BUY (Maintain)

CMP: **INR 2,125** Target Price: **INR 2,570 (INR 2,620)** ▲ 21%

ICICI Securities

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27 July 2025

India | Equity Research | Results Update

Kotak Mahindra Bank

Banking

Strong loan growth but weakness in NIM and asset quality

Kotak Mahindra Bank (KMB) reported weak Q1FY26 PAT of INR 32.8bn (~6% miss), pulled down by ~32bps QoQ decline in NIM and rise in credit costs. Loan growth was strong at ~4% QoQ (~14% YoY), though was led by corporate (up 11% QoQ) while retail unsecured declined. Despite a sharp cut in its savings rate (down ~45bps QoQ), cost of funds eased only marginally. Contained opex (-4% QoQ) drove a 2% beat on PPOP and seems to be a potent lever to offset slower revenue growth in the near term. Slippages jumped QoQ, though stemming predominantly from retail CV and seasonality in rural portfolio, while PL / credit card stress is stabilising and MFI stress seems peaked. Growth focus remains intact with unchanged aspiration to grow unsecured retail share to ~15%. Retain **BUY;** TP revised to INR 2,570.

Cut FY26E PAT by ~5%; retain BUY; TP revised to INR 2,570

Q2FY26E NIM is likely to remain under pressure due to the Jun'25 rate cut transmission, though should see some benefit from the SA cut (3.3% is average SA costs in Q1FY26 vs. current card rate of 2.5%) and TD maturity (relatively small at 9–12month). While CV stress could continue in Q2FY26, we take comfort in lower LGD here. Our FY26E PAT stands reduced by ~5% while FY27 estimates are broadly unchanged. We estimate the bank to deliver a 15–16% loan CAGR (among the highest in coverage) over FY25–27. NIM may shrink a ~20bps YoY in FY26E, but should see significant recovery in FY27. The bank should deliver ~1.9%/2.1% RoA for FY26E/FY27E. We tweak our target price to INR 2,570 (vs. INR 2,620), based on ~ 2.6x FY27E (~2.7x earlier) core banking business. Maintain **BUY**. Risk is higher stress impacting RoA.

Growth strong at 4% QoQ; led by 11% rise in corporate book

Loan growth was strong at ~4% QoQ/14% YoY. Growth was led by a strong 11% QoQ rise in corporate banking. Retail loans too grew at a healthy 4% QoQ/19% YoY, led by home loans (4% QoQ) and business banking (4% QoQ). However, PL, BL and credit card declined QoQ. MFI book's run-down continues. Unsecured retail declined ~5% on both QoQ/YoY; share now at 9.7% vs. 10.5%/11.6% QoQ/YoY. Management remains unwavered in its aspiration to achieve ~15% share of unsecured retail. We estimate an unchanged 15–16% CAGR in loans, which is one of the highest in our coverage for FY25–27E.

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR bn)	259.9	283.4	306.5	364.6
Op. profit (INR bn)	195.9	245.3	225.7	268.4
Net Profit (INR bn)	137.8	164.5	140.4	172.6
EPS (INR)	69.4	82.7	70.6	86.8
EPS % change YoY	25.9	19.3	(14.7)	23.0
ABV (INR)	481.7	584.6	651.4	733.3
P/BV (x)	4.4	3.6	3.2	2.9
P/ABV (x)	3.5	2.7	2.4	2.0
Return on Assets (%)	2.5	2.5	1.9	2.1
Return on Equity (%)	15.3	15.4	11.3	12.4

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Market Data

Market Cap (INR)	4,225bn
Market Cap (USD)	48,818mn
Bloomberg Code	KMB IN
Reuters Code	KTKM.BO
52-week Range (INR)	2,302 /1,679
Free Float (%)	74.0
ADTV-3M (mn) (USD)	93.5

Price Performance (%)	3m	6m	12m
Absolute	(3.6)	12.6	19.7
Relative to Sensex	(6.5)	5.7	17.9

ESG Score	2023	2024	Change
ESG score	**80.6**	**76.7**	**(3.9)**
Environment	71.5	77.8	6.3
Social	72.9	64.8	(8.1)
Governance	88.3	84.9	(3.4)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
EPS	(5)	0

Previous Reports

15-07-2025: Sector update

04-05-2025: Q4FY25 results review

TD-driven healthy 15% YoY deposits growth

Deposits grew 15% YoY/3% YoY led by continued strong ~20% YoY/6.5% QoQ growth in term deposits. CASA growth of 8% YoY was led by CA (up 16.5% YoY) while SA growth remained tepid at 3% YoY (-3% QoQ). TD sweep continues to grow at a faster clip, up 23% YoY/6% QoQ. CASA share declined to 42.6% vs. 43% QoQ and 43.4% YoY. Borrowing dropped significantly by ~50% QoQ.

