

# HSIE Results Daily

## Contents

### Results Reviews

- Shriram Finance:** Shriram Finance's (SHFL) Q4FY26 earnings were largely in line with our estimates with lower-than-expected opex offset by lower other income. AUM growth remained steady at 14.8% YoY, driven by strong uptick in CV (+19.5% YoY) and gold loans. Asset quality deteriorated marginally in a seasonally strong quarter with uptick in GS-II/GS-III driving higher credit costs of 1.9%. With equity capital by MUFG completed in Apr-26, SHFL is geared to drive higher loan growth, driven by new CV segment, with focus on customer retention. We revise our FY27E-FY28E earnings estimates to factor in marginally lower loan growth and maintain ADD, with a revised RI-based TP of INR 1,100 (implying 2.1x Mar-28 ABVPS).
- IndusInd Bank:** IndusInd Bank (IIB) Q4FY26 earnings, although sub-par, beat our estimates on the back of lower-than-expected provisioning, even as the bank continues to de-grow credit book and improve its credit quality marginally. Credit growth (-8% YoY/-0.5% QoQ) was subdued with continued de-growth in wholesale and MFI segments. Deposit growth (-3% YoY/+2% QoQ) was also muted with the CASA ratio improving to 31.2% (+100bps QoQ) as IIB continues its endeavour to improve the granularity of its deposits. While the management has guided on growing its loan book close to system levels in FY27, we argue it is too early for the franchise to find growth accelerants, given multiple handicaps around a sub-par deposit franchise, inadequate provisioning buffers, and stress in its unsecured book still needs fixing. We raise our FY27E-FY28E forecasts by ~3%, building in 11% loan growth CAGR over FY26-FY28E, accelerated provisioning and gradual pick-up in fee income, reflecting in muted medium-term return ratios. We believe IIB's journey towards 1% RoA is likely to be a protracted one. We maintain REDUCE with a revised TP of INR760 (0.8x Mar-28 ABVPS).
- Mahindra & Mahindra Financial Services:** Mahindra & Mahindra Financial Services (MMFS) reported healthy P&L outcomes with marginal NIM deflation and strong fee income partly offset by higher credit costs (1.7%) due to management overlay (66bps). While AUM growth remained subdued at 12.1% YoY, disbursements witnessed an uptick in Q4 (+11% YoY). MMFS is seeking to drive higher pace of growth and improve profitability on the back of portfolio diversification (SME, mortgages etc.), higher fee income and improving operating efficiency through digital initiatives. However, RoA is likely to remain at ~2.1-2.2% along with loan growth at ~15-16% CAGR during FY27-FY28E. We revise our FY27/FY28E earnings estimates to factor in higher fee income and lower credit costs and maintain ADD with a revised SOTP-based TP of INR 350 (standalone entity at implied 1.7x Mar-28 ABVPS).
- Zensar Technologies:** Zensar reported muted performance in Q4FY26, with revenue declining 1.9% QoQ in CC terms, driven by ongoing weakness in the TMT vertical, fewer working days, and deferred ramp-up of a large deal signed in February. Despite revenue softness, order bookings surged to a record USD 401.8mn, up 122.9% QoQ, yielding a 2.5x book-to-bill ratio, fueled by the mega deal win; adjusting for this win, TCV is at USD 206mn, up 14% QoQ. Management emphasized AI progress, with 85% of the workforce AI-certified and AI-native offerings now deployed at enterprise scale, affirming early investments. While AI presents a major opportunity for expansion into adjacent areas like CMO and BPO, it also introduces stress as clients

HSIE Research Team

hdfcsec-research@hdfcsec.com

repurpose spend from traditional application development, driving hyper-competitiveness from tier-1 players. While TMT faces persistent pressure and competitive intensity rises, BFSI maintains its growth momentum. The company is targeting mid-teen EBITDA margins in FY27E, though near-term margin pressure may prevail in Q1-Q2 from mega deal transition costs. The demand environment stays mixed amid geopolitical uncertainty; TMT faces persistent pressure from client insourcing and mass layoffs at major tech firms, and healthcare stays stressed by account consolidation. Led by weak TMT, healthcare stress and large deal ramp-up delays, we cut estimates by ~1-2%. We reiterate ADD with INR 675 TP at 17x Mar-28E EPS.

