

July 27, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

|                     | Current      |          | Previous     |          |
|---------------------|--------------|----------|--------------|----------|
|                     | FY26E        | FY27E    | FY26E        | FY27E    |
| <b>Rating</b>       | <b>BUY</b>   |          | <b>BUY</b>   |          |
| <b>Target Price</b> | <b>2,350</b> |          | <b>2,400</b> |          |
| NII (Rs. m)         | 3,01,854     | 3,52,952 | 3,07,340     | 3,56,580 |
| % Chng.             | (1.8)        | (1.0)    |              |          |
| Op. Profit (Rs. m)  | 2,20,790     | 2,53,754 | 2,19,654     | 2,55,325 |
| % Chng.             | 0.5          | (0.6)    |              |          |
| EPS (Rs.)           | 69.6         | 83.2     | 71.6         | 84.1     |
| % Chng.             | (2.9)        | (1.1)    |              |          |

### Key Financials - Standalone

| Y/e Mar           | FY24     | FY25     | FY26E    | FY27E    |
|-------------------|----------|----------|----------|----------|
| NII (Rs m)        | 2,59,932 | 2,83,418 | 3,01,854 | 3,52,952 |
| Op. Profit (Rs m) | 1,95,875 | 2,45,265 | 2,20,790 | 2,53,754 |
| PAT (Rs m)        | 1,37,816 | 1,64,501 | 1,38,290 | 1,65,343 |
| EPS (Rs.)         | 69.3     | 82.7     | 69.6     | 83.2     |
| Gr. (%)           | 25.9     | 19.3     | (15.9)   | 19.6     |
| DPS (Rs.)         | 1.7      | 2.0      | 2.1      | 2.5      |
| Yield (%)         | 0.1      | 0.1      | 0.1      | 0.1      |
| NIM (%)           | 4.9      | 4.5      | 4.2      | 4.4      |
| RoAE (%)          | 15.3     | 15.4     | 11.0     | 11.7     |
| RoAA (%)          | 2.5      | 2.5      | 1.9      | 2.0      |
| P/BV (x)          | 4.4      | 3.6      | 3.2      | 2.8      |
| P/ABV (x)         | 4.4      | 3.6      | 3.2      | 2.9      |
| PE (x)            | 30.6     | 25.6     | 30.5     | 25.5     |
| CAR (%)           | 20.5     | 22.2     | 21.5     | 21.1     |

### Key Data KTKM.BO | KMB IN

|                     |                         |
|---------------------|-------------------------|
| 52-W High / Low     | Rs.2,302 / Rs.1,679     |
| Sensex / Nifty      | 81,463 / 24,837         |
| Market Cap          | Rs.4,218bn / \$ 48,751m |
| Shares Outstanding  | 1,988m                  |
| 3M Avg. Daily Value | Rs.8093.8m              |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 25.88 |
| Foreign                 | 32.34 |
| Domestic Institution    | 29.61 |
| Public & Others         | 12.17 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M   | 12M  |
|----------|-------|------|------|
| Absolute | (3.5) | 12.5 | 19.5 |
| Relative | (2.0) | 5.2  | 17.4 |

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## Recovery is slower than expected

### Quick Pointers:

- Soft quarter with miss on core PAT due to higher provisions and lower fees.
- We trim loan growth by 100bps to 16% and cut NIM by 9/7bps for FY26/27.

**KMB saw a weak quarter as miss on provisions, fees and NII led to 13.7% lower core PAT. While NII was cushioned as cash was utilized to pay-off borrowings, Q2FY26 would see impact of normal liquidity and 50bps repo cut suggesting NIM decline QoQ. However, H2FY26 NIM could improve due to CRR cut and deposit repricing. While loan growth was healthy at 4.2% QoQ, it was led by SME and mid-market. Barring housing, retail growth was sluggish due to weak demand while unsecured recovery is slower. Hence, we trim loan growth by 100bps for FY26/27E to 16% YoY. Asset quality worsened QoQ due to higher net slippages/provisions led by MFI stress and slower corporate recovery. We cut NIM & fees, increase provisions but reduce opex; net cut in core PAT for FY26/27E is avg. 4.2% We tweak multiple to 2.3x from 2.4x on Mar'27 core ABV and slightly reduce TP to Rs2,350 from Rs2,400. Retain 'BUY'.**

- Soft quarter due to weaker fees and higher slippages/provisions:** NII was a tad lower at Rs72.6bn (PLe Rs74.2bn); NIM (calc.) was largely in-line at 4.61% (PLe 4.63%); higher cost of funds was offset by better yields. Credit/deposit growth as expected were 14.1%/14.6 YoY. CASA ratio fell to 40.9% (43% in Q4'25). LDR increased to 86.7% (85.5% QoQ). Other income was higher at Rs30.8bn (PLe Rs29.9bn); fees were a miss at Rs.22.5bn (PLe at Rs25.6bn). Opex at Rs47.8bn was 7.3% below PLe led by lower staff cost and other opex. Core PPOp at Rs47.3bn was 2% lower to PLe; PPOp was Rs55.6bn. Asset quality worsened as GNPA was higher at 1.48% (PLe 1.41%) owing to higher net slippages. Hence, provisions were a drag at Rs12.1bn (PLe Rs7.3bn). Core PAT was 13.7% below PLe at Rs26.6bn while PAT was Rs32.8bn.
- Sequential loan growth led by SME mid-market:** Credit growth was strong at 4.2% QoQ mainly led by SME and mid-market. While corporate growth looks optically higher at +10.8% QoQ, select SMEs were migrated to corporate so that they are appropriately served. There are no challenges in SME and this portfolio is completely secured; growth is healthy due to strong WC demand by small companies. PL/CC/MFI fell QoQ by 1.8%/3.7%/12.2%. Credit flow was intact in PL but CC saw slower offtake due to one-time clean-up of blocked accounts. CV growth was sluggish due to subdued economic activity in goods segment while CE de-growth was driven by tighter cash flows and early monsoons. We trim YoY loan growth for FY26/27E by 100bps to 16%.
- Asset quality was weak; provisions remain elevated:** Net slippages were higher at Rs12.6bn (PLe Rs9.1bn) driven by MFI, retail CV and seasonal stress in agri; PL/CC stress has stabilized. Credit costs jumped to 115bps from 80bps in Q4'25 due to slower recovery from legacy corporate loans. MFI credit cost was a key contributor to stress; it may start reducing from H2FY26. Unsecured recovery has been slower than expected and hence we raise provisions for FY26E by 15bps to 79bps; for FY27 we are factoring provisions of 62bps.

