

Indian Bank Analysis

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1 General Overview

Indian bank is a major nationalised bank under GoI. It was based majorly in South India, but with the 2020 merger with Allahabad Bank, it now has substantial operations in North India as well. It even has overseas branches in Colombo etc and is one of the few banks whose Information and Security processes have been certified. The bank has been a leader in bringing new initiatives for development of rural banking and extending help to the farmers of India. The bank has received award from Honorable Union Minister of Finance for Excellence in Agricultural Lending. Apart from it, the bank also received the Best Performer Award for Micro-Finance activities in Tamil Nadu and Union Territory of Puducherry from National Bank for Agriculture and Rural Development (NABARD). Besides this, the EPS of the bank has been increasing steadily in the post-pandemic situation, which is a positive signal for the bank. It's current ratio is also well above 1, which also is a good sign for the bank.

2 Shareholding Pattern

image 1 and 2 show the shareholding pattern of the company. As it is clear from the table, more than 25 per cent of the stocks are family-owned, and almost 40 per cent of the stocks are owned by foreign institutions.

3 Management

Being a public sector bank, the board of directors doesn't have any "family member" per se, and is professionally operated by a team of highly qualified individuals, all alumni of distinct Indian and International Colleges. Figure 3 shows the complete list of the board of Directors.

4 SWOT Analysis

4.1 Strengths

- a. **Rural Banking expertise** : Indian bank is working on several mechanisms to offer regular banking services in rural areas, and the mechanisms being considered are internet kiosks, smart cards and laptop based services. Besides, the bank already has a substantial presence in rural India
- b. **Strong international network of banks** : The Bank has a strong overseas network of banks, with 240 overseas correspondent banks in 70 countries.
- c. **High end banking technology**: The bank boasts of a high end technology in banking, with all 1900 branches having core banking facility which makes services faster and efficient.
- d. **Growing Fundamentals** : The bank has very solid fundamentals, and all the growth signs are positive. It has strong annual EPS growth, and has Effectively been using Shareholders fund, as Return on equity (ROE) has been improving since last two years. The annual Net Profits have also been increasing for the past 2 years.

SHAREHOLDING SUMMARY

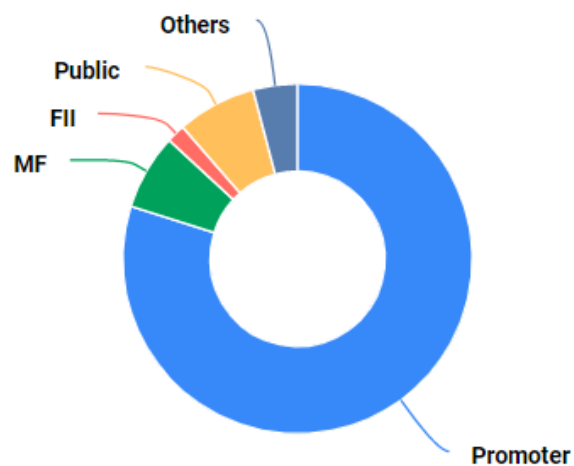


Figure 1: The Shareholders in Kotak Mahindra

NAME	CATEGORY	SHARES	SHARES %
President Of India	PROMOTER	994,549,600	79.9 %
Esop Or Esos Or Esps	PUBLIC	13,466,712	1.1 %
Bodies Corporate	PUBLIC	7,545,454	0.6 %
Life Insurance Corporation Of India And Its Various Schemes	DII	38,225,486	3.1 %
Hdfc Trustee Company Ltd. Under Its Various Schemes	DII	28,608,932	2.3 %
L&T Mutual Fund Trustee Ltd. Under Its Various Schemes	DII	17,089,251	1.4 %

Figure 2: The Shareholders in Kotak Mahindra

Name	Designation
Arun Kumar Bansal	CFO & General Manager
Bharath Krishna Sankar	Shareholder Director
C Bharathi	General Manager
Dina Nath Kumar	Co. Secretary & Compl. Officer
Dipti Shrivastava	General Manager
G Mahendra	General Manager
Imran Amin Siddiqui	Executive Director
K Ramachandran	Executive Director
K S Sudhakara Rao	General Manager
Kamireddy Chandra Reddy	General Manager
Mahesh Kumar Bajaj	General Manager
P Venkatesa Perumal	General Manager
Padmaja Chunduru	Managing Director & CEO
Rohit Rishi	General Manager
S K Panigrahy	Nominee Director
Sanjeev Kaushik	Government Nominee Director
Sudhakar R Iyer	Chief Vigilance Officer
Sudhanshu Gaur	General Manager
Sudhir Kumar Gupta	General Manager
V S Narayanan	General Manager
V Shenoy Vishwanath	Executive Director
Zaphia Fareed Thottathikudiyil	General Manager

Figure 3: The management of Kotak Mahindra

4.2 Weaknesses

- a. **Less presence** : The bank has a lesser presence in India, as it has competition both in rural as well as urban areas. The presence is lower in North India.
- b. **Poor marketing** : The bank spends lesser for publicity and advertisements than its competitors in the mid-cap banking segment, and is thus much less visible than other banks in its category.
- c. **Less Branches** : The bank has lower number of branches and ATMs compared to other banks in its segment. The Book Value per share has also been deteriorating for the past 2 years, which seems problematic.

