

## IndusInd Bank

Top pick: Growth + improving earnings quality

IndusInd Bank reported strong numbers today – PAT of Rs 1.93 bn (45% y/y growth, a 5% beat vs. JPMe). The key surprise was fees (37% y/y growth) – overall, NIM was almost flat q/q and asset quality continues to be very robust with credit costs at 60bp. *Unlike its peers, IIB is driving PAT growth from ROA improvement vs. asset growth (the latter modest at 29%), creating the base for 22-23% potential ROEs in the long term we believe.*

- **Credit costs resilient.** The slowdown does not seem to have had an impact on credit costs – delinquency stayed very low and credit costs positively surprised at ~60bp. Despite consistent improvement from the bank, we are penciling in higher credit costs going forward, given our concerns on the economy.
- **NIM bottoming out.** NIM stabilized after a 10bps contraction in 1Q – we think it steadily improves from here as deposit cost stresses ease and CASA ratio starts to improve. CASA balances grew 7% q/q - we think there is scope for continuous CASA ratio improvement, given the low SA/branch ratio. *The savings balance momentum slowed this quarter - we think it is temporary and management is confident of a strong 2H.*
- **Branch addition continues.** Branch addition continues strongly – the bank added ~25 branches this quarter to take the network to ~350. That, along with significant investments in systems, drove the cost-income up ~150bp. This does not worry us: revenue growth should soon cover these costs.
- **Stays top pick.** We upgrade earnings, with FY12-14 upgrades of 1-4%. The earnings changes are relatively small and our Mar-12 PT stays at Rs325. The stock's shown strong resilience in a weak market – we think it will continue to improve its ROAs via fee growth. We believe high and improving profitability supports the premium valuations. We maintain our OW - it remains one of our top picks.

## Overweight

INBK.BO, IIB IN

Price: Rs269.80

Price Target: Rs325.00



### India

#### Financials

**Seshadri K Sen, CFA** <sup>AC</sup>

(91-22) 6157-3575

seshadri.k.sen@jpmorgan.com

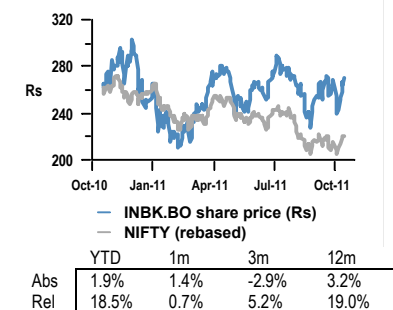
**Adarsh Parasrampur**

(91-22) 6157-3576

adarsh.x.parasrampur@jpmorgan.com

J.P. Morgan India Private Limited

#### Price Performance



#### IndusInd Bank (Reuters: INBK.BO, Bloomberg: IIB IN)

Year-end Mar (Rs in mn)	FY10A	FY11E	FY12E	FY13E	FY14E
Operating Profit (Rs mn)	6,268	10,441	13,735	17,845	23,496
Net Profit (Rs mn)	3,503	5,773	7,770	9,970	12,705
Cash EPS (Rs)	8.49	12.39	16.68	21.41	27.28
Fully Diluted EPS (Rs)	7.26	11.87	16.40	20.28	26.15
DPS (Rs)	1.80	2.00	2.69	3.69	4.69
EPS growth (%)	103.8%	46.1%	34.6%	28.3%	27.4%
ROE	19.5%	19.3%	18.8%	20.5%	22.1%
P/E	31.8	21.8	16.2	12.6	9.9
BVPS (Rs)	52.46	82.11	95.65	112.73	134.52
P/BV	5.1	3.3	2.8	2.4	2.0
Div. Yield	0.7%	0.7%	1.0%	1.4%	1.7%

Source: Company data, Bloomberg, J.P. Morgan estimates.

#### Company Data

52-wk range (Rs)	309.40 - 181.00
Market cap (Rs mn)	125,884
Market cap (\$ mn)	2,572
Shares outstanding (mn)	467
Fiscal Year End	Mar
Price (Rs)	269.80
Date Of Price	17 Oct 11
Avg daily value (Rs mn)	120.0
Avg daily value (\$ mn)	2.5
Avg daily vol (mn)	0.6
NIFTY	5,038
Exchange Rate	48.95

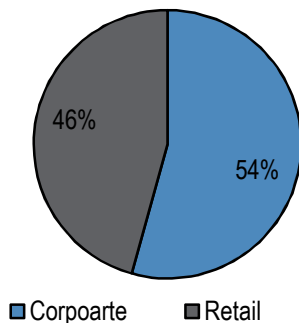
See page 10 for analyst certification and important disclosures, including non-US analyst disclosures.