**Exhibit 1: PAT at Rs32.8bn was a miss led by miss on NII/fees/provisions**

| Financial Statement (Rs m)         | Q1FY26          | Q1FY25        | YoY gr. (%)  | Q1FY26E         | % Var.       | Q4FY25          | QoQ gr. (%)  | FY26E           | FY25            | YoY gr. (%)   |
|------------------------------------|-----------------|---------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|-----------------|---------------|
| Interest Income                    | 1,38,365        | 1,27,461      | 8.6          | 1,37,489        | 0.6          | 1,35,298        | 2.3          | 5,70,497        | 5,29,197        | 7.8           |
| Interest Expenses                  | 65,773          | 59,038        | 11.4         | 63,304          | 3.9          | 62,462          | 5.3          | 2,68,643        | 2,45,780        | 9.3           |
| <b>Net interest income (NII)</b>   | <b>72,593</b>   | <b>68,424</b> | <b>6.1</b>   | <b>74,186</b>   | <b>(2.1)</b> | <b>72,836</b>   | <b>(0.3)</b> | <b>3,01,854</b> | <b>2,83,418</b> | <b>6.5</b>    |
| Other income                       | 30,800          | 29,290        | 5.2          | 29,887          | 3.1          | 31,825          | (3.2)        | 1,23,559        | 1,49,611        | (17.4)        |
| <b>Total income</b>                | <b>1,03,393</b> | <b>97,714</b> | <b>5.8</b>   | <b>1,04,073</b> | <b>(0.7)</b> | <b>1,04,660</b> | <b>(1.2)</b> | <b>4,25,413</b> | <b>4,33,029</b> | <b>(1.8)</b>  |
| Operating expenses                 | 47,756          | 45,173        | 5.7          | 51,536          | (7.3)        | 49,938          | (4.4)        | 2,04,623        | 1,87,764        | 9.0           |
| -Staff expenses                    | 20,655          | 18,705        | 10.4         | 21,737          | (5.0)        | 21,063          | (1.9)        | 87,126          | 79,183          | 10.0          |
| -Other expenses                    | 27,101          | 26,468        | 2.4          | 29,800          | (9.1)        | 28,876          | (6.1)        | 1,17,497        | 1,08,581        | 8.2           |
| <b>Operating profit</b>            | <b>55,637</b>   | <b>52,541</b> | <b>5.9</b>   | <b>52,536</b>   | <b>5.9</b>   | <b>54,722</b>   | <b>1.7</b>   | <b>2,20,790</b> | <b>2,45,265</b> | <b>(10.0)</b> |
| <b>Core operating profit</b>       | <b>47,327</b>   | <b>45,651</b> | <b>3.7</b>   | <b>48,286</b>   | <b>(2.0)</b> | <b>49,062</b>   | <b>(3.5)</b> | <b>2,00,730</b> | <b>1,92,074</b> | <b>4.5</b>    |
| Total provisions                   | 12,078          | 5,785         | 108.8        | 7,275           | 66.0         | 9,094           | 32.8         | 36,600          | 29,424          | 24.4          |
| <b>Profit before tax</b>           | <b>43,559</b>   | <b>46,756</b> | <b>(6.8)</b> | <b>45,261</b>   | <b>(3.8)</b> | <b>45,628</b>   | <b>(4.5)</b> | <b>1,84,190</b> | <b>2,51,040</b> | <b>(26.6)</b> |
| Tax                                | 10,743          | 11,596        | (7.4)        | 11,315          | (5.1)        | 10,111          | 6.2          | 45,900          | 51,340          | (10.6)        |
| <b>Profit after tax</b>            | <b>32,817</b>   | <b>35,161</b> | <b>(6.7)</b> | <b>33,946</b>   | <b>(3.3)</b> | <b>35,517</b>   | <b>(7.6)</b> | <b>1,38,290</b> | <b>1,99,700</b> | <b>(30.8)</b> |
| <b>Balance sheet (Rs m)</b>        |                 |               |              |                 |              |                 |              |                 |                 |               |
| Deposits                           | 51,28,380       | 44,74,180     | 14.6         | 51,28,380       | -            | 49,90,551       | 2.8          | 56,90,676       | 49,90,551       | 14.0          |
| Advances                           | 44,48,230       | 38,99,570     | 14.1         | 44,47,310       | 0.0          | 42,69,092       | 4.2          | 49,50,888       | 42,69,092       | 16.0          |
| <b>Ratios (%)</b>                  |                 |               |              |                 |              |                 |              |                 |                 |               |
| <b>Profitability ratios</b>        |                 |               |              |                 |              |                 |              |                 |                 |               |
| <b>NIM</b>                         | <b>4.6</b>      | <b>5.0</b>    | <b>(41)</b>  | <b>4.6</b>      | <b>(2)</b>   | <b>5.0</b>      | <b>(36)</b>  | <b>4.2</b>      | <b>4.5</b>      | <b>(27)</b>   |
| RoaA                               | 2.0             | 2.5           | (49)         | 2.1             | (3)          | 2.2             | (17)         | 1.9             | 3.1             | (120)         |
| RoaE                               | 11.4            | 14.6          | (312)        | 12.0            | (54)         | 13.3            | (185)        | 11.0            | 18.7            | (764)         |
| <b>Asset Quality</b>               |                 |               |              |                 |              |                 |              |                 |                 |               |
| Gross NPL                          | 66,377          | 54,772        | 21.2         | 63,558          | 4.4          | 61,339          | 8.2          | 74,991          | 61,339          | 22.3          |
| Net NPL                            | 15,309          | 13,763        | 11.2         | 16,525          | (7.4)        | 13,434          | 14.0         | 18,748          | 13,434          | 39.6          |
| <b>Gross NPL ratio</b>             | <b>1.5</b>      | <b>1.4</b>    | <b>9</b>     | <b>1.4</b>      | <b>6</b>     | <b>1.4</b>      | <b>6</b>     | <b>1.5</b>      | <b>1.4</b>      | <b>8</b>      |
| <b>Net NPL ratio</b>               | <b>0.3</b>      | <b>0.4</b>    | <b>(1)</b>   | <b>0.4</b>      | <b>(3)</b>   | <b>0.3</b>      | <b>3</b>     | <b>0.4</b>      | <b>0.3</b>      | <b>6</b>      |
| <b>Coverage ratio (Calc)</b>       | <b>76.9</b>     | <b>74.9</b>   | <b>206</b>   | <b>74.0</b>     | <b>294</b>   | <b>78.1</b>     | <b>(116)</b> | <b>75.0</b>     | <b>78.1</b>     | <b>(310)</b>  |
| <b>Business &amp; Other Ratios</b> |                 |               |              |                 |              |                 |              |                 |                 |               |
| Low-cost deposit mix               | 40.9            | 43.4          | (253)        | 41.9            | (101)        | 43.0            | (209)        | 42.3            | 43.0            | (65)          |
| Cost-income ratio                  | 46.2            | 46.2          | (4)          | 49.5            | (333)        | 47.7            | (153)        | 48.1            | 43.4            | 474           |
| Non int. inc / total income        | 29.8            | 30.0          | (19)         | 28.7            | 107          | 30.4            | (62)         | 29.0            | 34.5            | (551)         |
| Credit deposit ratio               | 86.7            | 87.2          | (42)         | 86.5            | 24           | 85.5            | 119          | 87.0            | 85.5            | 146           |
| CAR                                | 23.0            | 22.4          | 60           |                 |              | 22.2            | 80           | 21.5            | 22.2            | (75)          |
| Tier-I                             | 21.8            | 21.3          | 50           |                 |              | 21.1            | 70           | 20.3            | 21.1            | (76)          |

