

Date : 21/04/25

Techno Funda : Buy Indian Bank Limited

Buy Range : @ ₹585-₹595

Target : 1st@₹620, 2nd @₹740

Stock Info	
Mkt Cap (cr)	79740.3
52-Weeks High/Low	626.35/474.05
Avg Volume	14,09,782
No. of eq shares (cr)	134.70
Face Values	10.00
Bse Code	532814
Nse Code	INDIANB
Free Float (cr)	20860.05
Source : NSE/BSE	

Indian Bank Ltd: Indian Bank, established in 1907, is a medium-sized bank headquartered in India. It offers deposits, loans, and various financial services through four segments: Treasury, Corporate/Wholesale Banking, Retail Banking, and Other Banking Operations. The majority of its revenue comes from Retail Banking. With a strong domestic presence, it also operates in Singapore and Sri Lanka. The Government of India is a stakeholder.

Key Highlights: Indian Bank Limited has shown strong financial health, with its Q3 FY25 results indicating a 35% year-over-year profit increase to Rs 2,852 crore, driven by higher earnings and lower provisions. Total income rose to Rs 17,912 crore, and interest income increased to Rs 15,759 crore, reflecting robust lending activity. Asset quality improved, with gross NPAs dropping to 3.26% from 4.47% and net NPAs to 0.21% from 0.53%, which could lead to higher margins by reducing provisioning needs.

Particulars	2023	2024
Net Interest Margin(%)	3.37%	3.47%
Return on Assets	0.77%	1.07%
Return on Equity	11.80%	15.34%
Capital Adequacy Ratio	16.49	16.44
Gross NPA	5.95%	3.95%
Net NPA	0.90%	0.43%
Total Business (₹ cr)	1094752	1221773
Deposits (₹ cr)	621166	688000
Advances (₹ cr)	473586	533773
Investments (₹ cr)	189924	216872
P/E	6.44	7.89
P/B	0.73	1.16
EPS	42.41	63.23

Source : Company, Fin2Research

Asset quality improved significantly, with gross NPAs dropping to 3.26% from 4.47% and net NPAs to 0.21% from 0.53%, as per the same report. This reduction in NPAs enhances profitability by lowering provisioning needs, directly contributing to higher margins. Earlier, Q2 FY25 results showed a 36% increase in net profit to Rs 2,707 crore, with gross NPAs at 3.48% and net NPAs at 0.27%, indicating a consistent trend of improvement.

Indian Bank has focused on expanding its MSME lending through new specialized branches in Ambattur and Coimbatore, potentially increasing interest income. Additionally, the bank raised Rs 5,000 crore through infrastructure bonds in October 2024, enhancing liquidity for growth initiatives. The appointment of Binod Kumar as MD & CEO in January 2025 could introduce new strategies to boost performance.

Indian Bank has set a nationwide target to disburse ₹20,000 crore to Self Help Groups (SHGs) during the current financial year. As part of this effort, the bank organized a Mega SHG Credit Outreach Programme in Bhubaneswar. Under this initiative, 9,961 SHGs received sanction letters worth ₹509.91 crore, supporting grassroots women entrepreneurs. The programme is part of a national mission to empower one crore SHG women with credit access and aligns with the government's 'Viksit Bharat 2047' vision for inclusive, women-led development.

Following two consecutive 25 bps rate cuts by the RBI in February and April, major public sector banks have begun reducing lending rates, with early signs seen in the home loan segment. A key aim of the RBI's 50 bps repo rate cut — with expectations of a further 75 bps reduction by March 2026 — is to lower funding costs, boost consumption, spur economic growth, and generate employment. Indian Bank has reduced its repo-linked benchmark rate from 6.25% to 6%, bringing the RBLR down to 8.7% from 9.05%, effective April 11.

Indian Bank saw digital migration rise from 87% to 92%, reducing branch transactions to just 8%. Mobile banking grew by 18%, with total digital transactions up 12%. The bank launched 39 digital journeys this fiscal, including 15 in the last quarter. Digital business surged 125% to ₹1.19 lakh crore, while e-deposits jumped 186% to ₹21,000 crore. Growth in digital MSME, retail, and agriculture segments stood at 79%, 77%, and 88% respectively. Over 89 lakh accounts were opened digitally, reflecting 160% YoY growth. The bank also onboarded 138 fintech partners to strengthen its digital offerings.

Key Risks :

- ❑ **Rising Cost of Funds:** A sharper-than-expected increase in the cost of funds may exert pressure on net interest margins, potentially impacting overall profitability.
- ❑ **Elevated Tax Rate:** A higher-than-anticipated effective tax rate could weigh on net earnings and adversely affect key return metrics.

Particulars	% of Total Shares
Promoters	73.84%
Mutual Funds/AIF	12.69%
Insurance co. & others	4.73%
Other DIIs	0.35%
FII	4.74%
Retails and Others	3.65%
Total	100.0%

Source : Company

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- **Price :** INDIANB has been trading in a broadly sideways to slightly upward trend for a significant period, with price fluctuating around the moving averages. Recently, it seems to be attempting a breakout to the upside.
- **20-day Moving Average (MA) - 545.62:** The current price (587.2) is trading **significantly above** the 20-day MA (545.62). This is a **strong bullish sign**, indicating that the short-term trend is clearly upwards.
- **50-day Moving Average (MA) - 551.63:** The current price (587.2) is also trading **significantly above** the 50-day MA (551.63). The 20-day MA (545.62) is also above the 50-day MA (551.63), although they are quite close. This alignment suggests bullish momentum is present in both the short and medium term.
- **Bollinger Bands :** A price move above the upper Bollinger Band is a strong **bullish signal**. It indicates that the current price is more than two standard deviations above the recent average price, suggesting strong upward momentum. However, it can also signal that the stock is potentially overextended in the very short term and might see a temporary pullback.
- Indian Bank's share price has decisively broken out of a five-month supply zone at the ₹560 level on both daily and weekly charts, supported by strong volumes, indicating increased participation and reinforcing bullish sentiment.

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- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact via mail or other mode of communications.
- Once target1 achieved, use trailing stop loss of recommended average price.

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- It is not recommended to allocate entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various techno-funda research reports and other reports as stated

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