- **DCB Bank:** DCB Bank's (DCBB) Q4FY26 earnings were marginally below estimates, with lower-than-expected loan growth and softer traction in fee income being offset by stable NII growth and in-line asset quality. Deposit growth (+21% YoY, 7% QoQ) was strong while CASA ratio declined further to 22.4% (-39bps QoQ). Loan growth (+17% YoY, 6% QoQ) was led by corporate, mortgage, and agri segments. We take comfort in DCBB's sustained efforts at cost rationalization and self-origination, reflecting in early evidence of operating leverage gains and greater control over asset quality outcomes as highlighted in our recent Company Update. We believe that the bank's journey to sustainably reflate its RoA > 1% is contingent on its ability to build further on these gains, and simultaneously deliver on deposit granularity, margins, and asset quality. We maintain BUY with a revised TP of INR230 (1.0x Mar-28 ABVPS).

# Shriram Finance

## In-line earnings; growth acceleration likely ahead

Shriram Finance's (SHFL) Q4FY26 earnings were largely in line with our estimates with lower-than-expected opex offset by lower other income. AUM growth remained steady at 14.8% YoY, driven by strong uptick in CV (+19.5% YoY) and gold loans. Asset quality deteriorated marginally in a seasonally strong quarter with uptick in GS-II/GS-III driving higher credit costs of 1.9%. With equity capital by MUFG completed in Apr-26, SHFL is geared to drive higher loan growth, driven by new CV segment, with focus on customer retention. We revise our FY27E-FY28E earnings estimates to factor in marginally lower loan growth and maintain ADD, with a revised RI-based TP of INR 1,100 (implying 2.1x Mar-28 ABVPS).

- Steady NIMs; sharp reflation ahead:** SHFL's NIM (calculated) remained steady sequentially at 8.4%, with reduction in cost of funds and lower excess liquidity offset by moderation in yields. With lower marginal cost of funds, along with benefit of credit ratings upgrade (CRISIL AAA), SHFL's cost of funds is likely to improve during FY27-FY28E. Loan growth moderated marginally to 14.8% YoY with disbursements growth of 15% YoY. While the management expects loan growth of ~18% YoY during FY27, driven by CV segment (increasing share of new CV), global uncertainties remain a key monitorable for loan growth and asset quality (increase in fuel prices).
- Asset quality – marginal deterioration:** GS-II/III increased sequentially to 6.91%/4.58% (Q3FY26: 6.78%/4.54%), with deterioration across segments, which was a negative surprise. Management indicated erratic cash flows of borrowers leading to uptick in early delinquencies, while credit costs are expected to remain steady. Net slippages (calculated) increased QoQ to 1.7% (Q3FY26: 1.2%; Q4FY25: 2.2%).
- Equity capital to drive higher loan growth aspirations:** SHFL is likely to accelerate its pace of loan growth, aided by surplus equity capital and liabilities side tailwinds. With better pricing power, SHFL is likely to aim for higher wallet share of its customers in the new CV segments and MSME segment as well. In the non-CV/CE segments, gold loans and tractors are likely to be the focus areas for growth. However, sustainable overall loan growth above 18% with elevated competitive intensity in the new CV segment and increasing scale remains a key monitorable.

