

## IndusInd Bank (IIB) - BUY

### Result Update

Current Market Price (CMP)

**Rs.1,425**

Target Price

**Rs.1,800**

### Rationale:

- IIB reported flat earnings growth due to muted operating profit growth.
- NIM (Net Interest Margin) was flat qoq at 4.3%.
- Slippages were <2%, the near-term outlook on MFI and credit cards is yet to turn comfortable.
- Bank has indicated that it would be able to grow its loans faster than the industry.
- There is room for re-rating if operating leverage plays and is supported by asset quality.
- Maintain BUY (FV at Rs1,800, unchanged).

### Result update:

#### **Positives:**

- Loans grew ~15% yoy with retail loans growing 18% yoy.
- Deposits grew ~15% yoy.
- Gross NPL and net NPL ratios were largely unchanged at ~2% and 0.6%, respectively.
- Slippages were lower at 1.8% of loans.
- Credit costs were 1.2%. RoA was 1.7% and RoE was ~13%.

#### **Negatives:**

- Co. has called out elevated slippages in the credit card and MFI portfolio in the near term.
- Fee income growth slowed to ~10% yoy.

[Click here](#)

For detailed report dated 27th July 2024. Note: CMP & valuation may differ due to difference in dates.



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months / Disclaimer: <https://bit.ly/research-v2>