



TAMILNAD MERCANTILE BANK LTD TMB (2018-2019)
UPDATED ON 11.06.2019

NATURE OF INDUSTRY/ACTIVITY :	BANKING
ISIN NO :	INE668A01016
PAID UP EQUITY CAPITAL : <u>FY 2018-19</u>	Rs. 142.51 Cr
FACE VALUE :	Rs.10/share
PROMOTERS :	Nadar Community
RESREVES & SURPLUS :	Rs. 3475.74 Cr
INTEREST EARNED :	Rs. 3224.45 Cr
INTEREST EXPENDED :	Rs. 1994.30 Cr
PAT :	Rs. 258.58 Cr
EPS : (Diluted)	Rs. 18.14/Share
DIVIDEND :	Rs. 3.20/share declared on 7th June '19
BOOK VALUE	Rs. 254/share

Banks are hogging the limelight these days, thanks to the demonetization drive that has seen a surge among people to deposit legally invalid Rs 500 and Rs 1,000 notes within the deadline and withdraw new notes. Even as the spotlight remains on banks, here is one private sector lender that stock market investors and bankers would be curious for different reasons.

We are talking about Tamilnad Mercantile Bank (TMB), is the leading private sector based in South India. The Thoothukudi-based private sector bank founded in May 1921 has 509 full-fledged branches all over India, 12 regional offices, 1135 ATM. It contains one of the strongest financial positions and it boasts of a very high CAR as per Basel II norms and also having a consistently

growing track record. Due to its strong financial performance, the bank is often referred to as the HDFC bank of South India.

Now, some information that would deliver a pleasant shock to stock market investors, especially those who hold shares in companies that pay a huge dividend and regular, liberal bonus shares.

- ❖ TMB issued bonus shares in the ratio of 500:1 (500 equity shares for every one Rs 10 share held) to its eligible shareholders, for which the record date was May 25, 2016.
- ❖ If that sounds unbelievable, here is more. TMB paid an interim dividend at the rate of 14,000 percent, or Rs 1,400 per equity share, for the financial year 2015-16, followed by a second interim dividend of 4 percent.
- ❖ In 2014-15, the bank paid Rs 1,600 per share as dividend in two instalments, same as in 2013-14.

Financial performance at a glance

Some of the figures are mind-boggling, to say the least.



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	₹ in Crores	Growth (%)
TOTAL BUSINESS	65061.21	4.68
TOTAL DEPOSITS	36825.03	4.81
TOTAL ADVANCES	28236.18	4.51
OPERATING PROFIT	995.05	12.53
NET PROFIT	407.69	57.66
NET WORTH	3979.65	9.99
GROSS NPA (%)	3.62	-0.70
NET NPA (%)	1.80	-0.60
PCR (%)	80.75	7.14

AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31st MARCH 2020

₹ in Crores

Sl. No.	Particulars	Quarter ended 31.03.2020	Year ended 31.03.2020	Year ended 31.03.2019
1.	Total income from Operations (net)	1066.63	3992.56	3638.77
2.	Net Profit /(Loss) from ordinary activities after tax	164.20	407.69	258.58
3.	Net Profit /(Loss) for the period after tax (after extraordinary items)	164.20	407.69	258.58
4.	Equity Share Capital	142.51	142.51	142.51
5.	Reserves (excluding Revaluation Reserve as shown in the Balance sheet of the previous year)	3837.13 (as on 31.03.2020)	3837.13 (as on 31.03.2020)	3475.74 (as on 31.03.2019)
6.	Earnings Per Share (before extraordinary items) Basic and Diluted (₹)	11.52*	28.61	18.14
7.	Earnings Per Share (after extraordinary items) Basic and Diluted (₹)	11.52*	28.61	18.14

* Not annualised

For and on behalf of the Board of Directors

Place : Thoothukudi
Date : 24.06.2020

K.V. Rama Moorthy
Managing Director & CEO

- **In 2015-16, TMB ended up with earnings per share (EPS) of Rs 14,138 and a net profit of Rs 402.16 crore. The net interest income (NII) was Rs 1,044 crore.**
- **The book value per share rose to Rs.1,03,656 as of March 31,2016, from Rs.91,203 at the end of the preceding fiscal. The per-employee business was Rs.12.48 crore and the profit per employee was Rs 9.48 lakh in 2015-16.**
- **The gross and net non-performing assets of the bank stood at 1.86 percent and 0.89 percent, respectively, as of March 31, 2016. The bank's reserves stood at Rs 2,941 crore.**
- **The bank was established by Nadar's, a community in Tamil Nadu, as The Nadar Bank Ltd. in 1921 and was later renamed as Tamilnad Mercantile Bank on November 26, 1962.**
- **In its first year, it earned a net profit of Rs 6,984 and paid 6 percent dividend to its shareholders.**
- **The bank was in the news in January this year over the proposed IPO of its shares to unlock value.**

The stock market is in a state of flux, but that has not stopped investors from lapping up shares of unlisted Tamilnad Mercantile Bank of late. Tamilnad Mercantile stock in the unofficial market has almost doubled in the last one month after the bank announced bonus shares in the ratio of 1:500 (five hundred shares for every share held), sparking speculation that an initial public offer (IPO) is round the corner.

The board, in a notice to shareholders has also recommended an IPO of up to Rs 500 crore. Brokers, who handle unlisted shares, said the appetite for Tamilnad shares has been voracious since the announcement. Since the shares are not listed and not available in demat form, physical shares exchange hands between brokers in the unlisted space.

The bank, in a notice send to shareholders for the annual general meeting, said it is necessary to recommend issue of bonus shares at such a high ratio, so that the post bonus issue price per share would come down to levels which would be suitable for accessing capital markets in future.

The notice also said that the bank's current share capital may fall short of its minimum capital adequacy requirements as per RBI's prudential norms, in the next one or two years.