### Financial summary

Y/E Mar (INR bn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY27E	FY28E
NII	67.5	55.7	21.3	65.7	2.7	251.2	323.3	391.7
PPOP	53.3	43.4	22.8	46.7	14.0	186.3	251.2	306.9
APAT	30.1	21.4	40.9	25.2	19.5	100.0	131.6	164.1
EPS (INR)	16.0	11.4	40.9	13.4	19.5	53.1	56.0	69.7
ROAE (%)						16.4	14.5	13.3
ROAA (%)						3.3	3.8	4.0
ABVPS (INR)						312	461	512
P/ABV (x)						3.2	2.2	2.0
P/E (x)						19.0	18.1	14.5

### Change in estimates

INR bn	FY27E			FY28E		
	Old	New	Old	New	Old	New
AUM	3,542	3,529	-0.4%	4,201	4,182	-0.5%
NIM (%)	9.0	9.2	16 bps	9.3	9.4	2 bps
NII	323.4	323.3	0.0%	393.0	391.7	-0.3%
PPOP	250.4	251.2	0.3%	308.4	306.9	-0.5%
PAT	129.8	131.6	1.4%	164.5	164.1	-0.2%
ABVPS (INR)	452	461	1.9%	503	512	1.9%

Source: Company, HSIE Research

## ADD

CMP (as on 24 Apr 2026)	INR 1,011
Target Price	INR 1,100
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR1055	INR1100
	FY27E	FY28E
EPS %	1.4%	-0.3%

### KEY STOCK DATA

Bloomberg code	SHFL IN
No. of Shares (mn)	2,353
MCap (INR bn) / (\$ mn)	2,379/25,243
6m avg traded value (INR mn)	7,801
52 Week high / low	INR 1,108/566

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	0.6	45.5	43.8
Relative (%)	7.4	54.6	47.4

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	25.4	25.4
FIs & Local MFs	21.3	23.3
FPIs	47.2	45.2
Public & Others	6.1	6.2
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

### Deepak Shinde

deepak.shinde@hdfcsec.com  
+91-22-6171-7323

### Krishnan ASV

venkata.krishnan@hdfcsec.com  
+91-22-6171-7314

### Ayush Pandit

ayush.pandit@hdfcsec.com  
+91-22-6171-7366

# IndusInd Bank

## Protracted journey towards sustainable earnings

IndusInd Bank (IIB) Q4FY26 earnings, although sub-par, beat our estimates on the back of lower-than-expected provisioning, even as the bank continues to de-grow credit book and improve its credit quality marginally. Credit growth (-8% YoY/-0.5% QoQ) was subdued with continued de-growth in wholesale and MFI segments. Deposit growth (-3% YoY/+2% QoQ) was also muted with the CASA ratio improving to 31.2% (+100bps QoQ) as IIB continues its endeavour to improve the granularity of its deposits. While the management has guided on growing its loan book close to system levels in FY27, we argue it is too early for the franchise to find growth accelerants, given **multiple handicaps** around a sub-par deposit franchise, inadequate provisioning buffers, and stress in its unsecured book still needs fixing. We raise our FY27E-FY28E forecasts by ~3%, building in 11% loan growth CAGR over FY26-FY28E, accelerated provisioning and gradual pick-up in fee income, reflecting in muted medium-term return ratios. We believe IIB's journey towards 1% RoA is likely to be a protracted one. We maintain REDUCE with a revised TP of INR760 (0.8x Mar-28 ABVPS).

- **Subdued operating performance and balance sheet growth:** NIMs (3.4%; +4bps QoQ excluding one-offs) were marginally up, as lower growth in high-yielding assets was offset by lower cost of funds (-12bps QoQ). Loan growth was muted, on the back of continued reduction in the MFI book (-5% QoQ) and large and mid-corporates exposure (-7% QoQ), with marginal uptick in the vehicle finance portfolio.
- **Inadequate provisioning buffer:** Gross slippages, while elevated, improved to 2.3% (9MFY26: 3.2%), with stress in MFI segment declining. Credit costs, although lower QoQ, were elevated, at 1.9% (Q3FY26: 2.6%), given continued write-offs in the MFI book. With GNPA/NNPA at 3.4%/1.0%, the provisioning buffer (PCR: 71%) appears relatively inadequate, and thus, we expect PCR to rise gradually, keeping earnings muted in the medium-term.
- **Protracted journey to regaining stakeholder trust:** We expect IIB to face a tough transition period as the franchise is pushed towards greater regulatory compliance and tighter impairment recognition and provisioning measures.

