

BUY

TP: Rs 531 | ▲ 26%

**KOTAK MAHINDRA
BANK**

| Banking

| 27 January 2026

Asset quality improving with strong advances growth

- PPOP in line with estimates, while NIMs were flat sequentially; credit costs improved on QoQ basis
- Advances growth stays above system levels; asset quality improving with improvement in delinquencies in the unsecured retail segments
- Maintain BUY with revised TP of Rs 531 (vs Rs 521), set at 2.5x Dec'27E ABV(unchanged)

Niraj Jalan
Research Analyst
Vijiya Rao
Research Analyst
research@bobcaps.in

PPoP in line with estimates; NIMs flat sequentially: KMB reported PPoP at Rs 53.8bn (+2.1% QoQ) and was in line with our estimates. While NIMs were flat sequentially at 4.54%, largely supported by a decline in the CoF to 4.54% (-16bps QoQ). Further, PAT increased to Rs 34.5bn (+5.9% YoY) and was 1.4% higher vs our estimates, mainly due to lower provisions (-14.5% QoQ). On a sequential basis, credit cost improved to 0.63% (Q3FY26) vs. 0.79% (Q2FY26), largely due to decline in unsecured business credit cost. Management indicated that the stress in unsecured retail (PLs and MFI) is largely behind, while the stress has plateaued in the credit card segment. KMB expects credit costs to trend lower in the next couple of quarters and remains watchful in the retail CV segment. Return ratio stays healthy with RoA/ RoE of 1.9%/10.7%.

Business growth remains strong and above system levels: KMB witnessed net advance growth of 16.1% YoY and remains above the system growth. Credit growth was mainly led by home loans & LAP (+18.1% YoY) and wholesale banking (+16.9%), among others. However, its high-yielding credit cards and Micro Finance segments declined 12.7% YoY and 30.1% YoY, respectively. Consequently, share of unsecured retail advances decreased to 8.9% (Dec'25) from 10.5% (Dec'24), as the bank remained cautious and tightened underwriting norms. However, the unsecured book grew marginally by 1.2% QoQ to Rs 430bn (Dec'25). We expect the bank to report credit/deposit growth at ~17%/16% CAGR over FY25-FY28E.

AQ improved: AQ improved with GNPA ratio of 1.3% (-9bps QoQ), driven by lower slippages of Rs 16bn (-1.5% QoQ) and elevated w/offs of Rs 9.9bn (-10.2% QoQ). Management stated that the delinquencies in unsecured retail business are improving, though they stay cautious on the retail CV segment.

Maintain BUY: KMB is well capitalised with CAR at 22.6% (CET1 at 21.5%) as of Q3FY26 to fund business growth. We estimate the bank to deliver RoA/RoE at 1.9-2.2%/11.2-13.5% over FY26E- FY28E. We maintain BUY and raise SOTP-based TP to Rs 531 (vs Rs 521). We roll over the valuation to 2.5x Dec'27E ABV (unchanged). This includes Rs 140/sh as the value of subsidiaries.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	KMB IN/Rs 423
Market cap	US\$ 45.9bn
Free float	74%
3M ADV	US\$ 19.6mn
52wk high/low	Rs 460/Rs 373
Promoter/FPI/DII	26%/29%/33%

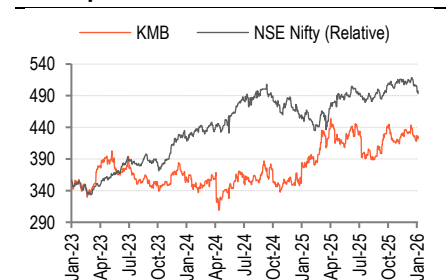
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	2,83,418	3,00,176	3,59,819
NII growth (%)	9.0	5.9	19.9
Adj. net profit (Rs mn)	1,64,501	1,38,803	1,78,584
EPS (Rs)	16.5	14.0	18.0
Consensus EPS (Rs)	16.5	14.3	17.5
P/E (x)	25.6	30.3	23.5
P/BV (x)	3.6	3.2	2.8
ROA (%)	2.5	1.9	2.1
ROE (%)	15.4	11.2	12.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

