3,202	NA	3,399	3,381	3,579	3,787	3,892	493	105

Source: Company, MOFSL

Exhibit 2: Actuals v/s estimates: Higher provisions led to losses

Y/E MARCH (INR m)	4QFY19A	4QFY19E	Var. (%)	Comments
Net Interest Income	17,635	17,507	1	In line
% Change (Y-o-Y)	8	7		
Other Income	5,696	5,151	11	Higher than expected fee income
Total Income	23,330	22,658	3	
Operating Expenses	10,876	10,131	7	Opex were higher than expected
Operating Profit	12,454	12,527	-1	Beat in other income offset by miss on opex led to in line PPOp
% Change (Y-o-Y)	7	8		
Other Provisions	16,388	10,070	63	Provisions were higher than expected
Profit before Tax	-3,934	2,457	-260	
Tax	-2,037	649	-414	
Net Profit	-1,898	1,808	-205	Higher provisions led to losses
% Change (Y-o-Y)	-244	37.0		

Source: Company, MOFSL

Other highlights

- Slippages declined 43% QoQ to INR10.1b (INR17.5b in 3QFY19), while recoveries/upgrades came in at INR2.6b/INR0.6b. The annualized slippage ratio stood at 2.6% (v/s 4.7% in 3QFY19).
- Provisions for NPA for 4QFY19 came in at INR14.3b v/s INR9.7b in 3QFY19. The bank's credit cost in the quarter increased to 3.4% v/s 2.4% in 3QFY19, while PCR increased 649bp to 49.1% (PCR Inc. TWO stood at 65.7%).
- Absolute GNPL increased 1.2% QoQ to 133.5b, while NNPLs declined 10.3% QoQ to INR67.9b. GNPL/NNPL ratio declined 35bp/67bp QoQ to 7.1%/3.8%.
- O/S SMA-1 and SMA-2 stood at 5.1%/1.46% of domestic advances as on 4QFY19 (v/s 7.84%/2.37% in 2HFY19).
- The bank remains sufficiently capitalized, with a CET 1 ratio at 11.0% and a tier 1 ratio at 11.3% (CAR of 13.2%).

4QFY19 concall highlights**Asset quality related**

- Slippages include one account of INR3b.
- IL&FS turned sub-standard in January.
 - Total exposure of INR18b.
 - Except two accounts (INR2.5b), everything has been declared as NPA.
 - PCR on the IL&FS stood at 23%.
- SMA-2 stands at INR23.6b.
- 50% of SMA-1 are corporate accounts.
- Exposure to stressed accounts
 - DHFL: ~INR13b loan exposure including NCD
 - IBHFL: INR12.64b
 - ADAG: INR7b (NPA portion is INR5b). Provision has been made according to the IRAC norms.
 - Essel: INR1b (Performing)
- No exposure to telecom, airways and media group.
- No upgrades in the power sector in this quarter. Resolution for 'Prayagraj' power project is in the advanced stage.
- INR9.6b of MSME has been restructured since Jan'19, on which a provision of 5% has been made.
- Total standard restructured assets stand at INR20b.

- Slippages: 66% from corporate, 16% from MSME, 10% from agri and retail each.
- INR2.2b of divergence provision was made in this quarter.

Balance sheet and P&L related

- Plans to monetize two subsidiaries.
- Ind Bank Housing: Deposit taking NBFC; planning to bring in a strategic partner.
- Merchant banking services (PAT: INR30m).
- Education loan portfolio is at INR30b.
- 80% of the agriculture portfolio is from south India and ~70% is collateralized.
- Branches: 2,872.

Guidance

- Growth of 13%-15% in advances and deposits.
- NNPA: 3%-3.1%.
- Slippage run rate: INR8b to INR9b per quarter.
- INR8b of recovery from NCLT is expected and upgrades of INR6b.
- Normal recovery: INR13b.
- Planning to raise capital in 2Q/3Q.

Buy with a target price of
INR280 (0.8x FY21E ABV)

Valuation view

INBK has reported a weak performance over the past few quarters, as the focus of new management remains on balance sheet cleansing. We expect the bank to report a gradual recovery in earnings, led by an improved slippage trajectory, and RoA/RoE to improve to 0.6/10% by FY21. We have fine-tuned our earnings estimates to factor in the current weakness and elevated provisions. INBK has a strong capital position with tier-1 of 11.3%, and thus, is well poised to sustain healthy loan growth. We maintain Buy with a TP of INR280 (0.8x FY21E ABV).

