

### Impressive Performance; Upgrade to BUY

- Indian Bank reported NII and PPOP growth of 31% and 10% YoY respectively on a merged basis, in line with expectations. Pro-forma Gross NPAs were marginally higher at 10.38% against 10.2% in the previous quarter, with **pro forma PCR at 69%**. The bank has made provisions of 20% against standstill NPAs.
- Restructuring pipeline was at 1.62%** of standard advances. This excludes MSME restructuring under the earlier relief program at 1.1% of loans. Majority of restructuring proposals (~85%) were from the corporate book, including the bank's exposure to Future group.
- Loan growth at 7% YoY and 6% sequentially surprised positively and was led by retail (mainly home and auto) and SME segments. **Disbursements under ECLGS** stood at Rs 54.58bn or 1.5% of advances.
- Asset quality trends are encouraging and better than expectations. **SMA portfolio is now closer to pre-COVID levels** including SMA 0,1,2 (excluding standstill NPAs) loans.
- Despite its recent amalgamation with Allahabad bank, Indian bank remains amongst the only PSB undergoing consolidation that has consistently managed to **surprise on the positive on both growth and asset quality front**. The bank also continues to stand out for its better capital position amongst PSBs with CET 1 at 10.35% and healthy capital consumption (RWA/total assets at 49.6%), lowering the need for any immediate capital raise.
- We lower our slippages and restructuring expectations, resulting in earnings upgrade of 30%/6%/15% over FY21-23E. Credit costs may however continue to remain high over FY22E given low provisioning buffers.
- Limited visible stress even three quarters post the merger gives us confidence that merger related concerns may be behind the bank. Valuing the bank at 0.7x Sep-22E P/ABV, implying a TP of Rs130, we upgrade the stock to **BUY from ACCUMULATE against a RoA of 0.6%/0.8% for FY22E/23E**. The stock currently trades at 0.4x Sep22E PABV and has underperformed relative to the rest of PSU pack.

### Q3FY21 Result (Rs Mn)

Particulars	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)
Net interest income	43,133	19,552	120.6	41,440	4.1
Other income	13,968	10,386	34.5	16,117	(13.3)
Total Net Income	57,101	29,938	90.7	57,558	(0.8)
Operating expenses	26,111	10,750	142.9	27,608	(5.4)
Pre-provision profits	30,990	19,188	61.5	29,950	3.5
Provisions	23,144	15,293	51.3	22,841	1.3
Tax expense	2,704	1,424	89.9	2,986	(9.4)
Reported Net Profit	5,143	2,472	108.1	4,123	24.7
			(bps)		(bps)
Advances Growth (%)	95.9	8.2	NA	81.8	NA
NIM (%)	3.1	2.9	21	3.1	6
RoA (%)	0.4	0.3	11	0.4	8
RoE (%)	7.0	4.6	233	5.6	133
Gross NPA (%)	9.0	7.2	184	9.9	(85)

\* YoY numbers not comparable due to merger with Allahabad Bank

CMP	Rs 91
Target / Upside	Rs 130 / 43%
NIFTY	14,372

### Scrip Details

Equity / FV	Rs 11,294mn / Rs 10
Market Cap	Rs 103bn USD 1bn
52-week High/Low	Rs 110/ 42
Avg. Volume (no)	4,274,330
Bloom Code	INBK IN

Price Performance	1M	3M	12M
Absolute (%)	7	48	(13)
Rel to NIFTY (%)	1	28	(31)

### Shareholding Pattern

	Jun'20	Sep'20	Dec'20
Promoters	83.5	88.1	88.1
MF/Banks/FIs	6.3	4.1	3.9
FIIIs	2.3	0.9	0.8
Public / Others	7.9	6.9	7.2

### Valuation (x)

	FY21E	FY22E	FY23E
P/E	7.6	2.9	1.9
P/ABV	0.7	0.5	0.4
ROAA	0.3	0.6	0.8
ROAE	4.7	10.0	14.2

### Estimates (Rs mn)

	FY21E	FY22E	FY23E
NII	166,152	175,934	188,047
PPOP	114,860	119,003	129,314
PAT	13,460	35,865	54,888
Adj BV	138.5	181.0	231.2