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## Company Description

IndusInd Bank is a mid-cap private sector bank which started operations in 1994 and had merged Ashok Leyland Finance (an NBFC) in FY04. With a new management team headed by Mr. Romesh Sobti from ABN Amro, the bank has turned around significantly in the last three years with improving the liabilities franchise and margins.

## Loan Break up



Source: Company data.

## EPS: J.P. Morgan vs. consensus

	J. P. Morgan	Consensus
FY12E	16.7	15.9
FY13E	21.4	20.2

Source: Bloomberg, J.P. Morgan estimates.

## P&L sensitivity metrics

	PPOP impact (%)	EPS impact (%)
NIMs		
Impact of each 10bps	4.5%	5.0%
Cost to Income		
Impact of each 100bps	2.3%	2.5%
Provisions/Assets		
Impact of each 10bps	4.5%	5.0%

Source: J.P. Morgan estimates.

## Price target and valuation analysis

Our Mar-12 PT for IndusInd of Rs325/share is based on a two-stage Gordon growth model implying 3.4x FY12E book. Our valuations factor in Cost of Equity at 14.6%, Normalized ROE of ~21%, and terminal growth of 5%.

Cost of Equity	14.6%
Historic book growth (%)	9.7%
Stage-2 book growth (%) - FY13-18E	30.0%
Terminal growth (%)	5.0%
Mar-12 PT	325
Implied FY13 book	2.9

## Normalized ROE

NIM/Assets	3.6%
Non- interest income/assets	1.8%
Revenues/Assets	5.3%
Costs/Assets	2.4%
Provisions/Assets	0.5%
Taxes/Assets	0.8%
ROA	1.6%
<b>ROE</b>	<b>20.6%</b>

Key risks to our Overweight recommendation and price target include: (1) Execution risk of a profitable branch expansion and (2) Cyclical nature of the CV business can impact credit growth.

Figure 1: IndusInd Bank 2Q12 Financials

	2Q11	1Q12	2Q12	YoY	QoQ	Comments
Interest income	8,541	11,646	13,239	55.0%	13.7%	
Interest expenses	5,244	7,746	9,047	72.5%	16.8%	
<b>Net interest income</b>	<b>3,297</b>	<b>3,900</b>	<b>4,192</b>	<b>27.1%</b>	<b>7.5%</b>	NII inline with expectations
Other income	1,751	2,154	2,392	36.6%	11.1%	Fee income growth stronger than expected
Operating expenses	2,430	2,937	3,254	33.9%	10.8%	Higher than expected
<b>Pre prov profit</b>	<b>2,619</b>	<b>3,117</b>	<b>3,330</b>	<b>27.2%</b>	<b>6.8%</b>	
Provisions	567	446	470	-17.2%	5.3%	
Profit before tax	2,051	2,671	2,860	39.4%	7.1%	
Provision for tax	720	870	929	29.1%	6.9%	
<b>Profit after tax</b>	<b>1,332</b>	<b>1,802</b>	<b>1,931</b>	<b>45.0%</b>	<b>7.2%</b>	5% higher than estimates due to higher fee income
NIM	3.41%	3.41%	3.35%	-0.06%	-0.06%	
NII/GII	38.6%	33.5%	31.7%	-6.9%	-1.8%	
Cost to Income	48.1%	48.5%	49.4%	1.3%	0.9%	Inched up due to branch additions and investments in IT system.
Provisions/PPOP	21.7%	14.3%	14.1%	-7.6%	-0.2%	
Tax rate	35.1%	32.5%	32.5%	-2.6%	-0.1%	
LLP/Loans	0.97%	0.63%	0.62%	-0.34%	0.00%	Credit costs continues to remain low
<b>Balance sheet data</b>						
Advances	234,525	283,840	301,355	28.5%	6.2%	Slowdown has not impacted growth
Deposits	312,903	352,640	383,672	22.6%	8.8%	
Credit to Deposit	75.0%	80.5%	78.5%	3.6%	-1.9%	
CASA Ratio	25.4%	28.2%	27.7%	2.3%	-0.5%	
<b>Asset Quality</b>						
Gross NPA	2,864	3,093	3,326	16.1%	7.5%	Asset quality continues to remain robust
Net NPA	837	838	931	11.2%	11.1%	
Gross NPA (%)	1.21%	1.08%	1.09%	-0.1%	0.0%	
Net NPA(%)	0.36%	0.30%	0.31%	-0.1%	0.0%	
LLP/Loans	0.97%	0.63%	0.62%	-0.3%	0.0%	

Source: Company data, J.P. Morgan.