SA costs drop, but CoF eases a tad; QoQ NIM dip disappointing

Cost of funds receded 8bps QoQ to 5.01%. Blended cost of SA for Q1FY26 slumped 47bps QoQ/80bps YoY to 3.32%. The SA cost is likely to ebb further, as the bank is now offering uniform 2.5% rates. Despite the retreating SA cost, overall CoF reduction was marginal, suggesting broadly unchanged TD costs, an unfavourable mix and day count impact.

However, yields declined sharply due to an unfavourable mix – lion's share of growth being driven by the corporate book. Calculated yields have tumbled ~24bps QoQ. Calculated NIM is down 19bps QoQ. However, reported NIM contracted 32bps QoQ to 4.65%, off a high base due to day count. NII growth was tepid at 6% YoY/flattish QoQ.

NIM is likely to see further weakness in Q2FY26 before CRR and deposits repricing benefits take effect in Q3FY26. We estimate ~20bps YoY decline in NIM for FY26, which shall partly be recouped by FY27. We estimate NII growth of ~8% YoY for FY26.

Flattish fee but treasury healthy; tight leash on opex drive 2% beat

Core fee was flattish YoY and declined QoQ due to seasonality. KMB mentioned that fee was also impacted by slower offtake in credit card. Treasury gains were healthy at INR 1.95bn vs. INR 230mn QoQ. Staff expenses growth was contained at 10% YoY (-2% QoQ). Non-staff cost was even slower at 2% YoY (-6% QoQ). Overall opex growth was well contained at 6% YoY (and lagged loan growth of ~14% YoY). Core PPOP grew 4% YoY and was ~2% ahead of our estimates due to lower non-staff opex.

CV/rural seasonality-led slippages spike; PL/CC stress milder; credit costs surge

Gross slippages jumped 22% QoQ to INR 18.1bn. Slippages ratio stood at 1.6% annualised and reversed the improving trend for the last couple of quarters. Net slippages were also on the higher side, at INR 12.6bn or 1.1%. Headline GNPA increased 8% QoQ; ratio increased 6bps QoQ to 1.48%. PCR was down marginally by ~100bps to 77%. Net NPA ratio inched-up 3bps QoQ to 34bps. SMA-2 loans remain miniscule, at INR 3.4bn or 8bps of loans.

The bank mentioned that the rise in slippage is mainly due to elevated stress in retail CV, MFI, and seasonal weakness in rural portfolio. CV stress could continue for another quarter, as collection has been challenging in the lower end of the retail segment. PL stress had stabilised in Q4FY25. Credit card stress is plateauing and credit costs should start improving in H2FY26, as per the bank. The bank does not see any material stress in SME and business banking.

Reported credit costs jumped to 93bps vs. 64bps QoQ and 55bps YoY. Calculated credit costs jumped multi-quarters high to 1.1%.

We estimate overall slippages of ~1.5% for FY26/27. We model credit costs of ~80bps for FY26E and ~70bps for FY27E, driven by easing stress in unsecured.

Q1FY26 conference call takeaways

Asset quality

- Rise in slippage and credit cost QoQ is because of elevated stress in retail CV, MFI, credit card, and because of seasonal weakness in rural portfolio.
- There is stress in retail CV segments. Collections have been lower and flow has been higher. The stress should continue for another quarter here. KMB has taken necessary steps in order to control the credit costs.
- Collection has been challenging in the lower end of the retail segment. The bank has moderated disbursements. However, CV CE and associated working capital loans are an important segment, contributing ~10% of the overall loans. The segment has been generating healthy RoA for the bank.
- CV stress was called out a couple of quarters ago. KMB had tightened underwriting, and the new book, is behaving much better.
- PL stress had stabilised in Q4FY25. Credit card stress is plateauing. Flow rates have stabilised during the current quarter. Credit costs should start easing after Q2FY26.
- No stress witnessed in SME and business banking. These segments are fully secured.
- In SME, usually customers are solely banked customers and most loans are secured. However, because of economic conditions, the bank is monitoring this portfolio closely. As of now, KMB is not stressed about the SME book.