Source: Company, PL

## Q1FY26 Concall Highlights

### Assets/Liabilities

- Softness in CV/CE/PV is affecting lending to these sectors. CE industry de-grew 4% YoY as a result of low retail buying owing to tighter state govt. cash flows. Pick-up is expected post monsoons on arrival of festive season.
- About 60% of the total loan book is on floating rate. Loan book expected to be repriced completely after 3 months of rate cut.
- Credit card issuance growth remained muted during the quarter as one time cleaning of blocked credit cards has resulted in a lower market share.
- MFI de-grew by 12% QoQ owing to higher repayments vs disbursals. Share of unsecured is down from 11.6% to 9.7% as underwriting has tightened. Gold loan book is up 30% YoY though no of branches has reduced.
- Moderated disbursals were seen in retail and working capital portfolio for CV/CE and retail segment accounts for ~10% of total.
- Average tenure of term deposit is 9-12 months.

### Fees/NIMs

- Reported NIM declined by 32bps QoQ as a result of 1) impact of repo rate cut 2) reduced mix of unsecured loans 3) number of days impact which benefited Q4FY25 reversing in Q1FY26.
- Full effect of June rate cut of 50bps would be reflected in Q2FY26 while organic growth in CASA may offset NIM fall.
- Interest rate is reset within a fortnight and its earning loss would be offset by reduction in cost of funds over next 3-4 quarters.
- Avg. SA rate (incl. MIBOR) was 3.25% in Q1FY26 and same is aligned to 2.50%, effect of 75bps reduction would be witnessed in Q2FY26. MIBOR related SA has come down which would result in lower deposit cost.
- Fees was impacted due to lower credit card fees and deal-based income.
- On opex, tech cost is 13.5% of total opex. Marketing cost remained elevated because of re-start of 811 app.

### Asset Quality

- Slippage remained sequentially higher because of 1) stress in retail CV/CE & MFI segment and 2) seasonal impact in rural agriculture.
- Credit cost remained elevated in Q1FY26 because of lower recovery from legacy corporate segment. With stress in MFI, CV and retail segment, credit cost for credit cards has plateaued and for PL it has stabilized. Provision for MFI is expected to reduce in H2FY26.
- SME/MSME portfolios are fully secured. Bank cautiously plans to keep MFI book at 3-4% and unsecured at 15% of the total book.