## Positives

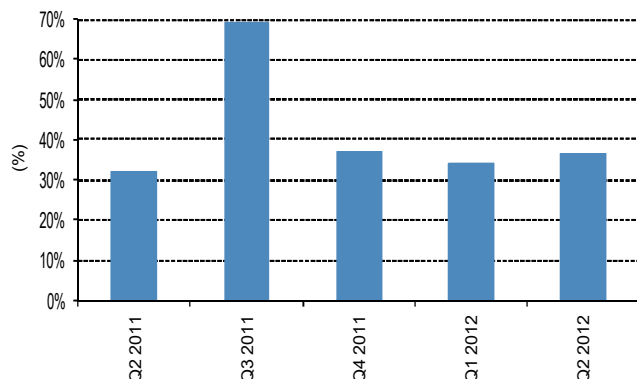
### Strong fee franchise developing

Fee growth remained robust 37% y/y. This was partly driven by a one-off boost in trading, though that was offset by weakness in IB fees. The heartening trends were:

- **Diversity:** Fee sources are diversified with 5-6 different streams all kicking in. In 2Q, the exceptional contributors were client forex and third-party distribution. Investment banking fees dipped but management expects a recovery, given the strong pipeline (IIB's IB is purely debt market).
- **New businesses.** The bank is adding new businesses to its portfolio - credit cards, home loan distribution, investment banking. These should keep the momentum strong in forthcoming quarters.

- **Delinking from assets.** Many of the new businesses are not asset-linked fees, and thus will be ROA accretive over a period of time.

Figure 2: Fee income growth strong (y/y fee income growth)



Source: Company data, J.P. Morgan.

Figure 3: Fee income: All round performance

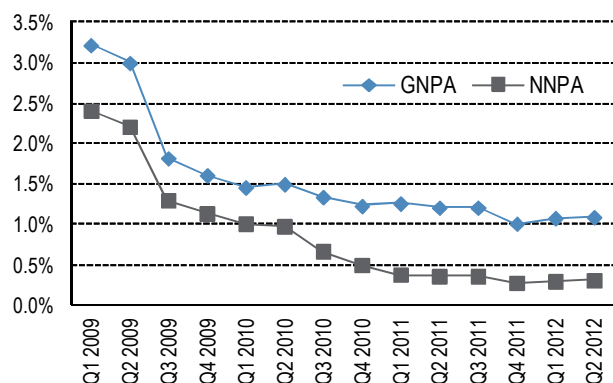
	Q2FY12	Q2FY11	Y-o-Y(%)		Q1FY12	Q-o-Q(%)
Trade & Remittances	28.55	22.21	29%	↑	25.49	12% ↑
Foreign Exchange Income	52.30	31.65	62%	↑	42.27	24% ↑
Distribution Fees (Insurance, MF, Cr. Card)	57.08	39.54	44%	↑	52.35	9% ↑
General Banking Fees	26.85	21.88	23%	↑	23.82	13% ↑
Loan Processing fees	39.13	29.35	33%	↑	33.17	18% ↑
Investment Banking	7.96	18.51	(57%)	↓	9.97	(20%) ↓
<b>Total Core Fee Income</b>	<b>211.87</b>	<b>163.14</b>	<b>30%</b>	<b>↑</b>	<b>187.07</b>	<b>13% ↑</b>

Source: Company data, J.P. Morgan.

### Asset quality remains robust

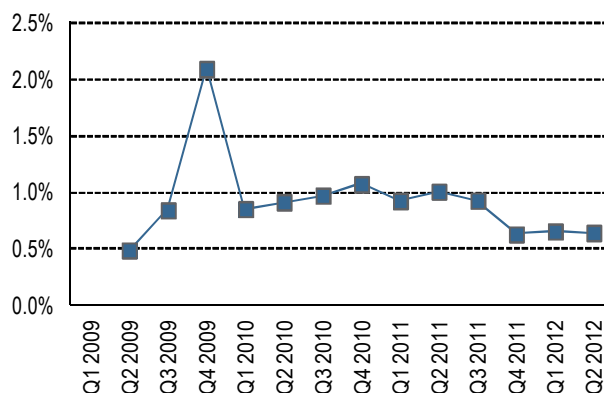
The bank continues to surprise positively on asset quality, with credit costs staying depressed at ~60bp. We think this is not sustainable, despite our confidence in the bank's robust underwriting practices. We are penciling in higher credit costs of ~100bp from FY12E, factoring in a weaker environment, especially in some of its retail segments.

Figure 4: Robust asset quality



Source: Company data, J.P. Morgan.