Unsecured loans

- MFI stress has peaked and bank expects credit costs to go down from next quarter.
- Karnataka issues in Jan–Feb'25 have contributed to credit cost in MFI in current quarter, among other things.
- Credit card stress is plateauing. Flow rates have stabilised during the current quarter. Credit costs should start coming down after Q2FY26.
- Unsecured retail loans have seen stabilisation in collections and CE.
- Unsecured mix now at 9.7% vs. 11.6% YoY. The aspiration to grow unsecured retail to ~15% of overall loans remains intact. Unsecured retail mix target remains at 15%. MFI and PL growth will likely come back immediately. Credit card growth may take some time to see traction, but remains a key area of importance. Has launched new offerings here and is confident of growing aggressively.
- Credit card issuances re-started after the embargo. Trajectory has been slow in Q1; however, it is expected to pick up in subsequent quarters. KMB also did a one-time clean up on inactive accounts, which has led to decline in market share.
- The bank has launched three credit cards catering to the affluent segment.
- PL stress has stabilised in Q4FY25. Current PL book is better than legacy book.
- New book in MFI (disbursements in last 3–4) is behaving much better.
- MFI industry growth is expected to pick up in the second half of the year. For the bank, disbursements have picked up in Q1FY26; however, repayments were higher as well.
- MFI book shall not be more than 3-4% of total advances.

- **In MFI, the bank has replaced JLG model with individual risk-based underwriting model. The lending is as per new model, which has been back-tested.**
- Sonata finance acquisition is expected to be completed in Q2FY26.

Advances

- Current growth of ~14% YoY is in-line with aspiration of 1.5–2x nominal growth.
- There is irrational pricing in home loans. However, the bank would grow this book, as it wants to deepen relationships.
- There is strong demand for working capital in small business banking across sectors.
- Agri SME: Growth was healthy on account of focus on NTB customers.
- CV industry: Witnessed 18% YoY decline. Goods segment was subdued due to negative demand supply equilibrium; segment has been slowing for last 2 years.
- Wholesale banking growth was contributed by WC loans and trade financing.
- Gold loans branches were reduced in areas where there was not much business. Gold loan book grew 30%+ YoY despite reduction in number of branches.

Deposits

- Bank has launched a new affluent product - Solitaire. This proposition has been well-received in the market.
- '811' proposition has come back strongly. Customer migration in renewed 811 app is progressing well. New platform has seen significantly higher customer engagement and cross-sell activities.

NIM, CoF and Yields

- NIM decline reasons: 1) Repo rate impact. 2) Lower unsecured mix. 3) Fewer number of days during the quarter.
- Q2FY26 will likely see an impact from the 50bps repo rate cuts; hence, KMB expects NIM to see further weakness in Q2FY26, before CRR and deposits repricing benefits comes in Q3FY26.
- It takes broadly three months for the repo-linked book to reprice after a rate cut.
- Avg. SA cost for Q1FY26 was 3.32%. SA rack rate is aligned with peers at 2.5%. Bank expects benefit of 70-80bps on SA in coming months.
- The cut in savings had no material impact on flows. KMB is consciously bringing down its floating rate SA, which is MIBOR linked.
- TD maturity is 9-12 months.

Opex and other income

- Marketing spends were high during the quarter on account of restart of 811 and cards offering.
- Mix of opex is now more skewed towards IT and less towards payroll cost.
- Fee was impacted due to lower credit card fee and lower deal income.
- Staff cost had higher component of retiral costs due to interest rates.
- Income and opex would rise as digital channel gains momentum.

Q4FY25 conference call takeaways

Advances

- The personal loan book acquired from Standard Chartered is behaving as per management's expectations. In personal loans, ETB customers drove growth.
- Goods vehicles segment slowed by 3%, majorly on account of low government spending in many states, as well as heat wave and liquidity tightness in the first half of the year. Bank has moderated disbursements here, while used CV business continued to grow as most of the business comes from repeat customers.
- In MFI, KMB shall wait for a few quarters and see if the stress is cyclical or structural before growing the book.
- Corporate – KMB decelerated its short-term advances because of pricing competition. However, the bank moved to credit substitutes as it was more attractive.
- Bank has identified the areas that led to issues in the credit card book such as small ticket customers, etc. It has redesigned its entire cards business to prevent the mistakes from repeating. Bank still likes the business and would continue to grow this book with tightened underwriting and enhanced offering to the target segment.

Deposits / NIM

- Q4 saw best ever NTB CA customer acquisition in value terms.
- ActivMoney grew handsomely, though ate into SA growth. The actual way to measure deposit performance, as per the bank, is to look at cost of funds, which was been managed well.
- Bank has aligned its SA rate with peers. The revision is on fixed rate SA book; the floating rate SA book has not changed. Blended cost of SA will likely trend down, towards the revised SA rate.
- As against headline cost of ~7%, the actual cost of sweep deposits is ~5.5%. Bank has also rationalised sweep TD rates in certain buckets.
- NII in Q4FY24 had interest on income tax refund of ~INR 1.4bn. NIM were aided by day counts.