**Exhibit 2: Loan growth led by Corp Banking and HL.**

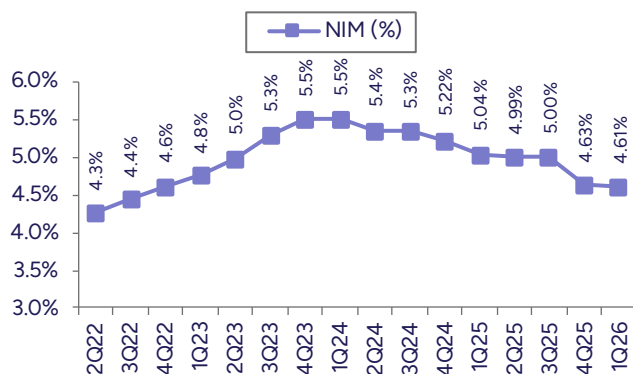
| Loan Book (Rs mn)      | Q1FY26           | Q1FY25           | YoY gr. (%) | Q4FY25           | QoQ gr. (%) |
|------------------------|------------------|------------------|-------------|------------------|-------------|
| Corp Banking           | 10,28,210        | 9,35,810         | 9.9         | 9,66,490         | 6.4         |
| SME                    | 3,47,830         | 2,81,860         | 23.4        | 3,37,380         | 3.1         |
| Home loans             | 13,15,410        | 11,08,500        | 18.7        | 12,17,000        | 8.1         |
| CV/CE                  | 4,29,720         | 3,79,410         | 13.3        | 4,07,560         | 5.4         |
| Cons Bank WC (secured) | 4,44,690         | 3,75,910         | 18.3        | 4,16,870         | 6.7         |
| PL, BL, Cons Durables  | 2,43,680         | 2,03,170         | 19.9        | 2,12,980         | 14.4        |
| Credit Cards           | 1,29,240         | 1,46,440         | (11.7)      | 1,41,170         | (8.5)       |
| Agri                   | 2,51,740         | 2,25,830         | 11.5        | 2,75,640         | (8.7)       |
| Tractor Finance        | 1,78,740         | 1,52,490         | 17.2        | 1,70,000         | 5.1         |
| Retail Micro Finance   | 58,820           | 1,03,680         | (43.3)      | 82,250           | (28.5)      |
| Others                 | 1,61,420         | 1,46,470         | 10.2        | 1,06,520         | 51.5        |
| IBPC                   | (1,41,270)       | (1,60,000)       | (11.7)      | (1,95,470)       | (27.7)      |
| <b>Total</b>           | <b>44,48,230</b> | <b>38,99,570</b> | <b>14.1</b> | <b>41,38,390</b> | <b>7.5</b>  |

**Loan Book mix (%)**

|                        |       |       |        |       |        |
|------------------------|-------|-------|--------|-------|--------|
| Corp Banking           | 23.1  | 24.0  | (3.7)  | 23.4  | (1.0)  |
| SME                    | 7.8   | 7.2   | 8.2    | 8.2   | (4.1)  |
| Home loans             | 29.6  | 28.4  | 4.0    | 29.4  | 0.6    |
| CV/CE                  | 9.7   | 9.7   | (0.7)  | 9.8   | (1.9)  |
| Cons Bank WC (secured) | 10.0  | 9.6   | 3.7    | 10.1  | (0.8)  |
| PL, BL, Cons Durables  | 5.5   | 5.2   | 5.1    | 5.1   | 6.4    |
| Credit Cards           | 2.9   | 3.8   | (22.6) | 3.4   | (14.8) |
| Agri                   | 5.7   | 5.8   | (2.3)  | 6.7   | (15.0) |
| Tractor Finance        | 4.0   | 3.9   | 2.8    | 4.1   | (2.2)  |
| Retail Micro Finance   | 1.3   | 2.3   | (0.0)  | 1.8   | (0.0)  |
| Others                 | 3.6   | 3.8   | (3.4)  | 2.6   | 41.0   |
| IBPC                   | (3.2) | (4.1) | (22.6) | (4.7) | (32.8) |