Figure 5: Credit costs remain low

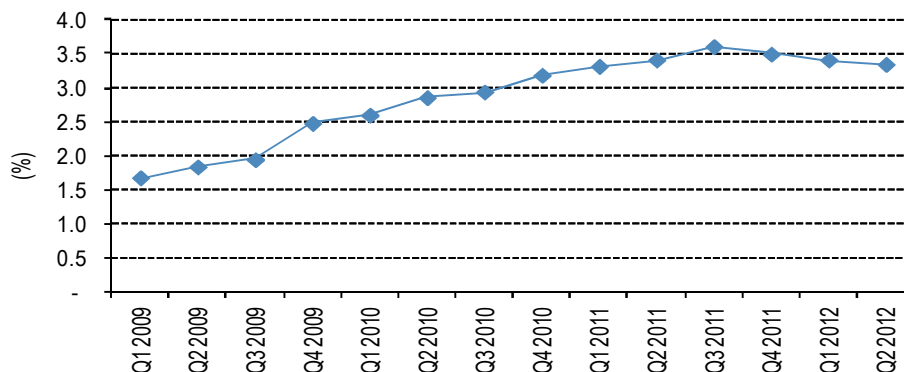


Source: Company data, J.P. Morgan.

## Margins stabilizing

Margins just contracted marginally by ~5bps sequentially aided by a higher proportion of consumer finance book and re-pricing on the corporate book. We expect margins to remain stable going forward – the benefits of asset repricing will soon start to wane. On the other hand, CASA momentum should pick up and pressures from term deposit repricing should abate.

Figure 6: Margins have stabilized now



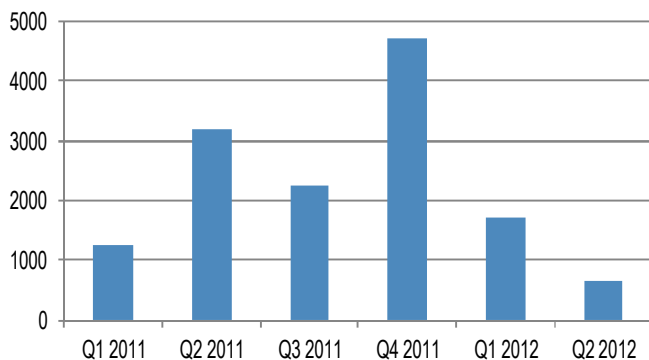
Source: Company data, J.P. Morgan.

## Negatives

### Savings balances stagnating

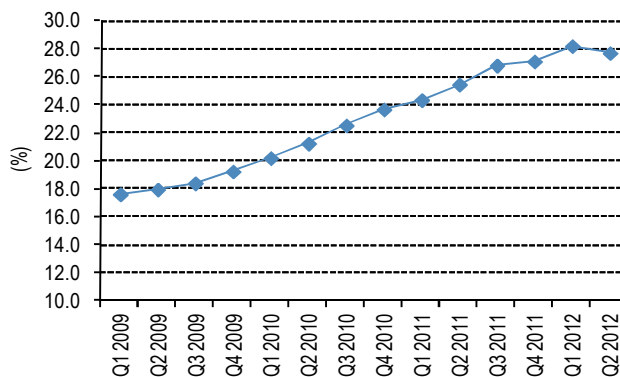
CASA momentum slowed in 2Q12, with savings balances stagnating (2% q/q growth). Management attributes this to migration (to term deposits) in high-ticket segments. Customer additions are, however, accelerating rapidly and the guidance for year-end savings balances was an aggressive 20% growth in 2H (Sep 11 – Mar 12). We think that guidance depends on the bank arresting the migration, which is likely once rates stabilize.

Figure 7: SA accretion weak in 2Q12 (q/q savings accretion- Rs mn)



Source: Company data, J.P. Morgan.

Figure 8: CASA ratio moderated in 2Q12

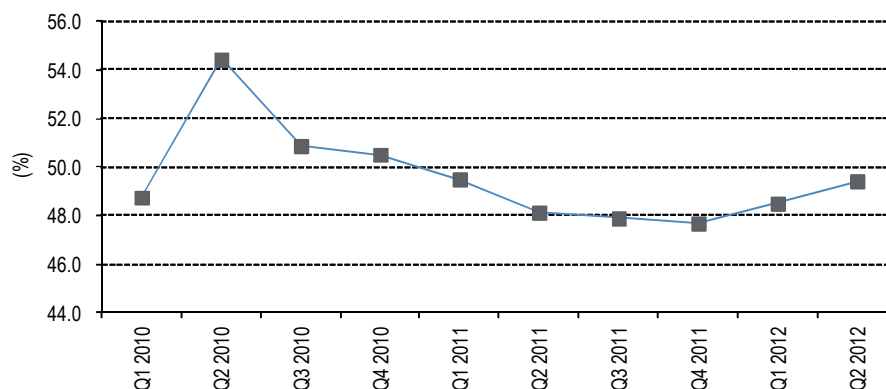


Source: Company data, J.P. Morgan.