Asset quality

- Reduction in personal loan and secured loan slippages led to improvement in slippages.
- Stress formation and credit costs in PL is improving and the same is stable for credit cards. MFI slippages are still elevated and the bank expects this to continue for two more quarters.
- Wholesale business saw no slippages during the quarter.
- Gross accretion in NPA is slowing down, because of which PCR is improving. We may see provisioning for old book, which is yet to be fully provided. No guidance on PCR.

Opex

- Staff cost and other opex both increased by 7-8% sequentially. Staff cost saw a spike because the G-sec rates fell, which led to an increase in actuarial provision for pension fund liability. Other opex increased because of PSLC purchases, higher brand campaign and resumption of 811 channel for customer acquisition.

Exhibit 1: Q1FY26 result review

	Q1FY25	Q1FY26	YoY (%)	Q4FY25	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	1,27,461	1,38,365	8.6	1,35,298	2.3
Interest Expended	59,038	65,773	11.4	62,462	5.3
Net Interest Income	**68,424**	**72,593**	**6.1**	**72,836**	**-0.3**
Other Income	64,489	30,800	-52.2	31,825	-3.2
Total Income	1,91,951	1,69,165	-11.9	1,67,122	1.2
Total Net Income	**1,32,913**	**1,03,393**	**-22.2**	**1,04,660**	**-1.2**
Staff Expenses	18,705	20,655	10.4	21,063	-1.9
Other operating expenses	26,468	27,101	2.4	28,876	-6.1
Operating Profit	**87,740**	**55,637**	**-36.6**	**54,722**	**1.7**
Provision & Contingencies	5,785	12,078	108.8	9,094	32.8
Provision for tax	19,457	10,743	-44.8	10,111	6.2
Reported Profit	**62,498**	**32,817**	**-47.5**	**35,517**	**-7.6**
Other Highlights (INR bn)					
Advances	3,899.6	4,448	14.1	4,269	4.2
Deposits	4,474.2	5,128	14.6	4,991	2.8
Gross NPA	54.8	66.4	21.2	61.3	8.2
Gross NPA (%)	1.4	1.48	9 bps	1.42	6 bps
Net NPA	13.8	15.3	11.2	13.4	14.0
Net NPA (%)	0.4	0.34	-1 bps	0.31	3 bps
Provision Coverage (%)	74.9	76.9	206 bps	78.1	-116 bps

Source: I-Sec research, Company data

Exhibit 2: RoA decline due to softer NIM and higher credit costs, partly offset by opex and treasury

RoAs Tree (%)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Interest Income	8.6	8.5	8.6	8.5	8.1	8.0
Interest Expense	3.8	3.9	4.0	4.0	3.8	3.8
NII	**4.8**	**4.5**	**4.6**	**4.6**	**4.4**	**4.2**
Non-interest income	2.1	4.3	1.7	1.7	1.9	1.8
- Fee income	2.0	1.9	1.7	1.6	1.9	1.7
- Trading gains	0.1	2.4	0.1	0.0	0.0	0.1
Net Revenue	6.9	8.8	6.3	6.2	6.3	6.0
Opex	3.1	3.0	3.0	2.9	3.0	2.8
Reported PPoP	**3.8**	**5.8**	**3.3**	**3.3**	**3.3**	**3.2**
Core PPoP	3.7	3.4	3.3	3.3	3.3	3.1
Provisioning	**0.2**	**0.4**	**0.4**	**0.5**	**0.5**	**0.7**
PBT	3.6	5.4	2.9	2.8	2.7	2.5
Tax	0.7	1.3	0.7	0.7	0.6	0.6
ROAs	**2.9**	**4.1**	**2.2**	**2.1**	**2.1**	**1.9**
Leverage	6.1	5.9	5.7	5.6	5.7	5.7
RoEs	**17.4**	**24.6**	**12.3**	**11.7**	**12.2**	**10.9**