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## Other Important Highlights

- **SMA-0 is now at pre-COVID levels.** SMA-0 stood at ~Rs 600bn each as of Feb-20 and Dec-20, versus Rs 560bn as of 15<sup>th</sup> Jan-20 (usually higher during the month end). SMA -1 book stands at Rs 181.25bn vs Rs 178bn as of Feb-20. SMA-2 book excluding notional NPA would stand at ~Rs50bn against Rs71bn as of Dec-19. This however excludes the bank's exposure to Srei group. The bank has however proactively provided 20% against the exposure.
- Total **restructured book** including COVID restructuring of Rs56 bn or 1.6% of loans and Rs37bn of restructuring under earlier MSME relief program stood at 2.7% of loans.
- **Disbursements under ECLGS** stood at Rs 54.58bn or 1.5% of advances. The bank disbursed Rs 52bn under ECLGS 1.0 and Rs 2.6bn under ECLGS 2.0
- Restructuring breakup: 3.16% **corporate**, 0.79% **MSME**, 0.54% **retail** (as a % of respective standard advances)

**Risks to our View:** Higher-than-estimated credit loss from corporate and MSME segments, integration related challenges, lagged impact of COVID-19 related stress on asset quality.

### Exhibit 1: Actual v/s estimates

(Rs mn)	Actual	Estimated	% Variance	Comments
NII	43,133	43,747	(1.4)	
Operating Profit	30,990	29,858	3.8	
PAT	5,143	3,800	35.3	Lower tax outgo

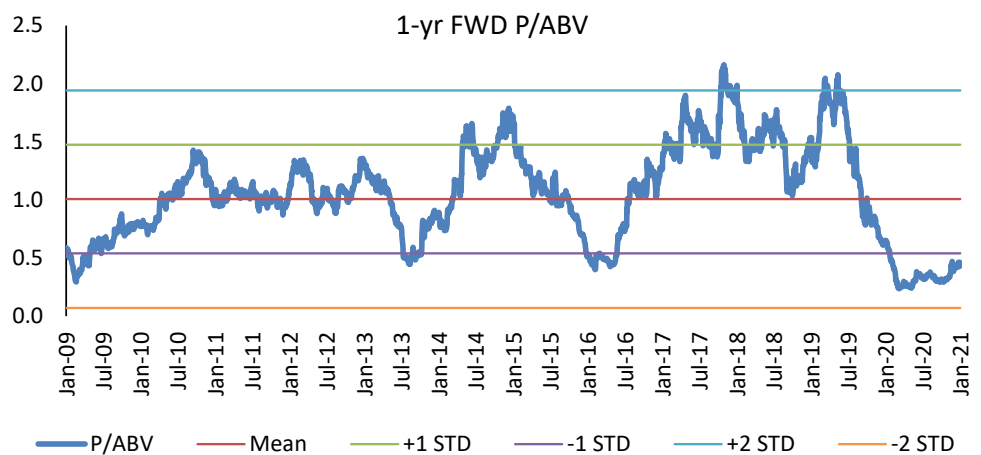
Source: Company, DART

### Exhibit 2: Change in estimates

(Rs mn)	Previous			Revised			Change %		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Operating Revenue	201,250	213,943	234,808	219,921	227,610	242,675	9.3	6.4	3.4
Pre Provision Profits	107,067	114,337	129,993	114,860	119,003	129,314	7.3	4.1	(0.5)
PAT	10,324	33,693	47,647	13,460	35,865	54,888	30.4	6.4	15.2