## Cost-income slippage

Cost-income slipped (up 91bp q/q to 49.4%) due to a slight squeeze from either end. Branch additions continued to put pressure on the cost line, while revenue momentum slowed slightly because of NIMs. We have factored in a reversal of the cost-income trend in 2H.

Figure 9: IndusInd: Cost income inched up in 2Q12



Source: Company data, J.P. Morgan.

## Other talking points

**Consumer book driving loan growth:** Loan growth has been robust with most of the growth driven by the consumer book with ~10% q/q growth. Retail loan growth has been strong across most categories with disbursements continuing to remain strong. Corporate loan book growth has been muted with just 2.5% q/q growth with high rates impacting overall credit demand and low corporate book spreads prompting management to be less aggressive on the corporate book.

Figure 10: Consumer book driving loan growth (Rs m)

Loan composition	2Q11	1Q12	2Q12	YoY	QoQ
Vehicle Finance	96,510	123,150	135,140	40.0%	9.7%
CV Loan	49,180	61,580	67,550	37.4%	9.7%
Utility Loan	8,070	9,100	10,100	25.2%	11.0%
Car Loan	6,190	9,470	10,750	73.7%	13.5%
2/3 wheeler loan	20,390	27,000	29,680	45.6%	9.9%
Equipment Financing	12,680	16,000	17,060	34.5%	6.6%
Other Retail Loans	1,380	3,880	5,490	297.8%	41.5%
<b>Total Retail Loans</b>	<b>96,510</b>	<b>123,150</b>	<b>135,140</b>	<b>40.0%</b>	<b>9.7%</b>
Retail Traders	18,520	27,430	27,960	51.0%	1.9%
<b>Coporate Advances</b>	<b>118,110</b>	<b>129,380</b>	<b>132,580</b>	<b>12.3%</b>	<b>2.5%</b>

Source: Company data, J.P. Morgan.

**Comfortable with capital:** We believe Tier-1 capital at 12.6% is very comfortable and can support growth over FY13E. Management maintained that they are looking at capital raising only in FY13. Also RWA increase has just been 7% YTD vs. 15% loan growth, bringing down RWA/Loans to <110% from 117% in FY11E. Efficient use of capital should further help enhance RORWAs to ~2.3% over FY12E-13E.

**Figure 2: IndusInd: Quaterly Dupont – Profitability picking up**

ROE Tree	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
<b>Net Interest Income/Assets</b>	<b>3.34%</b>	<b>3.46%</b>	<b>3.53%</b>	<b>3.56%</b>	<b>3.34%</b>	<b>3.41%</b>
Fees/Assets	1.82%	1.70%	1.91%	1.67%	1.84%	1.95%
Net revenues/Assets	5.15%	5.30%	5.44%	5.23%	5.18%	5.36%
Operating Expense/Assets	-2.55%	-2.55%	-2.60%	-2.49%	-2.51%	-2.65%
Provisions/Assets	-0.55%	-0.59%	-0.55%	-0.37%	-0.38%	-0.38%
Taxes/Assets	-0.71%	-0.76%	-0.79%	-0.78%	-0.74%	-0.76%
Total Costs/Assets	-3.82%	-3.90%	-3.94%	-3.64%	-3.64%	-3.79%
<b>ROA</b>	<b>1.34%</b>	<b>1.40%</b>	<b>1.50%</b>	<b>1.59%</b>	<b>1.54%</b>	<b>1.57%</b>
Equity/Assets	6.94%	8.30%	9.48%	9.22%	8.86%	8.81%
<b>ROE</b>	<b>21.28%</b>	<b>18.14%</b>	<b>16.78%</b>	<b>18.25%</b>	<b>18.43%</b>	<b>18.84%</b>

Source: Company data, J.P. Morgan. Calculated margins could be marginally different from reported margin trend due to quarter averages used by us and daily average used by management.

