

## IndusInd Bank (IIB) - REDUCE

### Company Update

Current Market Price (CMP) <b>Rs. 818</b>	Fair Value (FV) <b>Rs.800</b>
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### Rationale:

- We met with Mr. Rajiv Anand, MD and CEO of IIB. Management indicated comfort on asset quality, constructive stakeholder engagement and a fresh leadership bench while highlighting cost rationalization and liability franchise build-out as key levers.
- Risk-reward appears less compelling versus large banks with clearer multiple expansion drivers.
- We maintain REDUCE (FV Rs800, unchanged), as much of the near-term improvement appears priced in.

### 👍 Positives:

- The bank's three-year PACE strategy aims to protect core strengths in vehicle finance, rural/MFI reach and corporate banking while driving differentiation.
- Management indicated comfort on the portfolio quality, with no immediate red flags identified.
- The bank is looking to scale up the mid-corporate segment, as it has several advantages along with lending opportunities.
- We expect double-digit RoE in FY2028E.

### 👎 Negatives:

- The bank has seen significant churn at the senior management level in recent quarters, with most key businesses now having newly appointed leaders.
- The bank acknowledged that there have been areas in recent times where it has lost out to competitors due to weaker turn-around times and is looking to correct the same.



The content of this document has been derived from Kotak Securities PCG 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)

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- 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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