Source: I-Sec research, Company data

Exhibit 3: Loan mix

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Mix	YoY % change	QoQ % change
Corporate Banking	**12,17,670**	**12,50,380**	**13,03,870**	**12,85,330**	**13,76,040**	**13.0**	**7.1**	**27.9**
Corporate Banking	9,35,810	9,28,640	9,66,490	9,27,790	10,28,210	9.9	10.8	20.9
SME	2,81,860	3,21,740	3,37,380	3,57,540	3,47,830	23.4	(2.7)	7.1
CV/CE	**3,79,410**	**3,90,640**	**4,07,560**	**4,30,080**	**4,29,720**	**13.3**	**(0.1)**	**8.7**
Agriculture Division	**4,31,240**	**4,31,560**	**4,45,640**	**4,58,740**	**4,30,480**	**(0.2)**	**(6.2)**	**8.7**
Agriculture Division	2,73,240	2,69,650	2,75,640	2,80,590	2,51,740	(7.9)	(10.3)	5.1
Tractor Financing	1,58,000	1,61,910	1,70,000	1,78,150	1,78,740	13.1	0.3	3.6
Home Loans and LAP	**11,08,500**	**11,67,150**	**12,17,000**	**12,70,250**	**13,15,410**	**18.7**	**3.6**	**26.7**
Small Business, PL CC	**8,29,200**	**8,50,920**	**8,53,270**	**8,77,320**	**8,76,430**	**5.7**	**(0.1)**	**17.8**
Consumer Bank WC (Secured)	3,75,910	4,00,020	4,16,870	4,27,970	4,44,690	18.3	3.9	9.0
PL, BL and Consumer Durables	2,03,170	2,08,680	2,12,980	2,48,180	2,43,680	19.9	(1.8)	4.9
Credit Cards	1,46,440	1,44,460	1,41,170	1,34,200	1,29,240	(11.7)	(3.7)	2.6
Retail Microfinance	1,03,680	97,760	82,250	66,970	58,820	(43.3)	(12.2)	1.2
Others	**93,550**	**1,00,430**	**1,06,520**	**1,21,440**	**1,61,420**	**72.5**	**32.9**	**3.3**
Total	**40,59,570**	**41,91,080**	**43,33,860**	**44,43,160**	**45,89,500**	**13.1**	**3.3**	**93.1**
Credit Substitutes	**2,98,700**	**3,09,560**	**2,60,500**	**3,35,390**	3,40,220	**13.9**	**1.4**	**6.9**
Total Customer Assets	**43,58,270**	**45,00,640**	**45,94,360**	**47,78,550**	**49,29,720**	**13.1**	**3.2**	**100.0**
Net advances	**38,99,570**	**39,95,216**	**41,38,390**	**42,69,092**	44,48,230	14.1	4.2	96.9