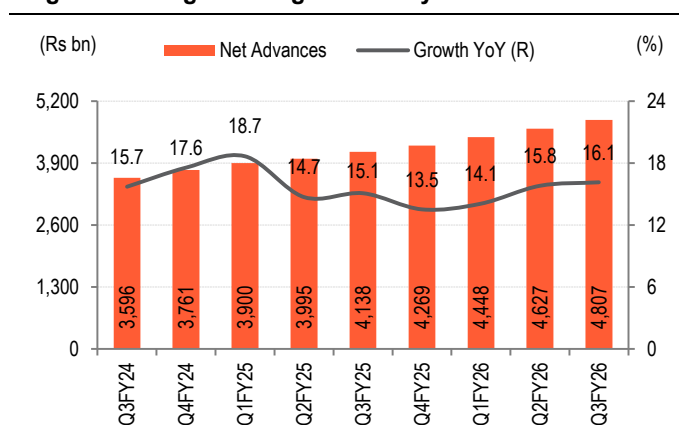
(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ(%)
Income Statement							
Interest Income	1,03,490	1,04,852	1,06,145	1,06,051	1,08,270	4.6	2.1
Income on investments	27,215	27,434	28,693	26,614	26,232	(3.6)	(1.4)
Int. on bal. with RBI & inter-bank funds & Others	3,572	3,012	3,528	3,829	4,531	26.9	18.3
Interest income	1,34,276	1,35,298	1,38,365	1,36,494	1,39,033	3.5	1.9
Interest expense	62,313	62,462	65,773	63,387	63,387	1.7	0.0
Net interest income	71,963	72,836	72,593	73,107	75,646	5.1	3.5
Growth YoY (%)	9.8	5.4	6.1	4.1	5.1	-	-
Non-interest income	26,228	31,825	30,800	25,892	28,378	8.2	9.6
Growth YoY (%)	14.2	6.9	5.2	(3.5)	8.2	-	-
Total income	98,191	1,04,660	1,03,393	98,999	1,04,024	5.9	5.1
Growth YoY (%)	10.9	5.8	5.8	2.0	5.9	-	-
Staff expenses	19,525	21,063	20,655	19,795	22,458	15.0	13.5
Other operating expenses	26,856	28,876	27,101	26,521	27,768	3.4	4.7
Operating expenses	46,380	49,938	47,756	46,317	50,226	8.3	8.4
Pre-Provisioning Profit (PPoP)	51,810	54,722	55,637	52,683	53,798	5.9	(3.7)
Growth YoY (%)	13.5	0.2	5.9	3.3	3.8	-	-
Provisions	7,941	9,094	12,078	9,474	8,096	1.9	(14.5)
Growth YoY (%)	37.1	244.8	108.8	43.5	1.9	-	-
Exceptional Item	-	-	-	-	-	-	-
PBT	43,869	45,628	43,559	43,209	45,702	4.2	5.8
Tax	10,821	10,111	10,743	10,675	11,241	3.9	5.3
PAT	33,048	35,517	32,817	32,533	34,461	4.3	5.9
Growth YoY (%)	10.0	(14.1)	20.2	(2.7)	4.3	-	-
Per Share							
FV (Rs)	1	1	1	1	1		
EPS (Rs)	3.3	3.6	3.3	3.3	3.5	4.2	5.9
Book Value (Rs)	115.6	117.9	124.2	126.0	131.7	14.0	4.5