Source: Company, DART

### Exhibit 3: The stock currently trades at 0.4x 1-yr FWD P/ABV



Source: DART, Company

## Key Quarterly Financials (Merged)

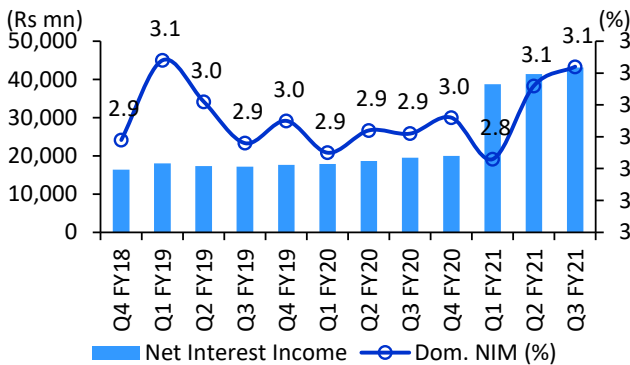
Profit and Loss (Rs mn)	Q3 FY21	Q3 FY20	% yoy / bps	Q2 FY21	% qoq / bps
Interest Inc.	100,245	96,927	3.4	100,574	(0.3)
Interest Expenses	57,112	63,999	(10.8)	59,133	(3.4)
<b>Net Interest Income</b>	<b>43,133</b>	<b>32,928</b>	<b>31.0</b>	<b>41,440</b>	<b>4.1</b>
Other Income - Total	13,968	16,733	(16.5)	16,117	(13.3)
Net Operating Revenue	57,101	49,661	15.0	57,558	(0.8)
Employee Expenses	15,717	11,728	34.0	17,504	(10.2)
Other Opex	10,394	9,768	6.4	10,105	2.9
Total Opex	26,111	21,496	21.5	27,608	(5.4)
<b>Cost to Income Ratio (%)</b>	<b>45.7</b>	<b>43.3</b>	<b>244</b>	<b>48.0</b>	<b>(224)</b>
<b>Pre-Provision Profits</b>	<b>30,990</b>	<b>28,165</b>	<b>10.0</b>	<b>29,950</b>	<b>3.5</b>
PPP ex Except. Items	30,990	28,169	10.0	29,950	3.5
Provisions & Contingencies - Total	23,144	46,216	(49.9)	22,841	1.3
Profit Before Tax	7,846	(18,047)	NA	7,108	10.4
Tax	2,704	(660)	(509.6)	2,986	(9.4)
Effective Tax Rate (%)	34.5	3.7	3,080	42.0	(754)
<b>Reported Profits</b>	<b>5,143</b>	<b>(17,387)</b>	<b>NA</b>	<b>4,123</b>	<b>24.7</b>

Source: DART, Company

Asset Quality (Rs mn)	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	% qoq / bps	% yoy / bps
Gross NPA	4,60,122	4,19,980	3,99,650	3,61,980	352,372	(2.7)	154.2
<b>Gross NPAs Ratio (%)</b>	<b>12.7</b>	<b>11.4</b>	<b>10.9</b>	<b>9.9</b>	<b>9.04</b>	<b>(85)</b>	<b>184</b>
PCR - Calculated (%)	69.7	66.0	68.1	72.2	75.8	354	2,257
Net NPA	1,39,369	1,42,720	1,27,547	1,00,522	85,375	(15.1)	31.6
<b>Net NPAs Ratio (%)</b>	<b>4.2</b>	<b>4.2</b>	<b>3.8</b>	<b>3.0</b>	<b>2.35</b>	<b>(61)</b>	<b>(115)</b>
Advances	33,04,559	36,02,550	33,94,815	33,96,566	3,628,170	6.8	9.8
Deposits	48,12,780	48,88,350	48,91,086	50,19,564	5,212,480	3.8	8.3