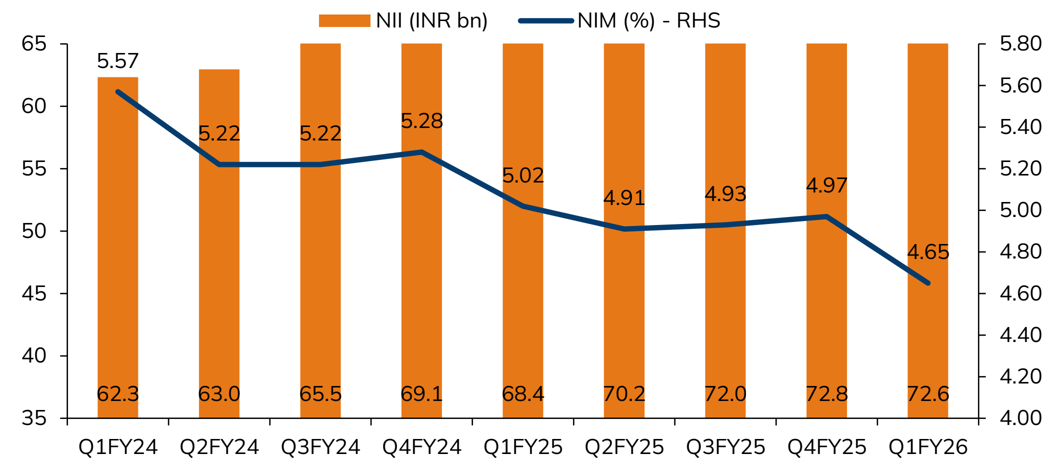
Source: Company data, I-Sec research

Exhibit 4: Deposit mix

Deposit mix	Q2FY25		Q3FY25		Q4FY25		Q1FY26			
	INR mn	% of total	INR mn	% of total	INR mn	% of total	INR mn	% of total	YoY % chg	QoQ % chg
Total Deposits	**46,14,542**	**100.0%**	**47,34,970**	**100.0%**	**49,90,551**	**100.0%**	**51,28,380**	**100.0%**	14.6%	2.8%
CA	7,12,990	15.5%	7,48,990	15.8%	8,28,610	16.6%	8,17,000	15.9%	16.5%	-1.4%
SA	12,99,750	28.2%	12,55,120	26.5%	13,15,560	26.4%	12,79,450	24.9%	3.1%	-2.7%
Fixed rate SA	10,96,110	*23.8%*	10,93,140	*23.1%*	11,19,500	*22.4%*	11,46,570	*22.4%*	8.8%	2.4%
Floating rate SA	2,03,640	*4.4%*	1,61,980	*3.4%*	1,96,060	*3.9%*	1,32,880	*2.6%*	-29.1%	-32.2%
CASA	20,12,740	43.6%	20,04,110	42.3%	21,44,170	43.0%	20,96,450	40.9%	7.9%	-2.2%
Term Deposits	26,01,802	56.4%	27,30,860	57.7%	28,46,381	57.0%	30,31,930	59.1%	19.7%	6.5%
of which TD sweep	5,24,110	11.4%	5,47,970	11.6%	5,56,270	11.1%	5,90,980	11.5%	22.7%	6.2%