Exhibit 3: We fine tune our earnings estimates for FY19/20

INR B	Old Est.		Rev. Est.		Chg. (%)/bps	
	FY20	FY21	FY20	FY21	FY20	FY21
Net Interest Income	75.0	92.1	76.6	86.0	2.1	-6.6
Other Income	20.4	23.4	21.3	24.5	4.4	4.4
Total Income	95.4	115.5	97.9	110.5	2.6	-4.4
Operating Expenses	44.7	50.6	42.7	46.9	-4.4	-7.3
Operating Profit	50.7	64.9	55.2	63.6	8.8	-2.1
Provisions	34.3	36.2	39.8	37.4	15.8	3.1
PBT	16.3	28.7	15.4	26.2	-5.9	-8.6
Tax	4.4	8.6	3.8	7.1	-12.9	-17.7
PAT	11.9	20.1	11.5	19.1	-3.3	-4.7
Loans	2,108	2,508	2,085	2,418	-1.1	-3.6
Deposits	2,711	3,145	2,760	3,160	1.8	0.5
Margins (%)	2.6	2.7	2.7	2.7	13.5	-1.5
Credit Cost (%)	1.7	1.5	2.0	1.6	30.0	10.0
RoA (%)	0.4	0.6	0.4	0.6	-0.7	-1.2
RoE (%)	7.1	11.0	6.7	10.2	-42.7	-80.6
EPS	24.8	41.8	24.0	39.8	-3.3	-4.7
BV	384.6	421.2	395.4	431.7	2.8	2.5
ABV	274.5	322.9	303.1	346.1	10.4	7.2

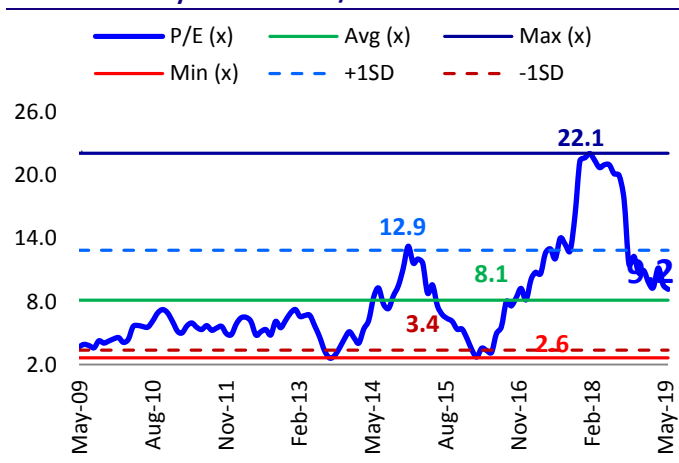
Source: MOFSL, Company

Exhibit 4: DuPont Analysis: Return ratios expected to pick up gradually over FY21

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	8.34	8.19	7.60	7.27	7.20	7.33	7.31
Interest Expense	5.99	5.95	5.16	4.61	4.57	4.77	4.79
Net Interest Income	2.35	2.24	2.44	2.66	2.63	2.55	2.52
Fee income	0.60	0.74	0.63	0.74	0.58	0.54	0.56
Trading and others	0.12	0.15	0.41	0.28	0.12	0.17	0.16
Other Income	0.72	0.90	1.05	1.02	0.71	0.71	0.72
Total Income	3.07	3.14	3.49	3.68	3.34	3.26	3.23
Operating Expenses	1.48	1.61	1.59	1.56	1.51	1.42	1.37
Employees	0.92	1.01	0.94	0.89	0.82	0.78	0.74
Others	0.56	0.60	0.65	0.67	0.69	0.64	0.63
Operating Profits	1.59	1.53	1.90	2.12	1.83	1.84	1.86
Provisions	0.81	1.05	1.06	1.67	1.73	1.33	1.09
NPA	0.68	1.21	0.98	1.47	1.68	1.30	1.05
Others	0.13	-0.16	0.08	0.19	0.05	0.03	0.04
PBT	0.77	0.48	0.83	0.46	0.11	0.51	0.77
Tax	0.24	0.12	0.17	-0.08	-0.01	0.13	0.21
RoA	0.53	0.36	0.67	0.53	0.12	0.38	0.56
Leverage (x)	15.8	15.2	15.1	15.5	16.3	17.3	18.3
RoE	8.3	5.5	10.1	8.3	2.0	6.7	10.2