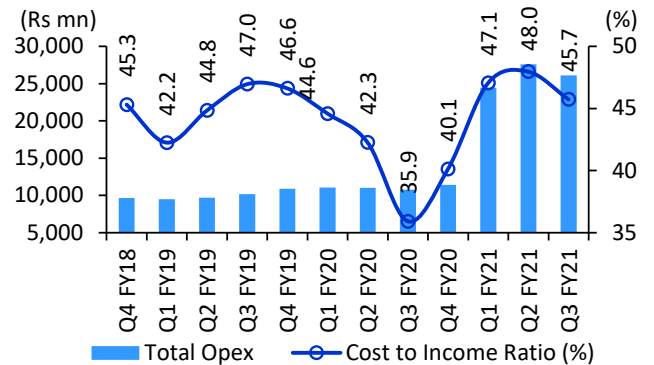
Source: DART, Company

**Exhibit 4: NIM benefit from decline in CoD and non-accounting of interest reversals from pro forma NPAs**



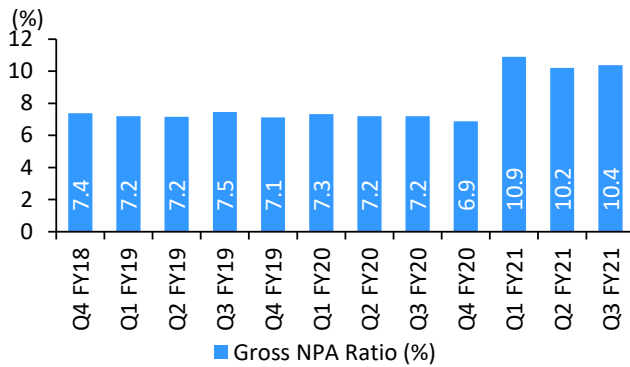
Source: Company, DART

**Exhibit 5: C/I ratio improves with pain of wage hike behind**



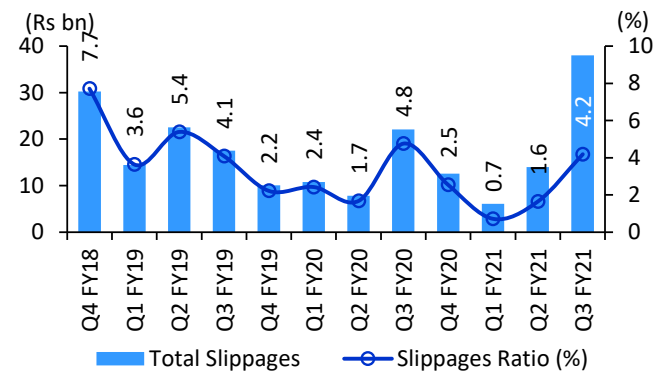
Source: Company, DART

**Exhibit 6: Pro forma gross NPA- limited impact**



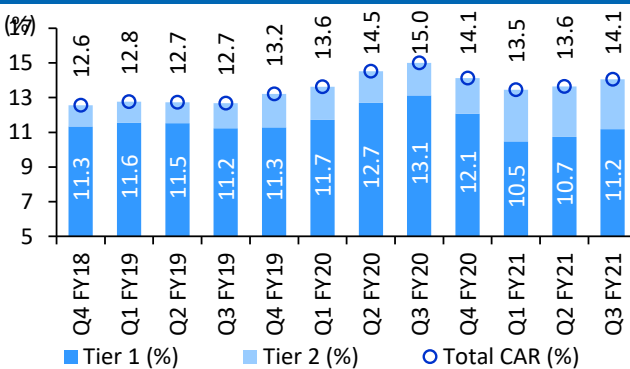
Source: Company, DART

**Exhibit 7: Pro forma slippages**



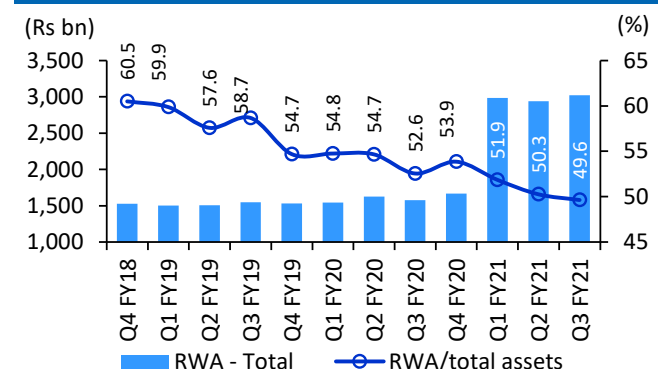
Source: Company, DART

**Exhibit 8: Raised Rs20bn of AT1 capital last quarter**



Source: Company, DART

**Exhibit 9: Improving RWA consumption**



Source: Company, DART

## Quarterly Financials

Profit and Loss (Rs mn) *	Q3 FY21	Q3 FY20	% yoy / bps	Q2 FY21	% qoq / bps	9M FY21	9M FY20	% yoy / bps
<b>Interest Inc.</b>	<b>100,245</b>	<b>54,670</b>	<b>83.4</b>	<b>100,574</b>	<b>(0.3)</b>	<b>302,018</b>	<b>159,122</b>	<b>89.8</b>
<i>Yield on Advances (%)</i>	7.6	8.4	(84)	7.8	(25)	7.7	8.5	(78)
<i>Yield on Domestic Invt. (%)</i>	6.5	8.1	(159)	7.8	(129)	6.7	8.2	(153)
<b>Interest Expenses</b>	<b>57,112</b>	<b>35,118</b>	<b>62.6</b>	<b>59,133</b>	<b>(3.4)</b>	<b>178,702</b>	<b>103,086</b>	<b>73.4</b>
<i>Cost of Dep. (%)</i>	4.3	5.4	(105)	4.6	(23)	4.6	5.4	(83)
<b>Net Interest Income</b>	<b>43,133</b>	<b>19,552</b>	<b>120.6</b>	<b>41,440</b>	<b>4.1</b>	<b>123,316</b>	<b>56,037</b>	<b>120.1</b>
<i>NII to Net Operative Income</i>	75.5	65.3	1,023	72.0	354	74.0	69.4	459
<i>Dom. NIM (%)</i>	3.12	2.91	21	3.06	6	3.0	2.8	28
<b>Adjusted NII</b>	<b>42,991</b>	<b>19,515</b>	<b>120.3</b>	<b>41,290</b>	<b>4.1</b>	<b>122,867</b>	<b>55,914</b>	<b>119.7</b>
<b>Core Fee Income</b>	<b>6,000</b>	<b>3,460</b>	<b>73.4</b>	<b>6,650</b>	<b>(9.8)</b>	<b>34,190</b>	<b>9,304</b>	<b>267.5</b>
Exchange Profit	1,120	500	124.0	810	38.3	2,400	1,543	55.6
Profit on Sale / Rev of Investments	4,070	2,400	69.6	6,310	(35.5)	16,700	6,915	141.5
Recovery from W/O Debts	1,320	460	187.0	1,410	(6.4)	2,970	1,174	153.1
