

July 19, 2013

INDUSIND BANK LTD.

BSE Code: 532187

NSE Code: INDUSINDBK

Reuters Code:

INBK.NS

Bloomberg Code: IIB:IN

IndusInd Bank Ltd (INDUSINDBK), a commercial bank commenced its operation in 1994. It operates in 4 segments: Treasury, Corporate/ During FY12, the bank launched three new services: Cash-on-Mobile, Direct Connect and Quick Redeem. The Bank has 530 branches, and 1,003 ATMs spread across 380 geographical locations of the country till date. The Bank also has representative offices in London and Dubai.

Investor's Rationale

Better than expected growth in net profit by 41.7% YoY on healthy other income and NII – INDUSINDBK registered better than market expected performance during Q1FY14 with a net profit growth of 41.7% YoY at ₹3.3bn against ₹2.4bn. This robust performance was mainly due to healthy growth in other income and NII with 47.8% YoY and 40.4% YoY at ₹4.71bn and ₹6.79bn respectively. Other income has increased owing to significant gains in treasury income of ₹1b. The bank maintained its consistent growth in core fee income posting 31% growth at ₹3.5bn. The bank expanded its loan book by 27% YoY at ₹474.25bn. Net Interest Margin (NIM) for the current quarter rose to 3.72% as against 3.22% in the corresponding quarter of the previous year.

Deposits grew 23% YoY assisted by robust CASA– Total deposits of the bank grew sharply by 23% at ₹556.60bn at the end of June 2013 as against a growth of 28% a year earlier. The slow-down in deposits growth pace was mainly caused by slower 20% growth in terms deposits, while the CASA deposits accelerated 33% YoY at ₹166.73bn. Where, CA deposits moved up 18.1% YoY at ₹87.65bn, while SA deposits rocketed 53.9% YoY at ₹79.08bn. CASA deposits constituted 30.0% of the total deposits in quarter under review.

Stable asset quality –Gross NPA grew slightly to 1.06% YoY against 0.97%. Net NPA ratio however, improved from 0.27% to 0.21% suggesting that the lender has made higher provisions for bad loans.

Expenses ratio declined – During the quarter, expense ratio of the bank declined by 546bps YoY to 44.21% and assisted by surge in operating profit (59% at ₹6.4bn). While, provisions and contingencies shot up nearly three-fold from ₹0.53bn to ₹1.32bn. Moreover, the bank has created floating provision of ₹0.50bn. The provision is made in excess of minimum requirements prescribed by RBI.

Market Data

Rating	BUY
CMP (₹)	446.2
Target Price	495
Stop Loss	419
Duration	Short-term
52-week High-Low (₹)	530.6/308
Rise from 52WL (%)	44.9
Correction from 52WH (%)	15.9
Beta	1.7
1 year Average Volume (bn)	1.1
	3M- (1.2)
Stock Return (%)	6M- 6.6
	1Y- 32.7
Market Cap (₹bn)	233.4
Book Value (₹)	146

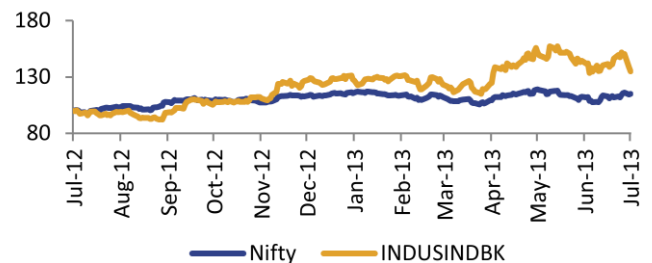
Shareholding Pattern

	Jun'13	Mar'13	Chg
Promoters (%)	15.27	15.29	(0.02)
FII (%)	42.28	40.49	1.79
DII (%)	7.02	8.52	(1.50)
Public & Others (%)	35.43	35.7	(0.27)

Quarterly Performance

(₹bn)	Q1 FY'14	Q1 FY'13	Q4 FY'13	YoY Change(%)	QoQ Change(%)
Total inc.	23.8	19.5	21.9	22.1	8.8
Op. exp	5.1	4.0	4.9	27.5	4.7
Net profit	3.3	2.4	3.1	41.7	8.9
NII	6.8	4.8	6.6	40.4	2.8
NIM (%)	3.37	3.28	3.55	9bps	(18bps)
Gross NPA (%)	1.06	0.97	1.03	9bps	3bps
EPS (₹)	6.29	4.96	5.78	133.0	51.0

One Year Price Chart





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