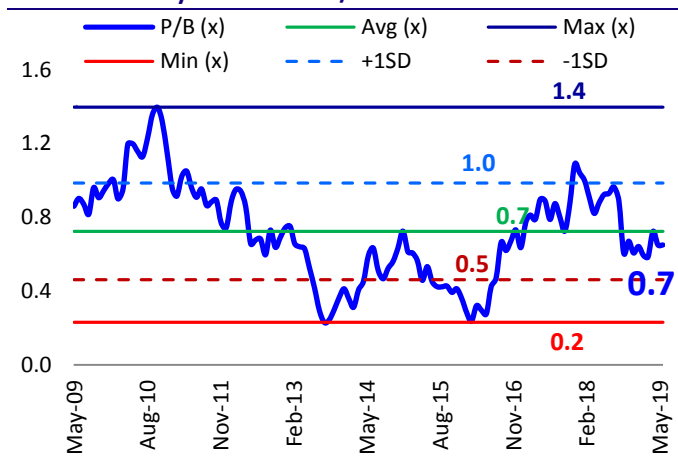
Source: Company, MOFSL

Exhibit 5: One-year forward P/E



Source: MOFSL

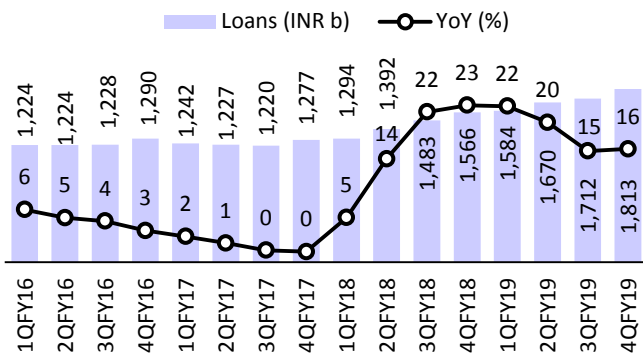
Exhibit 6: One-year forward P/B



Source: MOFSL

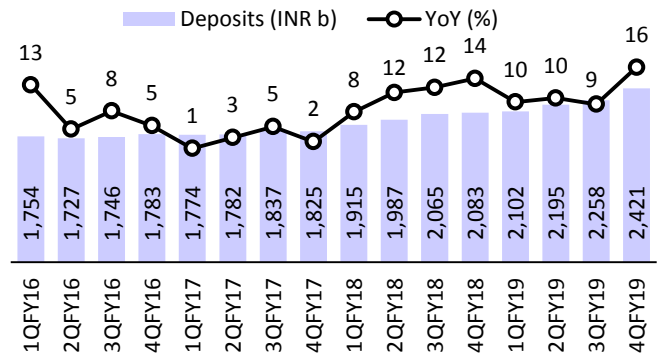
Story in charts

Exhibit 7: Loans growth stood at 16% YoY



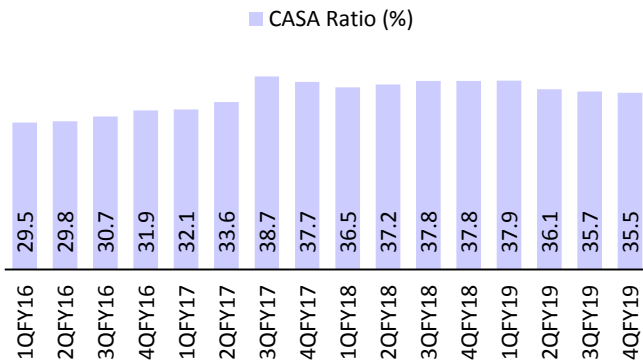
Source: MOFSL, Company

Exhibit 8: Deposits growth picked up to 16% YoY



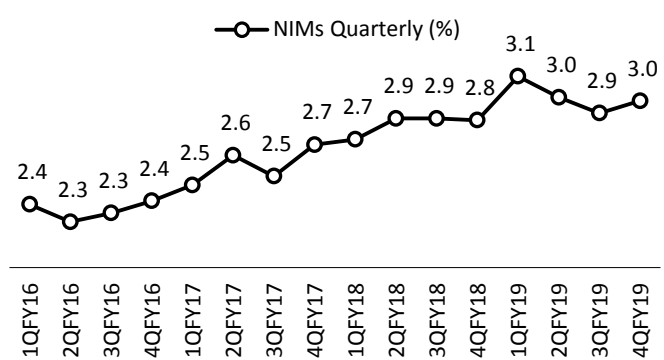
Source: MOFSL, Company

Exhibit 9: CASA ratio stood largely stable at 35.5%



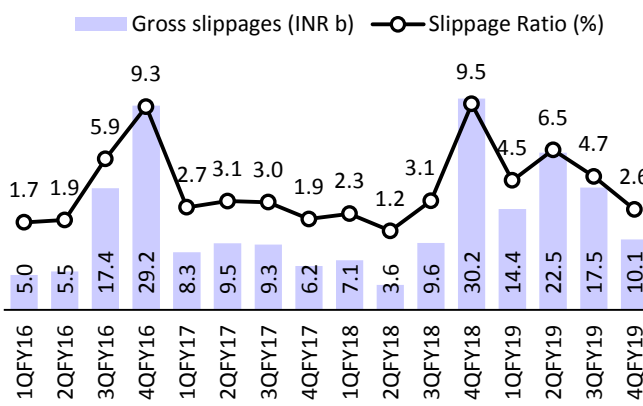
Source: MOFSL, Company

Exhibit 10: NIM expanded 7bp QoQ to 2.95%



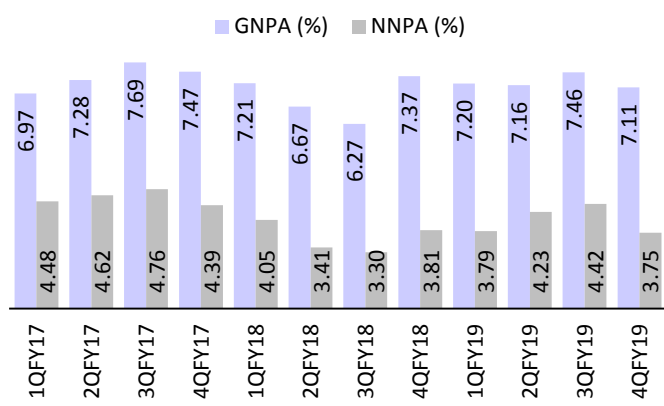
Source: MOFSL, Company

Exhibit 11: Slippages ratio declined to 2.6% for 4QFY19



Source: MOFSL, Company

Exhibit 12: GNPA/NNPA ratios declined 35bp/67bp QoQ



Source: MOFSL, Company

Financials and valuations

Income Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	1,58,530	1,62,438	1,60,398	1,71,136	1,91,848	2,19,711	2,49,584