Others	1,470	3,570	(58.8)	930	58.1	4,188	5,776	(27.5)
<b>Other Income - Total</b>	<b>13,968</b>	<b>10,386</b>	<b>34.5</b>	<b>16,117</b>	<b>(13.3)</b>	<b>43,353</b>	<b>24,708</b>	<b>75.5</b>
<i>Other Inc to Net Oper. Income (%)</i>	24.5	34.7	(1,023)	28.0	(354)	26.0	30.6	(459)
<b>Net Operating Revenue</b>	<b>57,101</b>	<b>29,938</b>	<b>90.7</b>	<b>57,558</b>	<b>(0.8)</b>	<b>166,669</b>	<b>80,745</b>	<b>106.4</b>
Employee Expenses	15,717	5,930	165.0	17,504	(10.2)	49,761	18,488	169.1
<i>Empl. Cost/Oper. Exps. (%)</i>	27.5	19.8	772	30.4	(289)	29.9	22.9	696
Other Opex	10,394	4,820	115.6	10,105	2.9	28,436	14,308	98.7
<i>Other Opex/ Assets (%)</i>	0.2	0.2	6	0.2	0	0.6	0.5	13
<b>Total Opex</b>	<b>26,111</b>	<b>10,750</b>	<b>142.9</b>	<b>27,608</b>	<b>(5.4)</b>	<b>78,196</b>	<b>32,797</b>	<b>138.4</b>
<i>Cost to Income Ratio (%)</i>	45.7	35.9	982	48.0	(224)	46.9	40.6	630
<b>Pre-Provision Profits</b>	<b>30,990</b>	<b>19,188</b>	<b>61.5</b>	<b>29,950</b>	<b>3.5</b>	<b>88,473</b>	<b>47,948</b>	<b>84.5</b>
Provision towards NPAs	7,381	17,024	(56.6)	18,802	(60.7)	44,483	29,055	53.1
Provision for investments	2,530	(1,450)	(274.5)	530	377.4	2,660	3,027	(12.1)
Provision for Standard Advances	12,750	(20)	(63,850.0)	3,520	262.2	18,020	212	8,400.0
Other	480	(260)	(284.6)	(11)	(4,548.6)	2,219	42	5,221.8
<b>Provisions &amp; Contingencies - Total</b>	<b>23,144</b>	<b>15,293</b>	<b>51.3</b>	<b>22,841</b>	<b>1.3</b>	<b>67,376</b>	<b>32,335</b>	<b>108.4</b>
<i>NPA Provisions as % PPP</i>	74.7	79.7	(502)	76.3	(158)	76.2	67.4	872
<b>Profit Before Tax</b>	<b>7,846</b>	<b>3,895</b>	<b>101.4</b>	<b>7,108</b>	<b>10.4</b>	<b>21,097</b>	<b>15,613</b>	<b>35.1</b>
<b>Tax</b>	<b>2,704</b>	<b>1,424</b>	<b>89.9</b>	<b>2,986</b>	<b>(9.4)</b>	<b>8,731</b>	<b>5,902</b>	<b>47.9</b>
<i>Effective Tax Rate (%)</i>	34.5	36.5	(209)	42.0	(754.4)	41.4	37.8	358
<b>Reported Profits</b>	<b>5,143</b>	<b>2,472</b>	<b>108.1</b>	<b>4,123</b>	<b>24.7</b>	<b>12,366</b>	<b>9,711</b>	<b>27.3</b>
<i>RoA (%)</i>	0.4	0.3	2	0.3	7.0	0.3	0.5	(15)