### Financial summary

(INR bn)	4QFY26	4QFY25	YoY (%)	3QFY26	QoQ (%)	FY26A	FY27E	FY28E
NII	43.7	30.5	43.4%	45.6	-4.2%	179.8	200.1	226.3
PPOP	23.0	(4.9)	NA	22.7	1.1%	91.8	103.1	125.9
PAT	5.9	(23.3)	NA	1.3	364.4%	8.9	32.2	51.3
EPS (INR)	7.6	(29.9)	NA	1.6	379.9%	11.4	41.4	65.8
ROAE (%)						1.4	4.8	7.2
ROAA (%)						0.2	0.6	0.9
ABVPS (INR)						803.0	846.1	907.2
P/ABV (x)						1.1	1.0	0.9
P/E (x)						74.3	20.5	12.9

Source: Company, HSIE Research

### Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	3,497	3,444	1.5%	3,925	3,822	2.7%
NIM (%)	4.0	4.0	-1 bps	4.2	4.1	1 bps
NII	200.1	204.2	-2.0%	226.3	232.4	-2.6%
PPOP	103.1	104.2	-1.0%	125.9	127.3	-1.1%
PAT	32.2	31.3	3.0%	51.3	49.7	3.1%
Adj. BVPS (INR)	846.1	880.5	-3.9%	907.2	942.9	-3.8%

Source: Company, HSIE Research

## REDUCE

CMP (as on 24 Apr 2026)	INR 848
Target Price	INR 760
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR705	INR760
	FY27E	FY28E
EPS %	+3.0%	+3.1%

### KEY STOCK DATA

Bloomberg code	IIB IN
No. of Shares (mn)	779
MCap (INR bn) / (\$ mn)	661/7,009
6m avg traded value (INR mn)	3,615
52 Week high / low	INR 969/711

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.0)	11.8	7.7
Relative (%)	0.8	21.0	11.3

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	15.8	15.8
FIs & Local MFs	35.4	40.5
FPIs	31.6	28.6
Public & Others	17.2	15.1
Pledged Shares	6.9	6.9

Source : BSE

Pledged shares as % of total shares

**Krishnan ASV**  
venkata.krishnan@hdfcsec.com  
+91-22-6171-7314

**Akshay Badlani**  
akshay.badlani@hdfcsec.com  
+91-22-6171-7325

# Mahindra & Mahindra Financial Services

## Improving earnings stability

Mahindra & Mahindra Financial Services (MMFS) reported healthy P&L outcomes with marginal NIM reflation and strong fee income partly offset by higher credit costs (1.7%) due to management overlay (66bps). While AUM growth remained subdued at 12.1% YoY, disbursements witnessed an uptick in Q4 (+11% YoY). MMFS is seeking to drive higher pace of growth and improve profitability on the back of portfolio diversification (SME, mortgages etc.), higher fee income and improving operating efficiency through digital initiatives. However, RoA is likely to remain at ~2.1-2.2% along with loan growth at ~15-16% CAGR during FY27-FY28E. We revise our FY27/FY28E earnings estimates to factor in higher fee income and lower credit costs and maintain ADD with a revised SOTP-based TP of INR 350 (standalone entity at implied 1.7x Mar-28 ABVPS).

- Cost of funds, fee income drive strong PPOP growth:** MMFS's NIM (calculated) reflat sequentially by ~7bps to 6.6%, largely driven by lower cost of funds (~34bps). Other income (+53% YoY) remains strong, led by distribution income and dividend income. Loan growth moderated to 12% YoY with strong growth in Tractors (28% YoY) and SME (32% YoY) and muted growth in pre-owned cars (9% YoY), CV/CE (0.5% YoY) and 3 wheelers (-6% YoY). Management expects uptick in loan growth in mid-teens, with a higher share of SME and mortgages, along with healthy growth in Tractors and CV segment.
- Improving asset quality; management overlay amidst global uncertainties:** MMFS's stress pool reduced further, with GS-II/GS-III at 4.8%/3.4% (Q3FY26: 5.4%/3.8%) and net slippages at 0.5% (annualized). While credit cost was elevated in Q4 (1.7%), it included management overlay (66bps) amidst global uncertainties, providing some buffer during FY27-FY28E.
- Stability in earnings; RoA reflation remains WIP:** MMFS has undergone several changes, including tech transformation and process optimization (branch structure re-jig, CPC, etc.), along with adding fee income streams to drive healthy RoA. HFC subsidiary has witnessed a turnaround in Q4 with strong loan growth (21% YoY) and improving asset quality and amalgamation with MMFS could accelerate the portfolio diversification journey. However, RoA reflation beyond 2.1-2.2% seems limited during FY27-FY28E.