Interest Expense	1,13,917	1,17,976	1,08,937	1,08,501	1,21,667	1,43,126	1,63,596
Net Interest Income	44,613	44,462	51,461	62,636	70,181	76,586	85,988
Growth (%)	2.3	-0.3	15.7	21.7	12.0	9.1	12.3
Non-Interest Income	13,634	17,814	22,114	24,058	18,829	21,277	24,468
Total Income	58,247	62,276	73,575	86,694	89,010	97,863	1,10,457
Growth (%)	1.6	6.9	18.1	17.8	2.7	9.9	12.9
Operating Expenses	28,109	31,955	33,567	36,684	40,204	42,697	46,890
Pre Provision Profits	30,138	30,321	40,008	50,010	48,806	55,166	63,566
Growth (%)	3.9	0.6	31.9	25.0	-2.4	13.0	15.2
Core PPOP	27,933	27,251	31,289	43,393	45,498	50,203	58,107
Growth (%)	10.9	-2.4	14.8	38.7	4.9	10.3	15.7
Provisions (exc. tax)	15,451	20,768	22,425	39,246	45,964	39,787	37,354
PBT	14,687	9,553	17,583	10,764	2,842	15,379	26,212
Tax	4,635	2,439	3,526	-1,826	-377	3,845	7,077
Tax Rate (%)	31.6	25.5	20.1	-17.0	-13.3	25.0	27.0
PAT	10,052	7,114	14,057	12,590	3,219	11,534	19,135
Growth (%)	-13.3	-29.2	97.6	-10.4	-74.4	258.3	65.9