Source: Company, DART; \* YoY numbers not comparable due to merger with Allahabad Bank

Balance Sheet Analysis (Rs mn) *	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	QoQ % / bps	YoY % / bps
Net Worth	232,240	220,893	360,532	364,516	369,780	1.4	59.2
RoE (%)	5.0	-	5.5	5.9	7.1	125	209
<b>CET1 (%)</b>	<b>12.8</b>	<b>11.8</b>	<b>10.3</b>	<b>10.6</b>	<b>10.4</b>	<b>(22)</b>	<b>(245)</b>
Tier 1 (%)	13.1	12.1	10.5	10.7	11.2	44	(194)
<b>Total CAR (%)</b>	<b>15.0</b>	<b>14.1</b>	<b>13.5</b>	<b>13.6</b>	<b>14.1</b>	<b>41</b>	<b>(95)</b>
RWA - Total	1,577,380	1,666,840	2,986,120	2,940,050	3,020,050	2.7	91.5
Advances	1,852,460	1,978,870	3,394,815	3,396,566	3,628,170	6.8	95.9
Investments	768,420	812,417	1,615,349	1,781,603	1,754,590	(1.5)	128.3
Total Assets	3,001,100	3,094,682	5,757,663	5,848,802	6,083,900	4.0	102.7
<b>RoA (%)</b>	<b>0.33</b>	<b>(0.28)</b>	<b>0.25</b>	<b>0.28</b>	<b>0.35</b>	<b>7</b>	<b>2</b>
Deposits	2,576,210	2,602,259	4,891,086	5,019,564	5,212,480	3.8	102.3
Saving Deposit	733,200	766,090	1,789,540	1,808,450	1,835,920	1.5	150.4
Current Deposit	136,230	135,490	241,520	268,610	294,520	9.6	116.2
CASA Deposits	869,430	901,580	2,031,060	2,077,060	2,130,440	2.6	145.0
<b>CASA Ratio (%)</b>	<b>33.7</b>	<b>34.6</b>	<b>41.5</b>	<b>41.0</b>	<b>41.6</b>	<b>60</b>	<b>790</b>

Source: DART, Company; \* YoY numbers not comparable due to merger with Allahabad Bank

Loan Book Analysis (Rs mn) *	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	QoQ % / bps	YoY % / bps
Agriculture	421,340	443,690	687,730	713,450	750,400	5.2	78.1
Corp & Other	671,040	779,480	1,679,770	1,603,360	1,685,500	5.1	151.2
Retail	372,070	379,560	605,290	597,690	666,790	11.6	79.2
Overseas	82,950	84,090	89,180	92,700	105,730	14.1	27.5
SME/MSME	379,170	372,080	605,900	651,760	688,050	5.6	81.5
Advances Total	421,340	443,690	687,730	713,450	750,400	5.2	78.1

Source: Company, DART; \* YoY numbers not comparable due to merger with Allahabad Bank