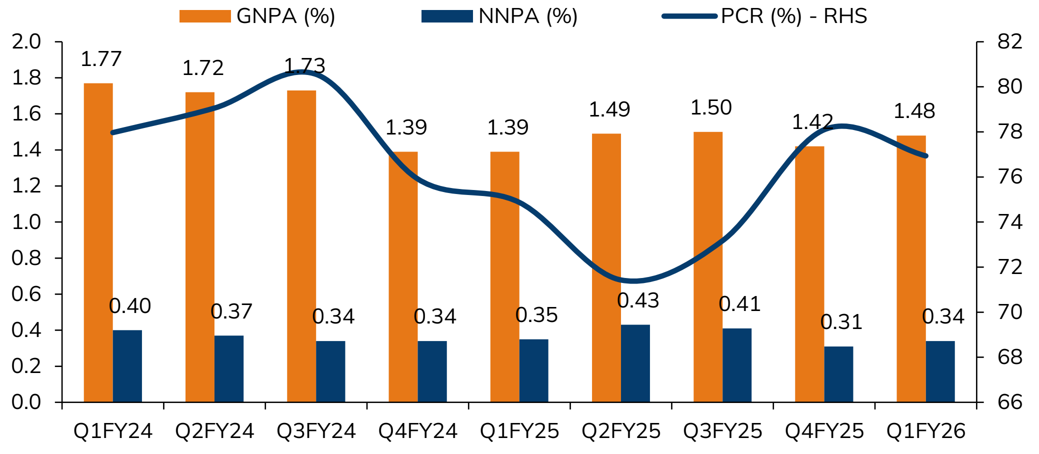
Source: Company data, I-Sec research

Exhibit 5: NIM declines sharply to 4.65%



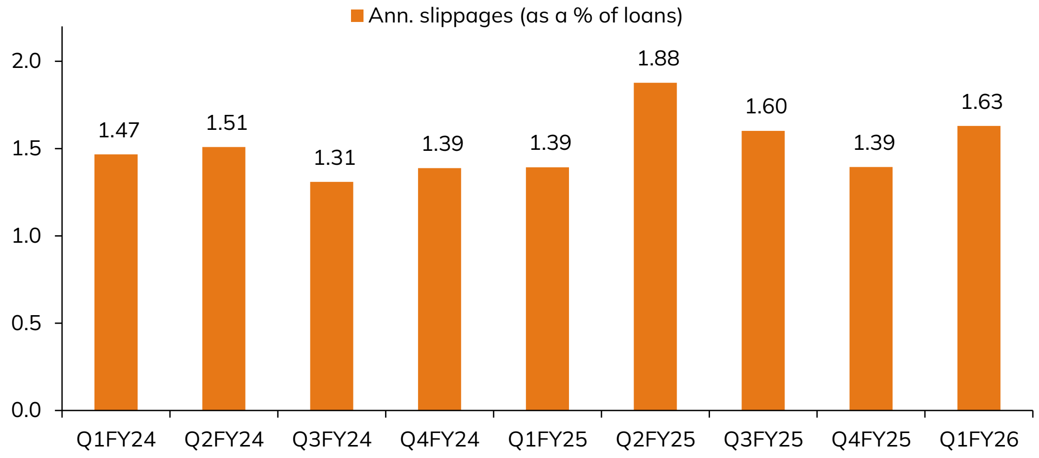
Source: Company data, I-Sec research

Exhibit 6: Headline asset quality inches-up slightly



Source: Company data, I-Sec research

Exhibit 7: Slippages rise QoQ, led by CV and seasonality in rural portfolio



Source: Company data, I-Sec research

Exhibit 8: Subsidiaries accounted for 34% of consol. PAT

(INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Mix	YoY % change	QoQ % change
Kotak Mahindra Bank	**35,200**	**33,440**	**33,050**	**35,520**	**32,820**	**66%**	**-7%**	**-8%**
Kotak Mahindra Prime	2,320	2,690	2,180	2,970	2,720	5%	17%	-8%
Kotak Mahindra Investments	1,380	1,410	1,070	1,160	1,070	2%	-22%	-8%
Kotak Mahindra Securities	4,000	4,440	4,480	3,480	4,650	9%	16%	34%
Kotak Mahindra Capital	810	900	940	960	890	2%	10%	-7%
Kotak Mahindra Life Insurance	1,740	3,600	1,640	730	3,270	7%	88%	348%
Kotak Mahindra General Insurance	(210)	-	-	-	-			
Kotak Mahindra AMC & TC	1,750	1,970	2,400	3,640	3,260	7%	86%	-10%
Kotak Mahindra International Subs	680	760	470	640	420	1%	-38%	-34%
Others	550	583	(152)	168	10	0%	-98%	-145%
Total	**48,220**	**49,860**	**46,150**	**49,340**	**49,670**	**100%**	**2%**	**1%**
Affiliates & others	490	460	610	240	430	1%	-12%	79%
Inter Co. Adjustments	(4,360)	120	250	(250)	(5,380)	-11%		
PAT on KGI Divestment	30,130							
Consolidated PAT	**74,480**	**50,440**	**47,010**	**49,330**	**44,720**	**90%**	**-44%**	**-10%**
Subs PAT	**13,020**	**16,353**	**13,028**	**13,748**	**16,850**	**34%**	24%	23%
Subs PAT as a % of cons. PAT	**27%**	**33%**	**28%**	**28%**	**34%**			

Source: Company data, I-Sec research

Exhibit 9: SoTP-based valuation

Parameters	Value of Business (INR bn)	Stake (%)	Value per share (INR)	Comments
Kotak Prime	290	100	146	2.4x FY27E Adj NW
Kotak Life Insurance	380	100	191	1.6x FY27E EV
Kotak AMC	420	100	211	6% FY27E AUM
Kotak Securities	234	100	118	15x FY27E PAT
Kotak Investments	73	100	37	1.5x FY27E Adj NW
Kotak Mahindra Capital	39	100	20	15x FY27E PAT
Kotak Offshore AMC	51	100	26	9% FY27E AUM
Kotak Investment Advisors	64	100	32	9% FY27E AUM
Others (KGI and others)			27	Miscellaneous
Value of Subsidiaries			807	
Holding Co. discount			121	
Holding Co. discount (in %)			15	
Subs Value post Holdo Disc.			**686**	
KMB Bank - Core book			1,884	~2.6x FY27E ABV
Target Price			**2,570**	

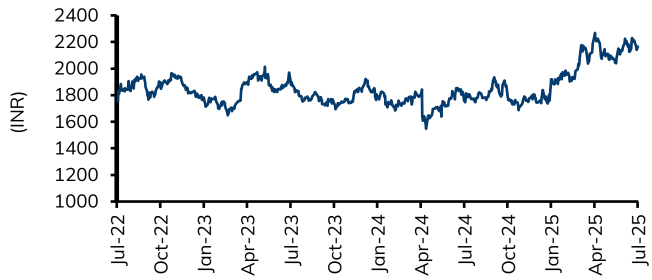
Source: Company data, I-Sec research

Exhibit 10: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	25.9	25.9	25.9
Institutional investors	61.0	61.8	62.7
MFs and other	17.4	17.3	18.4
Banks/ FIs	1.4	1.5	1.6
Insurance Cos.	9.7	10.0	10.0
FIIs	32.5	33.0	32.7
Others	13.1	12.3	11.4