Balance Sheet

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	4,803	4,803	4,803	4,803	4,803	4,803	4,803
Reserves & Surplus	1,43,530	1,57,795	1,66,817	1,79,681	1,89,084	1,99,499	2,16,955
Net Worth	1,48,333	1,62,598	1,71,620	1,84,484	1,93,887	2,04,302	2,21,758
Deposits	16,92,252	17,82,858	18,25,093	20,82,942	24,20,759	27,59,666	31,59,817
Growth (%)	4.3	5.4	2.4	14.1	16.2	14.0	14.5
of which CASA Dep.	4,86,919	5,57,592	6,76,778	7,69,653	8,34,590	9,86,649	12,76,566
Growth (%)	10.5	14.5	21.4	13.7	8.4	18.2	29.4
Borrowings	26,461	35,093	1,26,369	1,97,602	1,21,375	1,64,054	1,82,048
Other Liabilities & Prov.	61,313	56,555	59,250	62,130	64,631	67,862	71,934
Total Liabilities	19,28,359	20,37,104	21,82,332	25,27,158	28,00,653	31,95,885	36,35,558
Current Assets	1,30,811	1,19,992	1,00,417	1,29,278	2,00,204	1,84,194	1,97,170
Investments	4,58,986	5,30,894	6,75,518	7,13,978	6,49,922	7,47,410	8,07,203
Growth (%)	-1.9	15.7	27.2	5.7	-9.0	15.0	8.0
Loans	12,58,636	12,90,491	12,76,993	15,65,689	18,12,619	20,84,512	24,18,034
Growth (%)	3.0	2.5	-1.0	22.6	15.8	15.0	16.0
Fixed Assets	29,687	35,111	34,426	34,183	39,614	44,764	48,345
Other Assets	50,239	60,616	94,978	84,030	98,294	1,35,004	1,64,806
Total Assets	19,28,359	20,37,104	21,82,332	25,27,158	28,00,653	31,95,885	36,35,558

Asset Quality

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
GNPA	56,705	88,269	98,650	1,19,901	1,33,535	1,32,445	1,31,381
NNPA	31,470	54,195	56,065	59,596	67,931	61,985	57,312
GNPA Ratio	4.51	6.84	7.73	7.66	7.37	6.35	5.43
NNPA Ratio	2.50	4.20	4.39	3.81	3.75	2.97	2.37
Slippage Ratio	2.69	4.48	2.59	3.55	4.00	2.00	1.60
Credit Cost	1.04	1.88	1.62	2.44	2.65	2.00	1.60
PCR (Exc. Tech. write off)	44.5	38.6	43.2	50.3	49.1	53.2	56.4

Financials and valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Yield and Cost Ratios (%)							
Avg. Yield- on Earning Assets	8.7	8.6	8.0	7.7	7.6	7.7	7.8
Avg. Yield on loans	9.7	9.4	8.9	8.3	8.4	8.6	8.6
Avg. Yield on Investments	7.9	8.5	7.4	7.4	7.5	7.4	7.0
Avg. Cost of Int. Bear. Liab.	6.7	6.7	5.8	5.1	5.0	5.2	5.2
Avg. Cost of Deposits	6.8	6.6	5.9	5.2	5.2	5.4	5.3
Interest Spread	2.0	1.9	2.3	2.5	2.5	2.5	2.5
Net Interest Margin	2.4	2.3	2.6	2.8	2.8	2.7	2.7

Capitalisation Ratios (%)

CAR	12.9	13.2	13.6	12.8	13.2	12.8	12.1
Tier I	10.6	12.1	12.2	11.5	11.3	10.9	10.4
Tier II	2.3	1.1	1.4	1.2	1.9	1.8	1.7

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	74.4	72.4	70.0	75.2	74.9	75.5	76.5
CASA Ratio	28.8	31.3	37.1	37.0	34.5	35.8	40.4
Cost/Assets	1.5	1.6	1.5	1.5	1.4	1.3	1.3
Cost/Total Income	48.3	51.3	45.6	42.3	45.2	43.6	42.5
Cost/Core income	50.2	54.0	51.8	45.8	46.9	46.0	44.7
Int. Expense/Int. Income	71.9	72.6	67.9	63.4	63.4	65.1	65.5
Fee Income/Total Income	19.6	23.7	18.2	20.1	17.4	16.7	17.2
Non Int. Inc./Total Income	23.4	28.6	30.1	27.8	21.2	21.7	22.2
Emp. Cost/Total Expense	62.0	62.8	59.3	57.3	54.3	54.7	53.8
Investment/Deposit Ratio	27.1	29.8	37.0	34.3	26.8	27.1	25.5

