

News monitored for: JM Financial

STRONG Q4 meeting Street expectations shows promise in near-to-medium term

Analysts Stay Upbeat on IndusInd, Expect Gains of up to 38%

Banking on Growth

Brokerage	Rating	Price Target (₹)	
		Before Q4	After Q4
Goldman Sachs	Buy	1,411	1,522
Jefferies	Buy	1,550	1,550
Kotak Institutional Equities	Buy	1,350	1,350
Nomura	Buy	1,460	1,400
Nuvama (formerly Edelweiss)	Hold	1,230	1,230
CLSA	Buy	1,500	1,500
Morgan Stanley	Overweight	1,525	1,525
JP Morgan	Neutral	1,060	1,060
Citi	Buy	1,420	1,380
JM Financial - Institutional	Buy	1,470	1,375

Source: Bloomberg, Brokerage Houses

Our Bureau

Mumbai: Analysts remain upbeat on the near-to-medium term prospects of IndusInd Bank after India's fifth-largest private sector bank reported fourth-quarter earnings that met expectations with standalone net profit rising 50% from the corresponding period last year.

Shares of the Hinduja Group-promoted lender advanced as much as 2.3% in Tuesday's trading before closing at ₹1,119.95 per share on the NSE, up 1.63% from the previous close. More than 5.5 million IndusInd Bank shares exchanged hands on the BSE and NSE against a combined average daily volume of about 3.3 million shares over the last month.

Of the 33 analysts who reviewed the bank's quarterly earnings, 28 maintained their 'buy' or 'overweight' ratings and five remained neutral, Bloomberg data showed. Nine raised price targets and eight slashed them. The remaining 16 analysts maintained their price targets on the stock.

Goldman Sachs raised its price

target while Jefferies maintained the status quo. Both brokerage houses foresee 36-38% upside potential, respectively, from the current levels.

Jefferies valued the bank at 1.7 times its FY25 adjusted price-to-book (P/B). It estimates annual profits to grow 21% between FY23 and FY26 supported by top-line expansion and a decline in credit costs, further improving the RoA and RoE. "Valuations are attractive at 1.4 times FY24 adjusted P/B and IndusInd Bank is among the top picks in the sector," said Jefferies in a client note.

Kotak Institutional Equities valued the stock at 1.5 times P/B and 11 times FY25E EPS to achieve 15% RoE. It is one of its preferred picks given its attractive risk-reward at the current price. "IndusInd Bank may not have a strong liability profile that we associate with the large private banks but it does compensate for this difference through higher asset yields. We believe that asset quality should not be a key concern area for the entire sector, including IndusInd Bank," Kotak said in a client note.