### Financial summary (Standalone)

Y/E Mar (INR bn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY27E	FY28E
NII	23.9	19.3	24.1	23.0	3.8	88.2	99.8	115.0
PPOP	17.2	12.1	42.0	15.4	11.8	61.1	70.3	80.6
PAT	8.7	5.6	55.0	8.1	7.7	27.8	33.7	38.9
EPS (INR)	6.3	4.6	37.7	5.8	7.7	20.0	24.3	28.0
ROAE (%)						12.5%	13.0%	13.7%
ROAA (%)						2.0%	2.1%	2.1%
ABVPS (INR)						154.2	167.3	183.8
P/ABV (x)						1.7	1.5	1.4
P/E (x)						12.7	10.5	9.1

### Change in estimates

INR bn	FY27E			FY28E		
	Old	New	Chg	Old	New	Chg
AUM	1,547	1,548	0.1%	1,794	1,796	0.1%
NIM (%)	6.3	6.3	1 bps	6.3	6.3	-4 bps
NII	100.2	99.8	-0.4%	115.4	115.0	-0.3%
PPOP	70.0	70.3	0.4%	79.8	80.6	0.9%
PAT	32.7	33.7	3.2%	37.2	38.9	4.6%
ABVPS (INR)	164	167	1.8%	179	184	2.8%

Source: Company, HSIE Research

## ADD

CMP (as on 24 Apr 2026)	INR 294
Target Price	INR 350
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 345	INR 350
	FY27E	FY28E
EPS %	3.2%	4.6%

### KEY STOCK DATA

Bloomberg code	MMFS IN
No. of Shares (mn)	1,390
MCap (INR bn) / (\$ mn)	409/4,341
6m avg traded value (INR mn)	1,159
52 Week high / low	INR 412/236

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(18.3)	(1.9)	9.2
Relative (%)	(11.5)	7.2	12.8

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	52.5	52.5
FIs & Local MFs	32.4	32.1
FPIs	9.1	9.4
Public & Others	6.0	6.0
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

### Deepak Shinde

deepak.shinde@hdfcsec.com  
+91-22-6171-7323

### Krishnan ASV

venkata.krishnan@hdfcsec.com  
+91-22-6171-7314

### Ayush Pandit

ayush.pandit@hdfcsec.com  
+91-22-6171-7366

# Zensar Technologies

## Deal wins strong; TMT offsets growth

Zensar reported muted performance in Q4FY26, with revenue declining 1.9% QoQ in CC terms, driven by ongoing weakness in the TMT vertical, fewer working days, and deferred ramp-up of a large deal signed in February. Despite revenue softness, order bookings surged to a record USD 401.8mn, up 122.9% QoQ, yielding a 2.5x book-to-bill ratio, fueled by the mega deal win; adjusting for this win, TCV is at USD 206mn, up 14% QoQ. Management emphasized AI progress, with 85% of the workforce AI-certified and AI-native offerings now deployed at enterprise scale, affirming early investments. While AI presents a major opportunity for expansion into adjacent areas like CMO and BPO, it also introduces stress as clients repurpose spend from traditional application development, driving hyper-competitiveness from tier-1 players. While TMT faces persistent pressure and competitive intensity rises, BFSI maintains its growth momentum. The company is targeting mid-teen EBITDA margins in FY27E, though near-term margin pressure may prevail in Q1-Q2 from mega deal transition costs. The demand environment stays mixed amid geopolitical uncertainty; TMT faces persistent pressure from client insourcing and mass layoffs at major tech firms, and healthcare stays stressed by account consolidation. Led by weak TMT, healthcare stress and large deal ramp-up delays, we cut estimates by ~1-2%. We reiterate ADD with INR 675 TP at 17x Mar-28E EPS.