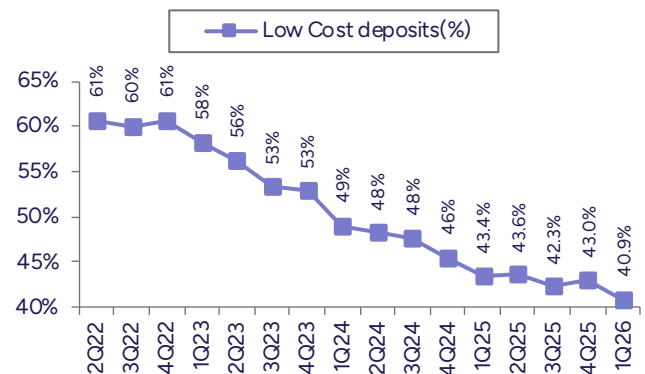
Source: Company, PL

**Exhibit 3: NIMs declined QoQ to 4.61% due to higher CoF**



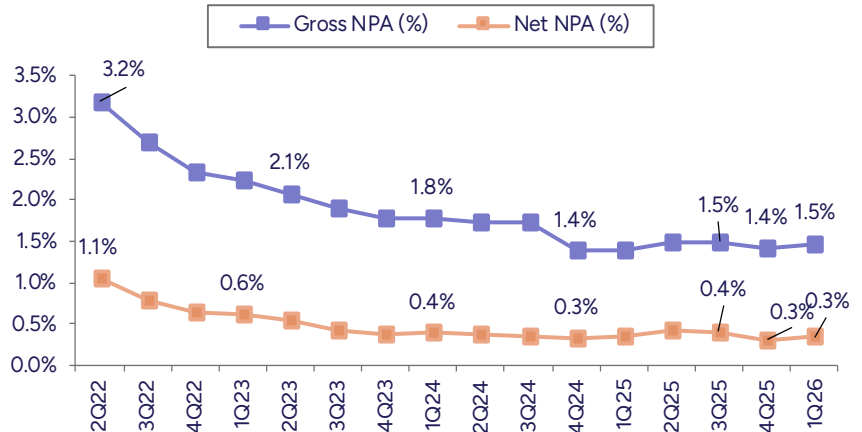
Source: Company, PL

**Exhibit 4: CASA decreased QoQ to 40.9%**



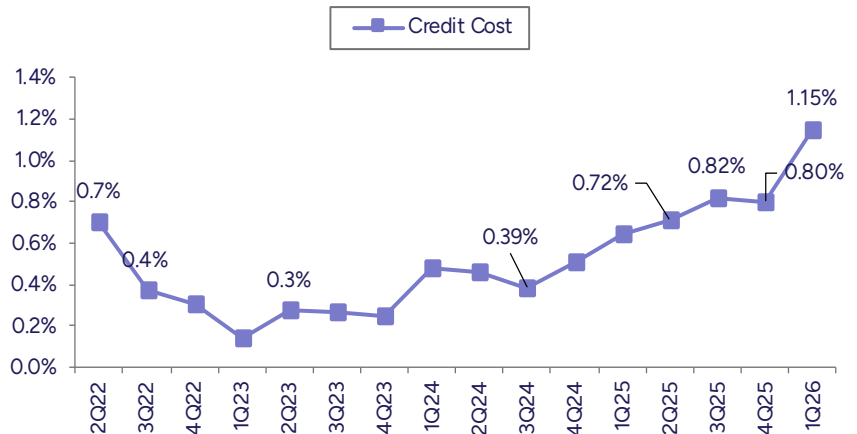
Source: Company, PL

**Exhibit 5: GNPA/NNPA higher with higher slippages**



Source: Company, PL

**Exhibit 6: Credit costs increased QoQ to 1.15%.**



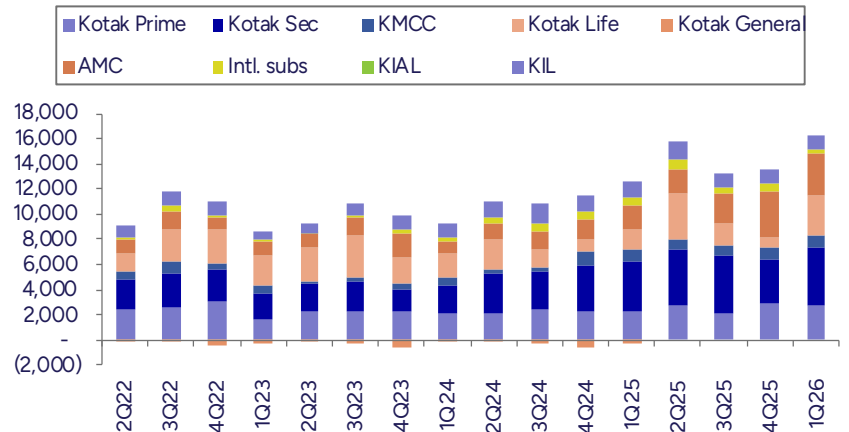
Source: Company, PL

**Exhibit 7: Consolidated earnings increased QoQ to Rs493bn**

| Consolidated Financials (Rs mn)         | Q1FY26        | Q1FY25        | YoY gr. (%)  | Q4FY25        | QoQ gr. (%)  |
|---|---------------|---------------|--------------|---------------|--------------|
| Standalone Bank                         | 32,817        | 35,161        | (6.7)        | 35,517        | (7.6)        |
| Kotak Prime                             | 2,970         | 2,230         | 33.2         | 2,180         | 36.2         |
| KMCC                                    | 960           | 970           | (1.0)        | 940           | 2.1          |
| Kotak Securities                        | 3,480         | 3,780         | (7.9)        | 4,480         | (22.3)       |
| International subsidiaries              | 640           | 590           | 8.5          | 470           | 36.2         |
| Kotak AMC                               | 3,640         | 1,500         | 142.7        | 2,400         | 51.7         |
| Kotak Mahindra Investments              | 1,160         | 1,290         | (10.1)       | 1,070         | 8.4          |
| <b>Lending business</b>                 | <b>35,787</b> | <b>37,391</b> | <b>(4.3)</b> | <b>37,697</b> | <b>(5.1)</b> |
| Flow business, Subsidiaries             | 9,880         | 8,130         | 21.5         | 9,360         | 5.6          |
| Others                                  | 2,933         | 7,339         | (60.0)       | (1,687)       | (273.8)      |
| <b>Consolidated PAT (ex -insurance)</b> | <b>48,600</b> | <b>52,860</b> | <b>(8.1)</b> | <b>45,370</b> | <b>7.1</b>   |
| Insurance*                              | 730           | 510           | 43.1         | 1,640         | (55.5)       |
| <b>Consolidated PAT**</b>               | <b>49,330</b> | <b>53,370</b> | <b>(7.6)</b> | <b>47,010</b> | <b>4.9</b>   |

Source: Company, PL; \*Note: Insurance includes both Life and General Insurance (On 18th June, 2024, Kotak General Insurance has ceased to be a wholly-owned subsidiary and became an associate of the Bank.)

