July 09, 2020

Indian Bank: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Basel II Compliant Lower Tier II Bonds	500.00	500.00	[ICRA]AA+&; withdrawn
Total	**500.00**	**500.00**	

& Under Rating Watch with Developing Implications
**Instrument details are provided in Annexure-1*

Rationale

The rating assigned to Indian Bank has been withdrawn at the maturity of the rated instrument with no amount remaining outstanding against the said instrument. ICRA does not have the requisite information to suggest that the credit risk has changed since the time the rating was last reviewed.

The previous detailed rating rationale is available on the following link: Click here

Key rating drivers and their description

The key rating drivers have not been captured as the rated instrument has been withdrawn.

Liquidity position

The liquidity position has not been captured as the rated instrument has been withdrawn.

Rating sensitivities

The rating sensitivities have not been captured as the rating has been withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Rating Methodology for Banks ICRA Policy on Withdrawal and Suspension of the Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Chennai-based Indian Bank is a public-sector bank that was established in 1907. As of March 31, 2020, the Government of India (GoI) has a majority stake in the bank at 83.46%. As of March 31, 2020, the bank's network comprised 2,890 branches (including 3 overseas branches) and 4,059 ATMs and BNAs. On August 30, 2019, the GoI announced the merger of Allahabad Bank with Indian Bank. On April 1, 2020, the merger came into full effect.

Indian Bank reported a profit of Rs. 753 crore in FY2020 on an asset base of Rs. 3.08 lakh crore as on March 31, 2020 compared to a profit of Rs. 322 crore in FY2019 on an asset base of Rs. 2.77 lakh crore as on March 31, 2019. The asset quality indicators, i.e., the gross non-performing assets (GNPA) and net non-performing assets (NNPA) stood at 6.87% and 3.13%, respectively, as on March 31, 2020 against 7.11% and 3.75%, respectively, as on March 31, 2019. The bank's capital ratios, i.e., CET I, Tier I and CRAR stood at 11.78%, 12.08% and 14.12%, respectively, as on March 31, 2020 against the minimum regulatory requirement of 7.375%, 8.875% and 10.875%, respectively.

Key financial indicators (audited)

(Rs. crore)	FY2019	FY2020	Q4 FY2019	Q4 FY2020
Net interest income	7,018	7,606	1,763	2,003
Profit before tax	284	1,373	-393	-189
Profit after tax	322	753	-190	-218
Net advances	1,81,262	1,97,887	1,81,262	1,97,887
Total assets*	2,76,970	3,07,064	2,76,970	3,07,064
% CET I	10.96%	11.78%	10.96%	11.78%
% Tier I	11.29%	12.08%	11.29%	12.08%
% CRAR	13.21%	14.12%	13.21%	14.12%
% Net interest margin / Average total assets	2.66%	2.60%	2.60%	2.65%
% Net profit / Average total assets	0.12%	0.26%	-0.28%	-0.29%
% Return on net worth	2.00%	4.26%	-4.65%	-4.46%
% Gross NPAs	7.11%	6.87%	7.11%	6.87%
% Net NPAs	3.75%	3.13%	3.75%	3.13%
% Provision coverage excl. technical write-offs	49.13%	56.30%	49.13%	56.30%
% Net NPA / Core equity	40.50%	31.50%	40.50%	31.50%

**Total assets and net worth exclude revaluation reserves*
Source: Indian Bank, ICRA research
All calculations as per ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Rating (FY2021)						Rating History for the Past 3 Years				
S. No.	Instrument	Type	Amount Rated	Amount Outstanding	Current Rating 09-Jul-20	FY2020		FY2018		FY2017
						19-Sep-19	29-Apr-19	12-Jan-18	31-Jul-17	27-Sep-16
1	Lower Tier II Bonds	LT	500.00	0.00	[ICRA]AA+&; withdrawn	[ICRA]AA+&	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Positive)

Amount in Rs. crore

& Rating Watch with Developing Implications

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE562A09030	Lower Tier II Bonds	28-Jun-10	8.53%	28-Jun-20	500.00^	[ICRA]AA+&; withdrawn

^There is no outstanding against the rated amount

& Rating Watch with Developing Implications

Source: Indian Bank

Analyst Contacts

Mr. Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Mr. Anil Gupta
+91 124 4545 314
anilg@icraindia.com

Mr. Hemant Sultania
+91 124 4545 386
hemant.sultania@icraindia.com

Mr. Shaik Abdul Saleem
+91 44 4596 4325
shaik.saleem@icraindia.com

Relationship Contact

Mr. L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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ICRA Limited

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 2556 0194/ 6606 9999