## IndusInd Bank: Summary of Financials

Income Statement						Growth Rates					
Rs in millions, year end Mar	FY09	FY10	FY11E	FY12E	FY13E		FY09	FY10	FY11E	FY12E	FY13E
NIM (as % of avg. assets)	1.9%	3.0%	3.6%	3.6%	3.7%	Loans	23.7%	29.8%	27.3%	26.9%	28.1%
Earning assets/assets	94.0%	94.9%	96.0%	96.3%	96.3%	Deposits	42.2%	65.3%	50.6%	30.9%	28.6%
Margins (% of earning assets)	1.82%	2.84%	3.42%	3.47%	3.55%	Assets	18.9%	28.3%	29.2%	22.9%	26.2%
						Equity	28.8%	51.6%	76.6%	16.5%	17.9%
Net Interest Income	4,590	8,864	13,765	17,539	22,415	RWA	12.6%	19.0%	38.5%	21.6%	28.0%
Total Non-Interest Income	3,653	4,763	6,761	9,330	12,129	Net Interest Income	34.9%	93.1%	55.3%	27.4%	27.8%
Fee Income	2,110	2,780	4,108	5,669	7,369	Non-Interest Income	52.7%	30.4%	41.9%	38.0%	30.0%
						of which Fee Grth	87.2%	31.8%	47.8%	38.0%	30.0%
Other Operating Income	1,543	1,984	2,653	3,662	4,760	Revenues	16.1%	20.8%	28.7%	24.3%	28.8%
Total operating revenues	8,243	13,628	20,526	26,869	34,545	Costs	36.0%	34.5%	37.0%	30.2%	27.2%
						Pre-Provision Profits	56.3%	126.0%	66.6%	31.6%	29.9%
Operating costs	-5,470	-7,360	-10,085	-13,134	-16,700	Loan Loss Provisions	71.9%	21.4%	18.2%	3.8%	64.8%
						Pre-Tax	-	-	-	-	-
Pre-Prov. Profits	2,773	6,268	10,441	13,735	17,845	Attributable Income	97.7%	136.1%	64.8%	34.6%	28.3%
Provisions	-1,408	-1,708	-2,019	-2,095	-3,451	EPS	77.6%	103.8%	46.1%	34.6%	28.3%
Other Inc/Exp. (treasury Income)	910	771	376	200	800	DPS	100.0%	50.0%	11.1%	34.6%	37.2%
Exceptionals	0	0	0	0	0						
						<b>Balance Sheet Gearing</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11E</b>	<b>FY12E</b>	<b>FY13E</b>
Pre-tax	2,275	5,331	8,798	11,840	15,194	Loan/deposit	72.1%	77.5%	76.7%	78.4%	77.9%
Tax	792	1,827	3,025	4,071	5,224	Investment/assets	6.5%	5.4%	7.8%	5.8%	4.6%
Minorities	-	-	-	-	-	Loan/Assets	57.6%	58.5%	57.6%	59.5%	60.4%
Other Distbn.	-	-	-	-	-	Customer deposits/liab.	88.5%	84.4%	85.0%	85.5%	86.6%
Attributable Income	1,484	3,503	5,773	7,770	9,970	LT debt/liabilities	6.8%	10.3%	9.6%	9.6%	9.0%
						<b>Asset Quality/Capital</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11E</b>	<b>FY12E</b>	<b>FY13E</b>
<b>Per Share Data Rs</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11E</b>	<b>FY12E</b>	<b>FY13E</b>	Loan loss reserves/loans	-1.1%	-0.7%	-0.7%	-0.7%	-0.8%
EPS	4.16	8.49	12.39	16.68	21.41	NPLs/loans	1.6%	1.2%	1.0%	1.0%	1.1%
DPS	1.20	1.80	2.00	2.69	3.69	Specific loan loss reserves/NPLs	-70.2%	-60.3%	-72.6%	-72.6%	-72.6%
Payout	28.8%	21.2%	16.1%	16.1%	17.2%	Growth in NPLs	-35.0%	0.2%	4.1%	19.8%	42.0%
Book value	40.10	52.46	82.11	95.65	112.73	Tier 1 Ratio	7.6%	9.7%	12.3%	11.5%	10.9%
Fully Diluted Shares	356.34	412.83	465.77	465.77	465.77	Total CAR	12.6%	15.3%	15.9%	15.1%	14.3%
						<b>Key Balance sheet Rs in millions</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11E</b>	<b>FY12E</b>	<b>FY13E</b>
						Net Loans	161,289	208,587	265,517	336,930	431,919
						LLR	1,791	1,541	1,931	2,313	3,285
						Gross Loans	159,498	207,046	263,587	334,617	428,634
						NPLs	2,550	2,555	2,659	3,186	4,524
						Investments	17,891	18,803	35,289	32,144	32,511
						Other earning assets	12,138	11,691	12,980	16,225	20,282
						Avg. IEA	236,904	296,666	386,484	487,385	608,121
						Goodwill	-	-	-	-	-
						Assets	273,790	351,378	454,104	558,295	704,576
						Deposits	221,102	267,101	343,654	427,075	549,904
						Long-term bond funding	18,564	36,202	43,564	53,837	63,533
						Other Borrowings	-	-	-	-	-
						Avg. IBL	220,491	271,485	345,260	434,065	547,174
						Avg. Assets	251,996	312,584	402,741	506,199	631,435
						Common Equity	14,288	21,656	38,247	44,550	52,508
						RWA	186,438	221,796	307,160	373,507	478,088
						Avg. RWA	175,991	204,117	264,478	340,333	425,797
						<b>Du-Pont Analysis</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11E</b>	<b>FY12E</b>	<b>FY13E</b>
						NIM (as % of avg. assets)	1.9%	3.0%	3.6%	3.6%	3.7%
						Earning assets/assets	94.0%	94.9%	96.0%	96.3%	96.3%
						Margins (as % of Avg. Assets)	1.82%	2.84%	3.42%	3.47%	3.55%
						Non-Int. Rev./ Revenues	37.3%	30.5%	29.2%	30.6%	30.9%
						Non IR/Avg. Assets	1.4%	1.5%	1.7%	1.8%	1.9%
						Revenue/Assets	3.3%	4.4%	5.1%	5.3%	5.5%
						Cost/Income	66.4%	54.0%	49.1%	48.9%	48.3%
						Cost/Assets	-2.2%	-2.4%	-2.5%	-2.6%	-2.6%
						Pre-Provision ROA	1.1%	2.0%	2.6%	2.7%	2.8%
						LLP/Loans	-1.0%	-0.9%	-0.9%	-0.7%	-0.9%
						Loan/Assets	57.2%	58.6%	58.4%	59.1%	60.4%
						Other Prov. Income/ Assets	0.4%	0.2%	0.1%	0.0%	0.1%
						Operating ROA	1.1%	2.0%	2.6%	2.7%	2.8%
						Pre-Tax ROA	0.9%	1.7%	2.2%	2.3%	2.4%
						Tax rate	-	-	-	-	-
						Minorities & Outside Distbn.	0.0%	0.0%	0.0%	0.0%	0.0%
						ROA	0.6%	1.1%	1.4%	1.5%	1.6%
						RORWA	0.8%	1.7%	2.2%	2.3%	2.3%
						Equity/Assets	5.0%	5.7%	7.4%	8.2%	7.7%
						ROE	11.7%	19.5%	19.3%	18.8%	20.5%