**Exhibit 8: Robust group earnings with 33% share from non-banking cos**



Source: Company, PL

**Exhibit 9: Return ratios to remain close to 11-12% over FY26E/27E**

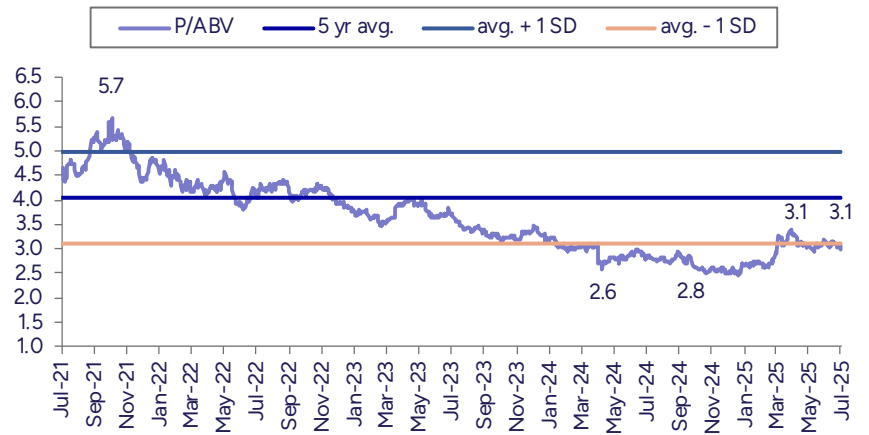
| RoA decomposition          | FY21        | FY22        | FY23        | FY24        | FY25        | FY26E       | FY27E       |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net interest income        | 4.1         | 4.1         | 4.7         | 4.8         | 4.4         | 4.1         | 4.2         |
| Other Inc. from operations | 1.3         | 1.5         | 1.5         | 1.9         | 2.3         | 1.7         | 1.6         |
| <b>Total income</b>        | <b>5.5</b>  | <b>5.6</b>  | <b>6.2</b>  | <b>6.7</b>  | <b>6.7</b>  | <b>5.8</b>  | <b>5.9</b>  |
| Employee expenses          | 1.0         | 1.1         | 1.2         | 1.3         | 1.2         | 1.2         | 1.2         |
| Other operating expenses   | 1.3         | 1.5         | 1.8         | 1.8         | 1.7         | 1.6         | 1.6         |
| <b>Operating profit</b>    | <b>3.2</b>  | <b>3.0</b>  | <b>3.2</b>  | <b>3.6</b>  | <b>3.8</b>  | <b>3.0</b>  | <b>3.1</b>  |
| Tax                        | 0.6         | 0.7         | 0.7         | 0.8         | 0.8         | 0.6         | 0.7         |
| Loan loss provisions       | 0.7         | 0.2         | 0.1         | 0.3         | 0.5         | 0.5         | 0.4         |
| <b>RoAA</b>                | <b>1.9</b>  | <b>2.1</b>  | <b>2.4</b>  | <b>2.5</b>  | <b>3.1</b>  | <b>1.9</b>  | <b>2.0</b>  |
| <b>RoAE</b>                | <b>12.4</b> | <b>12.6</b> | <b>14.0</b> | <b>15.3</b> | <b>18.7</b> | <b>11.0</b> | <b>11.7</b> |

Source: Company, PL

**Exhibit 10: SOTP-based TP of Rs2,350 basis Mar'27E core ABV of bank**

| Particulars          | Stake | Rs per share | % of total | Valuation (x) | Basis              |
|----------------------|-------|--------------|------------|---------------|--------------------|
| Standalone bank      | 100%  | 1,672        | 68.9       | 2.3           | x Mar'27 core ABV  |
| Insurance            | 100%  | 204          | 8.4        | 2.3           | of Mar'25 EV       |
| Kotak Prime          | 100%  | 159          | 6.5        | 3.3           | of Mar'25 ABV      |
| Kotak AMC            | 100%  | 144          | 5.9        | 6.0           | 6% of Mar'25 MAAuM |
| Kotak Sec            | 100%  | 173          | 7.1        | 21.0          | of FY25 PAT        |
| KMCC                 | 100%  | 27           | 1.1        | 15.0          | of Mar'25 PAT      |
| Intl Subs            | 100%  | 11           | 0.5        | 1.0           | of Mar'25 Book     |
| Others               | 100%  | 35           | 1.4        | 14.0          | of Mar'25 PAT      |
| <b>Total</b>         |       | <b>2,425</b> | <b>100</b> |               |                    |
| Holdco discount      |       | 75           |            |               |                    |
| <b>SOTP based TP</b> |       | <b>2,350</b> |            |               |                    |

**Exhibit 11: One-year forward P/ABV trades at 3.1x**



Source: Company, PL


**Income Statement (Rs. m)**

| Y/e Mar                    | FY24            | FY25            | FY26E           | FY27E           |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Int. Earned from Adv.      | 3,56,580        | 4,07,462        | 4,37,924        | 4,89,995        |
| Int. Earned from invt.     | 88,981          | 1,08,289        | 1,18,706        | 1,28,350        |
| Others                     | 4,634           | 4,501           | 5,187           | 5,315           |
| Total Interest Income      | 4,57,989        | 5,29,197        | 5,70,497        | 6,33,192        |
| Interest Expenses          | 1,98,057        | 2,45,780        | 2,68,643        | 2,80,240        |
| <b>Net Interest Income</b> | <b>2,59,932</b> | <b>2,83,418</b> | <b>3,01,854</b> | <b>3,52,952</b> |
| Growth(%)                  | 20.6            | 9.0             | 6.5             | 16.9            |
| Non Interest Income        | 1,02,731        | 1,49,611        | 1,23,559        | 1,36,122        |
| Net Total Income           | 3,62,663        | 4,33,029        | 4,25,413        | 4,89,074        |
| Growth(%)                  | 35.7            | 21.1            | 2.2             | 10.8            |
| Employee Expenses          | 68,926          | 79,183          | 87,126          | 98,836          |
| Other Expenses             | 91,714          | 1,01,294        | 1,17,497        | 1,36,483        |
| Operating Expenses         | 1,66,788        | 1,87,764        | 2,04,623        | 2,35,319        |
| <b>Operating Profit</b>    | <b>1,95,875</b> | <b>2,45,265</b> | <b>2,20,790</b> | <b>2,53,754</b> |
| Growth(%)                  | 31.9            | 25.2            | (10.0)          | 14.9            |
| NPA Provision              | 14,865          | 25,763          | 33,715          | 29,947          |
| Total Provisions           | 15,737          | 29,424          | 36,600          | 33,297          |
| <b>PBT</b>                 | <b>1,80,137</b> | <b>2,15,841</b> | <b>1,84,190</b> | <b>2,20,457</b> |
| Tax Provision              | 42,321          | 51,340          | 45,900          | 55,114          |
| Effective tax rate (%)     | 23.5            | 23.8            | 24.9            | 25.0            |
| <b>PAT</b>                 | <b>1,37,816</b> | <b>1,64,501</b> | <b>1,38,290</b> | <b>1,65,343</b> |
| Growth(%)                  | 26.0            | 19.4            | (15.9)          | 19.6            |