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest income	4,57,989	5,29,197	5,75,711	6,73,429
Interest expense	1,98,057	2,45,780	2,69,206	3,08,856
Net interest income	**2,59,932**	**2,83,418**	**3,06,505**	**3,64,573**
Non-interest income	1,02,731	1,49,611	1,25,606	1,41,746
Operating income	**3,62,663**	**4,33,029**	**4,32,111**	**5,06,319**
Operating expense	1,66,789	1,87,764	2,06,435	2,37,886
Staff expense	68,564	79,183	88,019	1,01,322
Operating profit	**1,95,874**	**2,45,265**	**2,25,676**	**2,68,433**
Core operating profit	**1,86,655**	**2,00,219**	**2,18,176**	**2,63,433**
Provisions & Contingencies	15,737	29,424	38,539	38,253
Pre-tax profit	**1,80,137**	**2,15,841**	**1,87,137**	**2,30,180**
Tax (current + deferred)	42,321	51,340	46,784	57,545
Net Profit	**1,37,816**	**1,64,501**	**1,40,353**	**1,72,635**
Adjusted net profit	**1,37,816**	**1,64,501**	**1,40,353**	**1,72,635**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Cash and balance with RBI/Banks	5,27,884	6,57,792	6,20,174	6,38,999
Investments	15,54,038	18,19,075	20,43,567	23,00,312
Advances	37,60,753	42,69,092	49,26,195	57,07,860
Fixed assets	21,553	23,589	25,947	28,542
Other assets	1,39,343	1,66,695	1,94,647	2,27,722
Total assets	**60,03,571**	**69,36,242**	**78,10,531**	**89,03,434**
Deposits	44,89,538	49,90,552	57,17,317	65,91,335
Borrowings	2,83,681	4,84,428	4,84,428	5,08,649
Other liabilities and provisions	2,63,165	2,88,864	3,00,246	3,27,454
Share capital	9,940	9,941	9,941	9,941
Reserve & surplus	9,57,248	11,62,458	12,98,600	14,66,056
Total equity & liabilities	**60,03,571**	**69,36,242**	**78,10,531**	**89,03,434**
% Growth	22.6	15.5	12.6	14.0

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
No. of shares and per share data				
No. of shares (mn)	1,988	1,988	1,988	1,988
Adjusted EPS	69.4	82.7	70.6	86.8
Book Value per share	487	590	658	742
Adjusted BVPS	482	585	651	733
Valuation ratio				
PER (x)	30.6	25.7	30.1	24.5
Price/ Book (x)	4.4	3.6	3.2	2.9
Price/ Adjusted book (x)	3.5	2.7	2.4	2.0
Dividend Yield (%)	0.1	0.1	0.1	0.1
Profitability ratios (%)				
Yield on advances	10.2	10.1	9.6	9.8
Yields on Assets	8.4	8.2	7.8	8.1
Cost of deposits	4.5	4.8	4.4	4.4
Cost of funds	3.6	3.8	3.7	3.7
NIMs	4.9	4.5	4.3	4.5
Cost/Income	46.0	43.4	47.8	47.0
Dupont Analysis (as % of Avg Assets)				
Interest Income	8.4	8.2	7.8	8.1
Interest expended	3.6	3.8	3.7	3.7
Net Interest Income	**4.8**	**4.4**	**4.2**	**4.4**
Non-interest income	1.9	2.3	1.7	1.7
Trading gains	0.2	0.7	0.1	0.1
Fee income	1.6	1.5	1.5	1.5
Total Income	**6.7**	**6.7**	**5.9**	**6.1**
Total Cost	**3.1**	**2.9**	**2.8**	**2.8**
Staff costs	1.3	1.2	1.2	1.2
Non-staff costs	1.8	1.7	1.6	1.6
Operating Profit	**3.6**	**3.8**	**3.1**	**3.2**
Core Operating Profit	3.4	3.1	3.0	3.2
Non-tax Provisions	0.3	0.5	0.5	0.5
PBT	**3.3**	**3.3**	**2.5**	**2.8**
Tax Provisions	0.8	0.8	0.6	0.7
Return on Assets (%)	**2.5**	**2.5**	**1.9**	**2.1**
Leverage (x)	6.1	6.0	5.9	6.0
Return on Equity (%)	**15.3**	**15.4**	**11.3**	**12.4**
Asset quality ratios (%)				
Gross NPA	1.4	1.4	1.6	1.7
Net NPA	0.3	0.3	0.4	0.4
PCR	75.9	78.1	77.0	76.0
Gross Slippages	1.6	1.7	1.7	1.7
LLP / Avg loans	0.4	0.6	0.9	0.9
Total provisions / Avg loans	0.5	0.7	0.8	0.7
Net NPA / Networth	1.3	1.1	1.4	1.6
Capitalisation ratios (%)				
Core Equity Tier 1	19.2	21.1	20.5	19.9
Tier 1 cap. adequacy	19.2	21.1	20.5	19.9
Total cap. adequacy	20.5	22.2	21.5	20.7

Source Company data, I-Sec research

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