Source: Company reports and J.P. Morgan estimates.



**JPM Q-Profile**

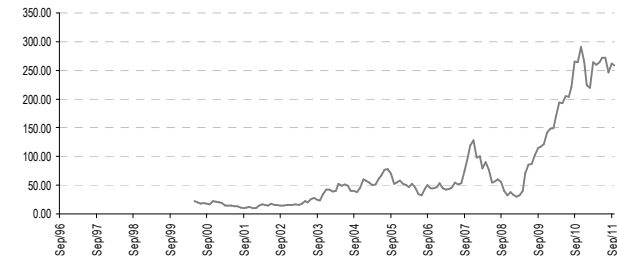
**IndusInd Bank Ltd. (INDIA / Financials)**

As Of: 13-Oct-2011

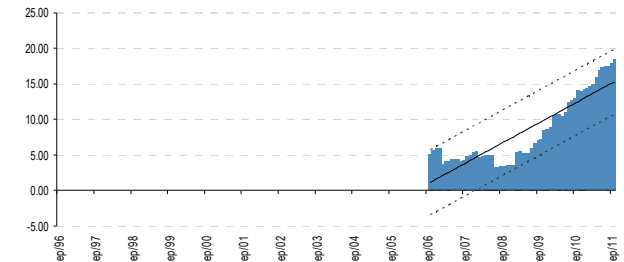
**Global Equity Quantitative Analysis**

Quant\_Strategy@jpmorgan.com

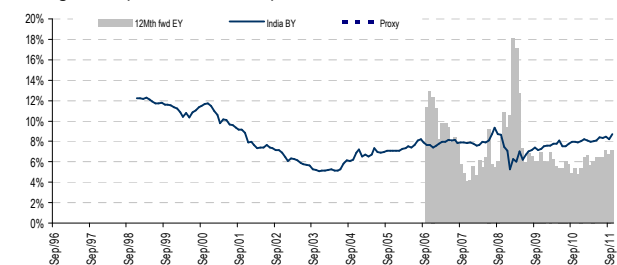
**Local Share Price** Current: **258.05**



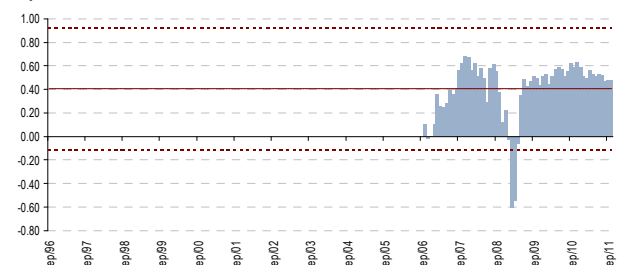
**12 Mth Forward EPS** Current: **18.39**