- Q4FY26 highlights:** (1) Revenue was USD 158.4mn (HSIE USD 158mn), -1.9% QoQ CC. (2) Within verticals, BFSI grew 1.2% QoQ CC. TMT/MCS/HLS declined 3.8/3.9/6.6% QoQ CC respectively. HLS vertical is expected to remain flat in FY27 as the company was consolidated out of a few accounts. TMT is under pressure due to cost cutting and insourcing at top client accounts. (3) Within geographies, South Africa was down 3.2% QoQ CC, UK/Europe -2.2% QoQ CC, and the US was down -1.6% QoQ CC. (4) EBITDA margin at 16.3% (-122 bps QoQ) came in below our estimate of 17.4%. The impact of higher other expenses (initial cost for large deal and investment in SG&A) (-110bps), leave utilization reversal (-110bps), and lower volume & utilization (-30bps) was offset by forex tailwinds (120bps).
- Outlook:** We expect USD revenue growth of 4.5/10.4% and an EBITDA margin of 15.7/15.9% for FY27/28E respectively, resulting in revenue/EPS CAGRs of 7.4/6.5% over FY26-28E.

### Quarterly Financial summary

YE Mar (INR bn)	Q4 FY26	Q4 FY25	YoY (%)	Q3 FY26	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Revenue (USD mn)	158	157	1.0	161	(1.3)	592	624	644	673	742
Net Sales	14.50	13.59	6.7	14.31	1.4	49.02	52.81	56.87	61.54	68.66
EBIT	2.13	1.89	12.9	2.30	(7.2)	7.38	7.15	8.25	8.68	9.87
APAT	2.10	1.76	19.2	2.25	(6.7)	6.65	6.50	8.00	8.09	9.07
Diluted EPS (INR)	9.1	7.7	18.9	9.8	(6.5)	29.1	28.4	35.0	35.4	39.7
P/E (x)						18.5	18.9	15.4	15.2	13.6
EV / EBITDA (x)						11.4	11.8	9.9	8.9	7.3
RoE (%)						20.0	16.6	17.6	15.8	15.9

Source: Company, HSIE Research, Consolidated Financials

### Change in Estimates

YE March (INR bn)	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	680	673	-1.1	753	742	-1.5
Revenue	62.21	61.54	-1.1	69.69	68.66	-1.5
EBIT	8.85	8.68	-1.9	10.12	9.87	-2.5
EBIT margin (%)	14.2	14.1	-12bps	14.5	14.4	-15bps
APAT	8.15	8.09	-0.8	9.24	9.07	-1.8
EPS (INR)	35.7	35.4	-0.8	40.4	39.7	-1.8

Source: Company, HSIE Research

## ADD

CMP (as on 24 Apr 2026)	INR 536
Target Price	INR 675
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 690	INR 675
EPS %	FY27E	FY28E
	-0.8	-1.8

### KEY STOCK DATA

Bloomberg code	ZENT IN
No. of Shares (mn)	227
MCap (INR bn) / (\$ mn)	122/1,294
6m avg traded value (INR mn)	349
52 Week high / low	INR 895/511

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(25.8)	(31.3)	(21.0)
Relative (%)	(19.0)	(22.1)	(17.4)

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	49.01	49.00
FIs & Local MFs	23.12	23.66
FPIs	11.80	10.50
Public & Others	16.07	16.84
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