4.3 Opportunities

- a. **Urban banking and Retail banking** : As the country progresses steadily, a demand for affordable and robust banking services is increasing, and by being the leader in providing efficient online as well as offline services, the bank can increase its shares enormously.
- b. **Favourable govt rural schemes** : As the bank has often been thought of as a rural centric bank, new government schemes that favor rural banking are bound to help the bank grow in the rural sector.
- c. **Untapped Rural markets** : given its ubiquitous presence in the rural market, the bank also has a potential to expand into uncharted territory in rural consumers.

4.4 Threats

- a. **Slowdown in the banking industry** : As the pandemic hit, it slowed down the economy and had a major effect on the banking sector as well. People began using up their savings, and there was a shortage of money in the economy. The banks bore the brunt of this slowdown, and it has been difficult for India Bank to retain customers and gain new ones.
- b. **Competition in the Industry** : The finance sector has a lot of players, each with a lot of capital too. Additionally, there are localized banks that the bank must compete within rural areas as well. Thus there is a constant need to come up with innovations and ideas, as well as allocating their budget to marketing and advertisements.
- c. **Stringent Banking Norms** : Some rules and regulations that govern the working of banking system in India leave very little breathing space for banks to grow outside a set ceiling of expansion.

5 Competitive Analysis

Upon looking at market capitalization, profits and PE ratio, close competitors to the Kotak Mahindra Bank seem to be

1. SBI
2. Andhra Bank
3. Canara bank
4. ICICI Bank
5. Indian Overseas Bank
6. Bank of Baroda

Figures below show the detailed and tabular comparison of the various parameters of these banks as well as some others.

6 Conclusion and way forward

From our above discussions as well as analysis of the bank, it is easy to see that the Indian Bank will face a lot of competition from private sector banks as well, and thus it needs to get more innovative. It needs to capitalize on its substantial rural presence and think of steps for further expanding into this sector.

Stock	PE Ratio	PB Ratio	Dividend Yield
Indian Bank	5.88	0.47	1.22%
State Bank of India	18.93	1.49	0.84%
Bank of Baroda Ltd	33.75	0.63	—
IDBI Bank Ltd	17.26	1.14	—

Figure 4: Fundamentals

COMPANY	PRICE	P/E	P/B	MKT. CAP	52W L	52W H
HDFC Bank	₹1,341.05 (+1.61%)	2.96	19.32	₹7,32,316.80Cr	1,292.00	1,725.00
ICICI Bank	₹711.30 (+0.13%)	2.71	20.05	₹4,93,723.70Cr	591.10	867.00
SBI	₹475.20 (-0.15%)	1.54	13.29	₹4,24,722.30Cr	354.75	549.00
Kotak Mahindra ...	₹1,797.15 (+1.68%)	3.61	29.11	₹3,51,290.00Cr	1,626.00	2,253.00
Axis Bank	₹659.75 (-0.60%)	1.72	14.46	₹2,03,808.90Cr	637.00	866.90
IndusInd Bank	₹910.75 (+2.37%)	1.44	14.36	₹68,921.78Cr	811.50	1,242.00
Bank of Baroda	₹101.00 (-2.18%)	0.65	10.65	₹53,394.31Cr	70.70	122.70
IDBI Bank	₹40.05 (-0.87%)	1.02	17.12	₹43,439.71Cr	36.00	65.25
PNB	₹33.30 (-0.60%)	0.38	8.59	₹36,886.90Cr	31.75	48.20
Canara Bank	₹199.70 (-0.82%)	0.52	5.77	₹36,527.51Cr	141.45	272.80

Figure 5: Table of fundamentals

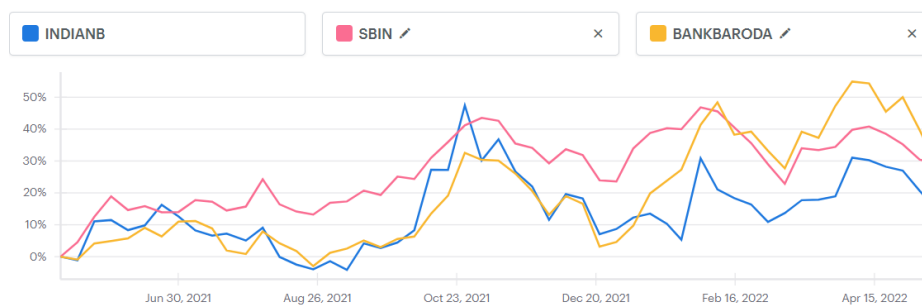


Figure 6: graph of comparison