## Conference Call Highlights

- Monitoring cash flows of restructured as well as those under stress is key to sustaining asset quality. Restructuring levels are lower than estimated as bank is continuously monitoring such customers and ensuring repayments.
- Capital position has improved as the bank raised ATI bonds and reduced risk weights.
- Harmonization of accounts is done with- no misalignment in large exposure book as well as in smaller accounts upto Rs5cr.
- **Disbursements under ELGS** stood at Rs 54.58bn. The bank disbursed Rs 52bn under ECLGS 1.0 and Rs 2.6bn under ECLGS 2.0

## Asset Quality

- Restructuring stood at **1.62% of standard advances**. Restructuring for **retail** stood at Rs 3.51bn, **MSME** at Rs 5bn (lower due to longer timeline till Mar-21 and ongoing restructuring under the older scheme), while it was nil for **Agri** segment
- **Corporate restructuring of 47.3bn** includes Rs 2.03bn for a corporate group in the retail industry, and those belonging to hospitality and hotels segments. Restructuring also includes few consortium accounts where the RP has been invoked.
- **SMAO** is now at pre-COVID levels, and the bank is looking to reduce the same. SMAO stood at ~Rs 600bn each as of Feb-20 and Dec-20, versus **Rs 560bn** as of **15<sup>th</sup> Jan-20** (usually higher during the month end)
- **SMA -1** book reduced to Rs 181.25bn vs Rs 178bn as of Feb-20
- The **SMA 2 book** – excluding notional slippages stood at Rs 23.16bn, while including notional NPAs it stood at Rs 103.58bn.
- **Cumulative Notional slippages** or 9M stood at ~Rs 50bn including Rs 20.25bn from a large corporate account in the retail industry.
- Rs 6-7bn of slippages are expected in Q4FY21 from the **KCC portfolio** (from erstwhile Allahabad bank agri book).
- ~Rs 52bn of **notional NPAs** includes ~Rs 13bn is under restructuring. Once restructuring is implemented the same will be upgraded to standard.
- **Collection efficiency** (demand vs collections) has improved MoM which has helped contain slippages. Including arrears of the previous month, the bank has been able to collect 85% of demand raised in Dec-20. The collection efficiency improvement is indicative of the quality of the borrowers.
- One account which is an East India based NBFC is being monitored by the lending consortium and bank has proactively provided 20% against the same.
- A power account which the bank had been keeping watch on, has been resolved, while another (ILFS) is under resolution. Bank does not foresee any negative events on its power sector exposure
- The BB and below rated exposure includes a Calcutta based NBFC account MSMEs, and small-value-high-volume loans. It also includes some lower rated but performing MFIs. Exposures to private sector accounts (~Rs 10bn) which do not generally get an investment grade rating includes LRDs, and hospitality segment exposures which are secured and performing.

- ~Rs 4bn potential interest reversals have not been taken via operating profits but through provisions.
- O/S SRs stood at ~Rs 40bn on which the bank has provided ~70-75%. Management does not foresee any major additional provisions on the same. Expected recoveries from SRs is ~Rs 5-6bn, while the rest would be declared as NPA



**Profit and Loss Account (Rs Mn)**

Particulars	FY20A	FY21E	FY22E	FY23E
Interest Income	214,050	401,502	431,003	467,031
Interest expenses	137,986	235,350	255,069	278,984
<b>Net interest income</b>	<b>76,064</b>	<b>166,152</b>	<b>175,934</b>	<b>188,047</b>
Other incomes	33,125	53,769	51,677	54,629
Total expenses	44,208	105,061	108,607	113,362
- Employee cost	24,730	65,608	67,576	70,279
- Other	19,479	39,453	41,031	43,082
<b>Pre provisioning profit</b>	<b>64,980</b>	<b>114,860</b>	<b>119,003</b>	<b>129,314</b>
Provisions	51,253	96,166	71,184	56,129
Profit before taxes	13,727	18,694	47,819	73,185
Tax provision	6,194	5,234	11,955	18,296
Profit after tax	7,534	13,460	35,865	54,888
<b>Adjusted profit</b>	<b>7,534</b>	<b>13,460</b>	<b>35,865</b>	<b>54,888</b>