**Balance Sheet (Rs. m)**

| Y/e Mar                  | FY24             | FY25             | FY26E            | FY27E            |
|--------------------------|------------------|------------------|------------------|------------------|
| Face value               | 5                | 5                | 5                | 5                |
| No. of equity shares     | 1,988            | 1,988            | 1,988            | 1,988            |
| Equity                   | 9,940            | 9,941            | 9,941            | 9,941            |
| Networth                 | 9,67,188         | 11,72,399        | 13,35,604        | 14,95,987        |
| Growth(%)                | 15.8             | 21.2             | 13.9             | 12.0             |
| Adj. Networth to NNPA's  | 12,706           | 13,434           | 18,748           | 23,131           |
| Deposits                 | 44,89,537        | 49,90,551        | 56,90,676        | 65,99,724        |
| Growth(%)                | 23.6             | 11.2             | 14.0             | 16.0             |
| CASA Deposits            | 20,43,035        | 21,44,159        | 24,07,746        | 27,91,290        |
| % of total deposits      | 45.5             | 43.0             | 42.3             | 42.3             |
| <b>Total Liabilities</b> | <b>60,03,570</b> | <b>69,36,242</b> | <b>77,18,692</b> | <b>89,18,079</b> |
| Net Advances             | 37,60,753        | 42,69,092        | 49,50,888        | 57,41,760        |
| Growth(%)                | 17.6             | 13.5             | 16.0             | 16.0             |
| Investments              | 15,54,038        | 18,19,074        | 20,22,792        | 23,09,903        |
| <b>Total Assets</b>      | <b>60,03,570</b> | <b>69,36,242</b> | <b>77,18,692</b> | <b>89,18,079</b> |
| Growth (%)               | 22.6             | 15.5             | 11.3             | 15.5             |

**Asset Quality**

| Y/e Mar                   | FY24   | FY25   | FY26E  | FY27E  |
|---------------------------|--------|--------|--------|--------|
| Gross NPAs (Rs m)         | 52,748 | 61,339 | 74,991 | 92,523 |
| Net NPAs (Rs m)           | 12,706 | 13,434 | 18,748 | 23,131 |
| Gr. NPAs to Gross Adv.(%) | 1.4    | 1.4    | 1.5    | 1.6    |
| Net NPAs to Net Adv. (%)  | 0.3    | 0.3    | 0.4    | 0.4    |
| NPA Coverage %            | 75.9   | 78.1   | 75.0   | 75.0   |

**Profitability (%)**

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---------|------|------|-------|-------|
| NIM     | 4.9  | 4.5  | 4.2   | 4.4   |
| RoAA    | 2.5  | 2.5  | 1.9   | 2.0   |
| RoAE    | 15.3 | 15.4 | 11.0  | 11.7  |
| Tier I  | 19.2 | 21.1 | 20.3  | 19.8  |
| CRAR    | 20.5 | 22.2 | 21.5  | 21.1  |

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

| Y/e Mar                    | Q2FY25           | Q3FY25           | Q4FY25           | Q1FY26           |
|----------------------------|------------------|------------------|------------------|------------------|
| Interest Income            | 1,32,163         | 1,34,276         | 1,35,298         | 1,38,365         |
| Interest Expenses          | 61,967           | 62,313           | 62,462           | 65,773           |
| <b>Net Interest Income</b> | <b>70,196</b>    | <b>71,963</b>    | <b>72,836</b>    | <b>72,593</b>    |
| YoY growth (%)             | 11.5             | 9.8              | 5.4              | 6.1              |
| CEB                        | 23,120           | 23,620           | 26,160           | 22,490           |
| Treasury                   | -                | -                | -                | -                |
| Non Interest Income        | 26,842           | 26,228           | 31,825           | 30,800           |
| <b>Total Income</b>        | <b>97,038</b>    | <b>98,191</b>    | <b>1,04,660</b>  | <b>1,03,393</b>  |
| Employee Expenses          | 19,514           | 19,525           | 21,063           | 20,655           |
| Other expenses             | 26,532           | 26,856           | 28,876           | 27,101           |
| Operating Expenses         | 46,046           | 46,380           | 49,938           | 47,756           |
| <b>Operating Profit</b>    | <b>50,993</b>    | <b>51,810</b>    | <b>54,722</b>    | <b>55,637</b>    |
| YoY growth (%)             | 10.6             | 13.5             | 0.2              | 5.9              |
| Core Operating Profits     | 47,273           | 49,200           | 49,062           | 47,327           |
| NPA Provision              | 6,690            | 7,940            | 8,060            | 12,000           |
| Others Provisions          | 6,604            | 7,941            | 9,094            | 12,078           |
| Total Provisions           | 6,604            | 7,941            | 9,094            | 12,078           |
| <b>Profit Before Tax</b>   | <b>44,389</b>    | <b>43,869</b>    | <b>45,628</b>    | <b>43,559</b>    |
| Tax                        | 10,951           | 10,821           | 10,111           | 10,743           |
| <b>PAT</b>                 | <b>33,437</b>    | <b>33,048</b>    | <b>35,517</b>    | <b>32,817</b>    |
| YoY growth (%)             | 4.8              | 10.0             | (14.1)           | (6.7)            |
| <b>Deposits</b>            | <b>46,14,542</b> | <b>47,34,970</b> | <b>49,90,551</b> | <b>51,28,380</b> |
| YoY growth (%)             | 15.1             | 15.9             | 11.2             | 14.6             |
| <b>Advances</b>            | <b>39,95,216</b> | <b>41,38,390</b> | <b>42,69,092</b> | <b>44,48,230</b> |
| YoY growth (%)             | 14.7             | 15.1             | 13.5             | 14.1             |