Profitability Ratios and Valuation

RoE	8.3	5.5	10.1	8.3	2.0	6.7	10.2
RoA	0.5	0.4	0.7	0.5	0.1	0.4	0.6
RoRWA	0.9	0.6	1.1	0.8	0.2	0.7	1.0
Book Value (INR)	283	307	326	354	374	395	432
Growth (%)	4.4	8.5	6.4	8.5	5.5	5.8	9.2
Price-BV (x)	0.8	0.8	0.7	0.7	0.6	0.6	0.5
Adjusted BV (INR)	236	227	244	265	273	303	346
Price-ABV (x)	1.0	1.0	1.0	0.9	0.9	0.8	0.7
EPS (INR)	21.3	14.8	29.3	26.2	6.7	24.0	39.8
Growth (%)	-17.9	-30.4	97.6	-10.4	-74.4	258.3	65.9
Price-Earnings (x)	10.9	15.7	8.0	8.9	34.7	9.7	5.8
Dividend Per Share (INR)	5.1	1.8	7.0	0.0	0.0	2.3	3.5
Dividend Yield (%)	2.2	0.8	3.0	0.0	0.0	1.0	1.5

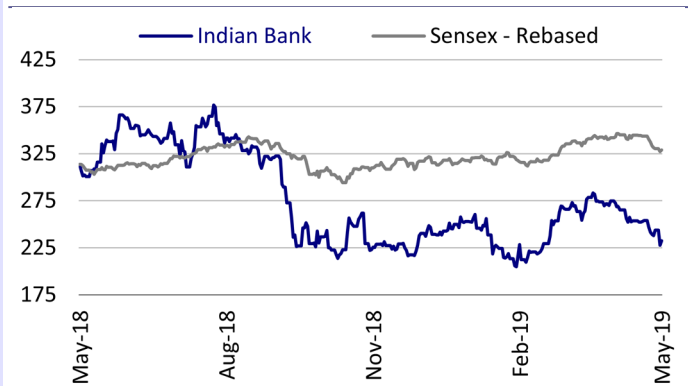
Source: Company, MOFSL

Corporate profile

Company description

Set up in 1907, Indian Bank (INBK) is a medium-sized public sector bank. The bank made its initial public offering in 2007. INBK is amongst the oldest commercial banks. The bank has an established presence in South India with ~60% of branches in that region. INBK has a network of 2,872 branches and 3,892 ATMs in India.

Exhibit 1: Sensex rebased



Source: MOFSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-19	Dec-18	Mar-18
Promoter	81.5	81.7	81.9
DII	10.0	10.2	8.6
FII	5.7	5.2	6.5
Others	2.8	2.9	3.1

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
HDFC TRUSTEE COMPANY LTD	4.4
L&T Mutual Fund Trustee Limited	2.7
LIFE INSURANCE CORPORATION OF INDIA	1.9
HSBC GLOBAL INVESTMENT FUINDS – INDIAN EQUITY	1.1

Source: Capitaline

Exhibit 4: Top management

Name	Designation
T C Venkat Subramanian	Chairman (Non-Executive)
Padmaja Chunduru	Managing Director & CEO
Shenoy Vishwanath V	Executive Director
M K Bhattacharya	Executive Director
Krishnan P A	CFO
Sudhakar R Iyer	Chief Vigilance Officer

Source: Capitaline

Exhibit 5: Directors

Name	Name
Amit Agrawal	S K Panigrahy
Vijay Kumar Goel	Bharat Krishna Sankar
Vinod Kumar Nagar	Salil Kumar Jha

*Independent

Exhibit 6: Auditors

Name	Type
K C Mehta & Co	Statutory
Gandhi Minocha & Co	Statutory
P S Subramania Iyer & CO	Statutory
PAMS & Associates	Statutory
M Thomas & CO	Statutory

Source: Capitaline

Exhibit 7: MOFSL forecast v/s consensus

EPS (INR)	MOFSL forecast	Consensus forecast	Variation (%)
FY20	24.0	35.5	-32.4
FY21	39.8	52.3	-23.9

Source: Bloomberg

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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