kotak neo

Dated: 10 Aug 2026

India Shelter (INDIASHL) - BUY

Result Update Q1FY27

Current Market Price (CMP)	Fair Value (FV)
Rs.692	**Rs.975**

Rationale:

- Disbursements declined 28% due to a norm change, otherwise 18% growth.
- 30+ dpd inched up to 5.2% from 4-5% in the past four quarters.
- Asset quality trends are a tad weaker than most peers, likely reflecting stress in lower tickets.
- Margins and core profitability remain strong to buffer the same.
- We raise credit cost estimates to 60 -65 bps from 50 bps earlier to reflect risks in the lower-end of the market.
- Valuations remain cheap at 1.7X book and 10.7X earnings FY2028E (juxtaposed to 17% RoE and 21% earnings CAGR), driving our BUY rating with an unchanged RGM-based FV of Rs975.

Positives:

- India Shelter reported PAT of Rs140 cr in Q1FY27, up 20% yoy and broadly in line with our estimates.
- NII growth was strong at 31% yoy, driven by 29% yoy AUM growth.
- The core NIM expanded 73 bps yoy and 36 bps qoq to 10.0%.

Negatives:

- Disbursements, as reported, were soft at Rs640 cr, down 28% yoy and 38% qoq.
- The gross stage-2 ratio was up 73 bps qoq to 4.1%. Gross stage- 3 ratio was up 30 bps qoq to 1.5%.
- Credit costs rose to 0.5% from 0.3% in Q4FY26 (up 19 bps) on higher provisions (up 70% qoq) due to elevated write-off during the quarter versus Q4FY26.

(NIM: Net Interest Margin, AUM: Assets under management, NPL: Non performing loans, dpd: days past due, NII: Net interest income)

The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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