

Kotak Mahindra Bank

Estimate change	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	KMB IN
Equity Shares (m)	9941
M.Cap.(INRb)/(USDb)	4205 / 45.7
52-Week Range (INR)	460 / 372
1, 6, 12 Rel. Per (%)	2/-/2/4
12M Avg Val (INR M)	7863

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	283.4	301.9	348.8
OP	245.3	224.7	261.0
NP	164.5	140.4	165.6
Cons. NP	221.3	209.0	248.8
NIM (%)	4.8	4.5	4.5
EPS (INR)	16.5	14.1	16.7
EPS Gr. (%)	19.3	(14.7)	18.0
ABV. (INR)	114	120	135
Cons. BV. (INR)	158	174	199

Ratios

RoA (%)	2.5	1.9	2.0
RoE (%)	15.4	11.7	12.6
Cons. RoE (%)	14.1	12.1	12.6

Valuations

P/BV (X) (Cons.)	2.7	2.4	2.1
P/ABV (X) (Adj)	2.3	2.2	1.9
P/E(X) (Adj)	15.6	18.2	15.5

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	25.9	25.9	25.9
DII	32.9	32.0	30.4
FII	29.4	29.8	30.8
Others	11.9	12.4	12.9

FII Includes depository receipts

CMP: INR423

TP: INR500 (+18%)

Buy

In-line earnings; healthy, broad-based growth

NIMs flat QoQ

- Kotak Mahindra Bank (KMB) posted a standalone 3QFY26 PAT of ~INR34.5b (in line; up 4.3% YoY/5.9% QoQ). Consol PAT stood at INR49.2b (up 5% YoY/10% QoQ).
- NII grew 5.1% YoY/3.5% QoQ to INR75.6b (in line). NIMs stood flat QoQ at 4.54% (4bp impact due to short-term fund deployed in treasuries).
- Advances growth was robust at 16.1% YoY/3.9% QoQ to INR4.81t, aided by broad-based growth in HL, BB, SME and corporate advances. Credit card declined 1% QoQ. Deposits grew by 14.6% YoY/ 2.6% QoQ, while CA book declined by 4% QoQ. Thus, CASA ratio declined by 100bp QoQ to 41.3%.
- Slippages declined marginally by 1.5% QoQ to INR16.1b (INR18.1b in 1QFY26/INR16.3b in 2QFY26). Credit cost has been declining, and the bank expects it to improve in 4QFY26 and 1QFY27. GNPA ratio declined 9bp QoQ to 1.3%, while NNPA declined 1bp QoQ to 0.31%.
- **We maintain our earnings estimates and expect RoA/RoE of 2%/12.5% by FY27. Reiterate BUY with a TP of INR500 (2.3x Sep'27E ABV).**

Slippages largely flat QoQ; NIMs to improve in 4Q and stabilize in 1Q

- KMB reported a standalone PAT of INR34.5b (up 4.3% YoY/5.9% QoQ) as NII and other income stood largely in line with our estimates. The bank reported slightly higher opex (INR955.3m related to new labor code). Consol PAT stood at INR49.2b (up 5% YoY/10% QoQ).
- NII grew 5.1% YoY/3.5% QoQ to INR75.6b (in line). NIMs were stable QoQ at 4.54%, with 4bp impact due to short-term fund deployed in treasuries.
- Other income grew 8.2% YoY/9.6% QoQ (in line), owing to the absence of treasury income in 3QFY26.
- Opex rose 8.3% YoY/8.4% QoQ to INR50.2b (3% above est.; INR955.3m related to new labor code). PPoP grew by 3.8% YoY/2.1% QoQ to INR53.8b (4% miss).
- Loan growth was robust at 16.1% YoY/3.9% QoQ to INR4.8t, driven by healthy growth in HL (5% QoQ), BB (5% QoQ), Corporate (3% QoQ), and SME (7% QoQ). MFI was flat QoQ and CC book fell 1% QoQ.
- Deposits grew by 14.6% YoY/2.6% QoQ. CASA deposits were flat QoQ. As a result, CASA ratio declined to 41.3% (down 1% QoQ). TD witnessed a faster growth at 16.6% YoY/4.4% QoQ.
- Fresh slippages declined marginally to INR16.1b (down 3% YoY/1.5% QoQ) as stress eased in the unsecured segment. GNPA ratio declined 9bp QoQ to 1.3%, and NNPA ratio declined 1bp QoQ to 0.31%. PCR was largely stable at 76%. KMB remains cautious in the Retail CV segment. SMA-2 loans stood at INR2.8b/6bp of loans. CAR/CET-1 ratios stood at 21.5%/22.6%.
- **Performance of subsidiaries:** Kotak Prime's net earnings grew 15% YoY/ 1.6% QoQ, while Kotak Life's PAT jumped 231% QoQ to INR1.6b. For Kotak Securities, reported PAT grew 25% QoQ to INR4.3b. Kotak AMC reported a 22% QoQ decline in PAT to INR3.2b.