**Key Ratios**

| Y/e Mar                   | FY24  | FY25  | FY26E | FY27E |
|---------------------------|-------|-------|-------|-------|
| CMP (Rs)                  | 2,121 | 2,121 | 2,121 | 2,121 |
| EPS (Rs)                  | 69.3  | 82.7  | 69.6  | 83.2  |
| Book Value (Rs)           | 487   | 590   | 672   | 752   |
| Adj. BV (Rs)              | 480   | 583   | 662   | 741   |
| P/E (x)                   | 30.6  | 25.6  | 30.5  | 25.5  |
| P/BV (x)                  | 4.4   | 3.6   | 3.2   | 2.8   |
| P/ABV (x)                 | 4.4   | 3.6   | 3.2   | 2.9   |
| DPS (Rs)                  | 1.7   | 2.0   | 2.1   | 2.5   |
| Dividend Payout Ratio (%) | 2.4   | 2.4   | 3.0   | 3.0   |
| Dividend Yield (%)        | 0.1   | 0.1   | 0.1   | 0.1   |

**Efficiency**

| Y/e Mar                    | FY24  | FY25  | FY26E | FY27E |
|----------------------------|-------|-------|-------|-------|
| Cost-Income Ratio (%)      | 46.0  | 43.4  | 48.1  | 48.1  |
| C-D Ratio (%)              | 83.8  | 85.5  | 87.0  | 87.0  |
| Business per Emp. (Rs m)   | 106   | 123   | 134   | 149   |
| Profit per Emp. (Rs lacs)  | 18    | 22    | 17    | 20    |
| Business per Branch (Rs m) | 4,235 | 4,311 | 4,631 | 5,041 |
| Profit per Branch (Rs m)   | 71    | 77    | 60    | 68    |

**Du-Pont**

| Y/e Mar            | FY24  | FY25  | FY26E | FY27E |
|--------------------|-------|-------|-------|-------|
| NII                | 4.77  | 4.38  | 4.12  | 4.24  |
| Total Income       | 6.65  | 6.69  | 5.81  | 5.88  |
| Operating Expenses | 3.06  | 2.90  | 2.79  | 2.83  |
| PPoP               | 3.59  | 3.79  | 3.01  | 3.05  |
| Total provisions   | 0.29  | 0.45  | 0.50  | 0.40  |
| RoAA               | 2.53  | 2.54  | 1.89  | 1.99  |
| RoAE               | 15.29 | 15.38 | 11.03 | 11.68 |

Source: Company Data, PL Research



**Price Chart**



**Recommendation History**

| No. | Date      | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1   | 07-Jul-25 | BUY    | 2,400    | 2,150             |
| 2   | 23-Jun-25 | BUY    | 2,400    | 2,170             |
| 3   | 05-May-25 | BUY    | 2,400    | 2,185             |
| 4   | 08-Apr-25 | BUY    | 2,230    | 2,038             |
| 5   | 20-Jan-25 | BUY    | 2,230    | 1,759             |
| 6   | 08-Jan-25 | BUY    | 2,230    | 1,772             |
| 7   | 20-Oct-24 | BUY    | 2,230    | 1,872             |
| 8   | 07-Oct-24 | BUY    | 2,125    | 1,809             |

**Analyst Coverage Universe**

| Sr. No. | CompanyName                        | Rating     | TP (Rs) | Share Price (Rs) |
|---------|------------------------------------|------------|---------|------------------|
| 1       | AAVAS Financiers                   | Accumulate | 2,072   | 1,974            |
| 2       | Axis Bank                          | BUY        | 1,375   | 1,161            |
| 3       | Bank of Baroda                     | BUY        | 275     | 241              |
| 4       | Can Fin Homes                      | BUY        | 875     | 813              |
| 5       | City Union Bank                    | BUY        | 210     | 219              |
| 6       | DCB Bank                           | BUY        | 155     | 142              |
| 7       | Federal Bank                       | BUY        | 220     | 215              |
| 8       | HDFC Asset Management Company      | BUY        | 5,700   | 5,357            |
| 9       | HDFC Bank                          | BUY        | 2,150   | 1,957            |
| 10      | ICICI Bank                         | BUY        | 1,730   | 1,426            |
| 11      | IndusInd Bank                      | Hold       | 780     | 854              |
| 12      | Kotak Mahindra Bank                | BUY        | 2,400   | 2,150            |
| 13      | LIC Housing Finance                | BUY        | 725     | 605              |
| 14      | Nippon Life India Asset Management | BUY        | 700     | 775              |
| 15      | State Bank of India                | BUY        | 960     | 807              |
| 16      | Union Bank of India                | BUY        | 150     | 146              |
| 17      | UTI Asset Management Company       | BUY        | 1,300   | 1,329            |

**PL's Recommendation Nomenclature (Absolute Performance)**

|                          |                                   |
|--------------------------|-----------------------------------|
| <b>Buy</b>               | : > 15%                           |
| <b>Accumulate</b>        | : 5% to 15%                       |
| <b>Hold</b>              | : +5% to -5%                      |
| <b>Reduce</b>            | : -5% to -15%                     |
| <b>Sell</b>              | : < -15%                          |
| <b>Not Rated (NR)</b>    | : No specific call on the stock   |
| <b>Under Review (UR)</b> | : Rating likely to change shortly |

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