### Amit Chandra

amit.chandra@hdfcsec.com  
+91-22-6171-7345

### Vinesh Vala

vinesh.vala@hdfcsec.com  
+91-22-6171-7332

### Maitreyee Vaishampayan

maitreyee.vaishampayan@hdfcsec.com  
+91-22-6171-7308

# DCB Bank

## Steady quarter; operating leverage key to RoA reflation

DCB Bank's (DCBB) Q4FY26 earnings were marginally below estimates, with lower-than-expected loan growth and softer traction in fee income being offset by stable NII growth and in-line asset quality. Deposit growth (+21% YoY, 7% QoQ) was strong while CASA ratio declined further to 22.4% (-39bps QoQ). Loan growth (+17% YoY, 6% QoQ) was led by corporate, mortgage, and agri segments. We take comfort in DCBB's sustained efforts at cost rationalization and self-origination, reflecting in early evidence of operating leverage gains and greater control over asset quality outcomes as highlighted in our recent [Company Update](#). We believe that the bank's journey to sustainably reflate its RoA > 1% is contingent on its ability to build further on these gains, and simultaneously deliver on deposit granularity, margins, and asset quality. We maintain BUY with a revised TP of INR230 (1.0x Mar-28 ABVPS).

- Marginally lower growth; strong operating performance:** NII growth (17% YoY) was strong, with NIMs clocking in at 3.4% (+11bps QoQ), and an impact of 25bps rate cut being offset by shift in loan mix and lower funding costs. Loan growth (+17% YoY, 6% QoQ) was led by gold (25% QoQ) and corporate (30% QoQ) loans, offset by de-growth in the co-lending book (-8% QoQ) on account of migration from CLM2 to CLM1 model. The management continues to guide for 18-20% of loan growth in the medium term.
- Asset quality in line:** Gross slippage moderated to 2.2% (Q3FY26: 3.0%), with NPAs reducing across asset classes and PCR improving to 64% (Dec-25:60%), as credit costs clocked in at 32bps (37bps: Q3FY26). We believe that DCBB's focus on self-origination (through its branches) augurs well for better control on slippages and opex intensity.
- Operating leverage and margin reflation key to 1% RoA:** With opex-to-assets (FY26: 2.5%) consistently improving and better pricing of deposits alongside sustaining growth, we see early signs of productivity and efficiency gains kicking in. We believe the bank is likely to sustain 1%+ RoA on the back of improving operating leverage, while simultaneously driving better deposit granularity and asset quality outcomes.

### Financial summary

(INR bn)	4QFY26	4QFY25	YoY (%)	3QFY26	QoQ (%)	FY26A	FY27E	FY28E
NII	6.6	5.6	17.4%	6.2	4.9%	24.6	30.1	35.7
PPOP	3.4	3.1	12.0%	3.2	6.0%	13.0	15.4	19.9
PAT	2.1	1.8	16.1%	1.8	11.3%	7.3	8.7	11.2
EPS (INR)	6.4	5.6	13.4%	5.7	11.0%	23.3	27.5	35.7
ROAE (%)						12.0	12.6	14.3
ROAA (%)						0.9	0.9	1.0
ABVPS (INR)						191.0	206.0	240.5
P/ABV (x)						1.0	0.9	0.8
P/E (x)						8.3	7.0	5.4

Source: Company, HSIE Research

### Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	707	713	-0.9%	840	842	-0.2%
NIM (%)	3.5	3.5	-1 bps	3.5	3.6	-3 bps
NII	30.1	30.4	-0.9%	35.7	36.1	-1.2%
PPOP	15.4	15.7	-2.1%	19.9	19.6	1.8%
PAT	8.7	8.4	3.2%	11.2	10.9	2.7%
Adj. BVPS (INR)	206.0	204.3	0.8%	240.5	240.3	0.1%

Source: Company, HSIE Research

## BUY

CMP (as on 24 Apr 2026) INR 193

Target Price INR 230

NIFTY 23,898

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR225	INR230
	FY27E	FY28E
EPS %	+3.2%	+2.7%

### KEY STOCK DATA

Bloomberg code	DCBB IN
No. of Shares (mn)	322
MCap (INR bn) / (\$ mn)	62/660
6m avg traded value (INR mn)	525
52 Week high / low	INR 204/119