**Balance Sheet (Rs Mn)**

Particulars	FY20A	FY21E	FY22E	FY23E
<b>Sources of Funds</b>				
Equity Capital	6,088	11,294	11,294	11,294
Reserves & Surplus	214,805	336,846	356,121	396,096
Minority Interest	0	0	0	0
Net worth	220,893	348,139	367,415	407,390
Borrowings	208,303	276,227	293,768	317,937
- Deposits	2,602,259	5,248,320	5,581,596	6,040,805
- Other interest bearing liabilities	0	0	0	0
Current liabilities & provisions	63,227	154,643	171,331	185,141
<b>Total Liabilities</b>	<b>3,094,682</b>	<b>6,027,330</b>	<b>6,414,110</b>	<b>6,951,273</b>
<b>Application of Funds</b>				
Cash and balances with RBI	139,247	424,699	426,611	434,404
Investments	812,417	1,727,459	1,820,367	1,951,207
Advances	1,978,870	3,581,279	3,867,781	4,254,559
Fixed assets	38,957	72,280	71,089	71,428
Other current assets, loans and advances	125,190	221,613	228,262	239,675
<b>Total Assets</b>	<b>3,094,682</b>	<b>6,027,330</b>	<b>6,414,110</b>	<b>6,951,273</b>

E – Estimates

**Important Ratios**

Particulars	FY20A	FY21E	FY22E	FY23E
<b>(A) Margins (%)</b>				
Yield on advances	8.4	10.2	8.2	8.2
Yields on interest earning assets	7.7	9.3	7.3	7.3
Yield on investments	7.2	8.6	6.6	6.7
Costs of funds	5.2	5.6	4.5	4.6
Cost of deposits	5.2	5.7	4.5	4.6
NIMs	2.7	3.8	3.0	2.9
<b>(B) Asset quality and capital ratios (%)</b>				
GNPA	6.9	10.9	8.9	7.2
NNPA	3.1	0.0	2.9	2.4
PCR	56.3	66.0	68.0	68.0
Slippages	2.9	3.0	2.9	2.7
NNPA to NW	32.4	46.5	35.7	28.0
CASA	35.7	41.0	41.0	41.0
CAR	14.1	11.0	11.2	11.6
Tier 1	12.1	9.8	9.9	10.4
Credit - Deposit	76.0	68.2	69.3	70.4
<b>(C) Dupont as a percentage of average assets</b>				
Interest income	7.3	8.8	6.9	7.0
Interest expenses	4.7	5.2	4.1	4.2
Net interest income	2.6	3.6	2.8	2.8
Non interest Income	1.1	1.2	0.8	0.8
Total expenses	1.5	2.3	1.7	1.7
- cost to income	40.5	47.8	47.7	46.7
Provisions	1.7	2.1	1.1	0.8
Tax	0.2	0.1	0.2	0.3
RoA	0.3	0.3	0.6	0.8
Leverage	16.2	20.6	20.2	19.2
RoE	3.6	4.7	10.0	14.2
RoRwa	0.5	0.4	1.1	1.5
<b>(D) Measures of Investments</b>				
EPS - adjusted	12.4	11.9	31.8	48.6
BV	313.8	259.0	281.7	321.3
ABV	212.2	138.5	181.0	231.2
DPS	7.0	7.5	7.5	7.5
Dividend payout ratio	0.0	0.0	0.0	0.0
<b>(E) Growth Ratios (%)</b>				
Net interest income	8.4	118.4	5.9	6.9
PPoP	33.1	76.8	3.6	8.7
Adj PAT	134.0	78.7	166.5	53.0
Advances	9.2	81.0	8.0	10.0
Total borrowings	71.6	32.6	6.4	8.2
Total assets	10.5	94.8	6.4	8.4
<b>(F) Valuation Ratios</b>				
Market Cap (Rs. mn)	102,659	102,659	102,659	102,659
CMP (Rs.)	91	91	91	91
P/E (x)	7.3	7.6	2.9	1.9
P/BV (x)	0.3	0.4	0.3	0.3
P/ABV (x)	0.4	0.7	0.5	0.4
Div Yield (%)	7.7	8.3	8.3	8.3

E – Estimates

### DART RATING MATRIX

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-20	Accumulate	74	62
Oct-20	Accumulate	74	62

\*Price as on recommendation date

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