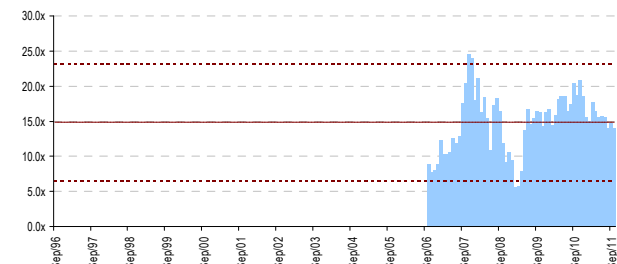
**Earnings Yield (& local bond Yield)** Current: **7%**



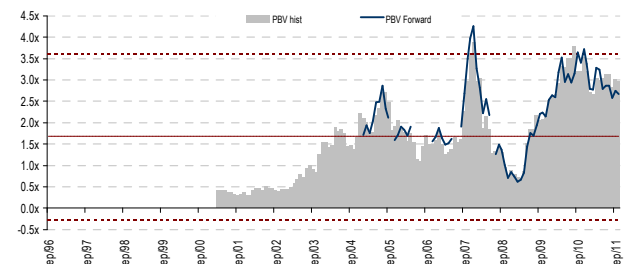
**Implied Value Of Growth\*** Current: **48.06%**



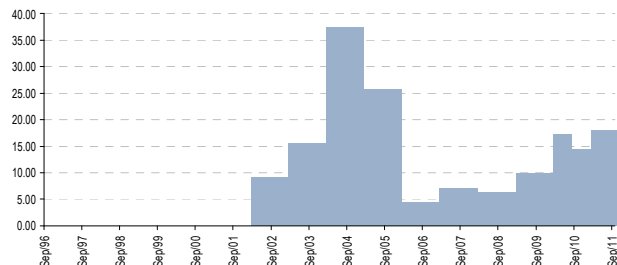
**PE (1Yr Forward)** Current: **14.0x**



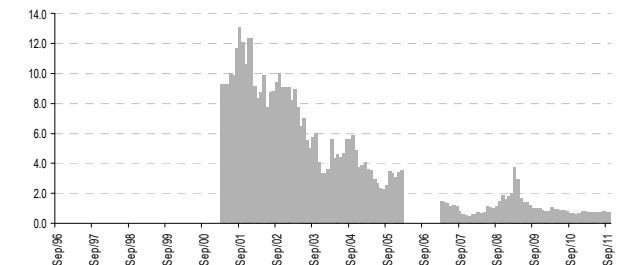
**Price/Book Value** Current: **3.0x**



**ROE (Trailing)** Current: **17.91**



**Dividend Yield (Trailing)** Current: **0.76**



**Summary**

<b>IndusInd Bank Ltd.</b>		<b>SEDOL</b> 6100454		<b>As Of:</b> 13-Oct-11							
<b>INDIA</b>				<b>Local Price:</b> 258.05							
<b>Financials</b>				<b>EPS:</b> 18.39							
	<b>Latest</b>	<b>Min</b>	<b>Max</b>	<b>Median</b>	<b>Average</b>	<b>2 S.D.+</b>	<b>2 S.D. -</b>	<b>% to Min</b>	<b>% to Max</b>	<b>% to Med</b>	<b>% to Avg</b>
12mth Forward PE	14.03x	5.53	24.50	15.60	14.87	23.23	6.50	-61%	75%	11%	6%
P/BV (Trailing)	2.97x	0.29	3.87	1.58	1.68	3.62	-0.26	-90%	30%	-47%	-43%
Dividend Yield (Trailing)	0.76	0.00	13.07	1.84	3.57	10.74	-3.59	-100%	1613%	141%	369%
ROE (Trailing)	17.91	4.34	37.37	9.84	14.80	34.59	-4.99	-76%	109%	-45%	-17%
Implied Value of Growth	48.1%	-0.61	0.68	0.50	0.41	0.92	-0.11	-226%	42%	3%	-15%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, J.P. Morgan Calcs

\* Implied Value Of Growth = (1 - EY/Cost of equity) where cost of equity = Bond Yield + 5.0% (ERP)

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IndusInd Bank (INBK.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
06-Aug-10	OW	209.10	250.00
02-Oct-10	OW	264.60	320.00
11-Oct-10	OW	274.80	350.00
06-Mar-11	OW	241.50	300.00
19-Apr-11	OW	279.95	325.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Aug 06, 2010.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.

J.P. Morgan ratings: OW = Overweight, N= Neutral, UW = Underweight

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	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage	47%	42%	11%
IB clients*	51%	44%	33%
JPMS Equity Research Coverage	45%	47%	7%
IB clients*	70%	60%	52%

\*Percentage of investment banking clients in each rating category.

For purposes only of FINRA/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category.

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