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.4	22.3	49.6
Relative (%)	9.3	31.5	53.3

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	16.2	16.2
FIs & Local MFs	32.1	32.8
FPIs	11.9	12.6
Public & Others	39.7	38.3
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

### Krishnan ASV

venkata.krishnan@hdfcsec.com  
+91-22-6171-7314

### Akshay Badlani

akshay.badlani@hdfcsec.com  
+91-22-6171-7325

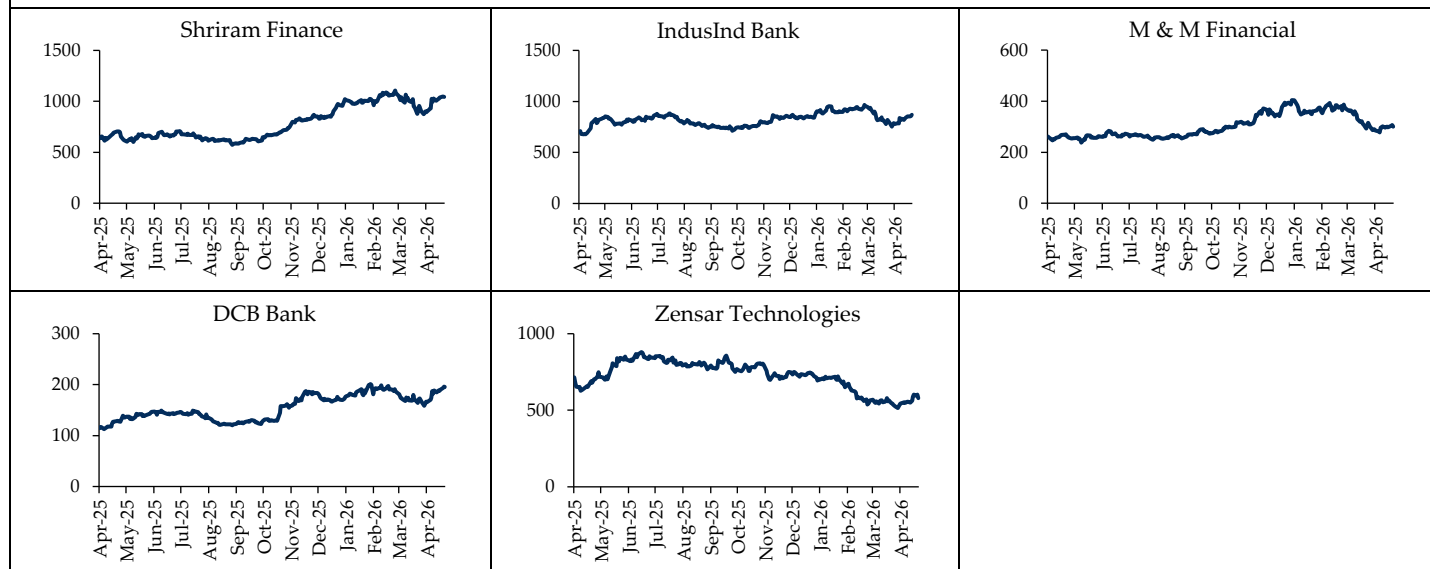
**Rating Criteria**

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Shriram Finance, IndusInd Bank, Mahindra & Mahindra Financial Services, DCB Bank	PGDM	NO
Deepak Shinde	Shriram Finance, Mahindra & Mahindra Financial Services	PGDM	NO
Ayush Pandit	Shriram Finance, Mahindra & Mahindra Financial Services	CA	NO
Akshay Badlani	IndusInd Bank, DCB Bank	CA	NO
Amit Chandra	Zensar Technologies	MBA	NO
Vinesh Vala	Zensar Technologies	MBA	NO
Maitreyee Vaishampayan	Zensar Technologies	MSc	NO

**Price movement**



**Disclosure:**

Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

**Disclaimer:**

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

---

## HDFC Securities

### Institutional Equities

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 [www.hdfcsec.com](http://www.hdfcsec.com)