Source: Company, BOBCAPS Research

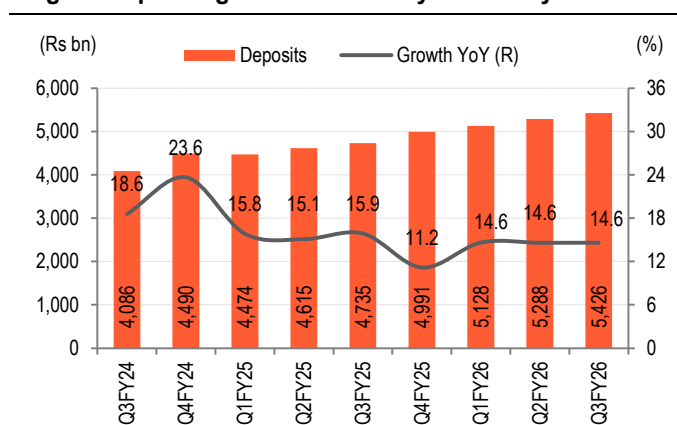
Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ(%)
Deposits	47,34,970	49,90,551	51,28,380	52,87,760	54,26,380	14.6	2.6
Growth YoY (%)	15.9	11.2	14.6	14.6	14.6	-	-
Advances	41,38,390	42,69,092	44,48,230	46,26,876	48,06,730	16.1	3.9
Growth YoY (%)	15.1	13.5	14.1	15.8	16.1	-	-
Investment	16,38,190	18,19,075	18,22,920	17,29,942	18,71,490	14.2	8.2
Equity	11,48,700	11,72,399	12,34,280	12,52,576	13,09,630	14.0	4.6
Assets	63,70,030	69,36,242	68,90,090	70,69,669	73,04,860	14.7	3.3
Growth YoY (%)	16.3	15.5	13.9	13.4	14.7	-	-
Yield (%)							
Yield on Funds	8.76	8.37	8.23	8.05	7.97	(79bps)	(9bps)
Cost of Funds	5.06	4.78	4.87	4.67	4.52	(54bps)	(15bps)
Spread	3.70	3.58	3.37	3.39	3.45	(25bps)	6bps
Net Interest Margin	4.93	4.97	4.65	4.54	4.54	(39bps)	0bps
Ratios (%)							
Other Income / Net Income	26.7	30.4	29.8	26.2	27.3	57bps	113bps
Cost to Income ratio	47.2	47.7	46.2	46.8	48.3	105bps	150bps
CASA ratio	42.3	43.0	40.9	42.3	41.3	(101bps)	(101bps)
C/D ratio	87.4	85.5	86.7	87.5	88.6	118bps	108bps
Investment to Assets	25.7	26.2	26.5	24.5	25.6	(10bps)	115bps
Assets Quality							
GNPA	62,660	61,340	66,377	64,796	63,198	0.9	(2.5)
NNPA	16,810	13,430	15,309	14,910	14,969	(11.0)	0.4
Provision	45,850	47,910	51,068	49,886	48,230	5.2	(3.3)
GNPA (%)	1.50	1.42	1.48	1.39	1.30	(20bps)	(9bps)
NNPA (%)	0.41	0.31	0.34	0.32	0.31	(10bps)	(1bps)
Provision Coverage Ratio (%)	73.17	78.00	76.94	76.99	76.31	314bps	(67bps)
Others							
Branches	2,068	2,148	2,145	2,198	2,218	150	20
ATMs	3,420	3,295	2,927	2,758	2,749	(671)	(9)

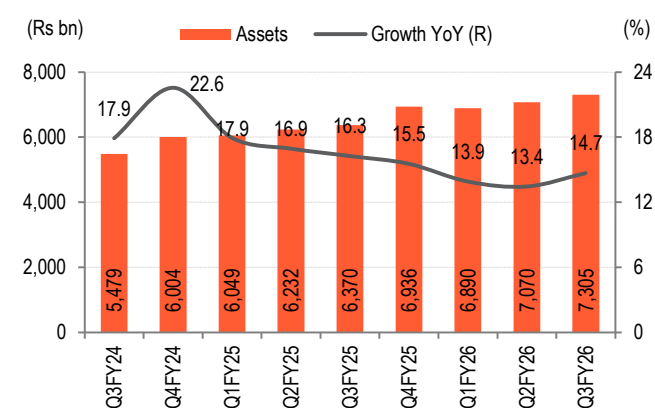
Source: Company, BOBCAPS Research

Fig 3 – Credit growth higher than system levels

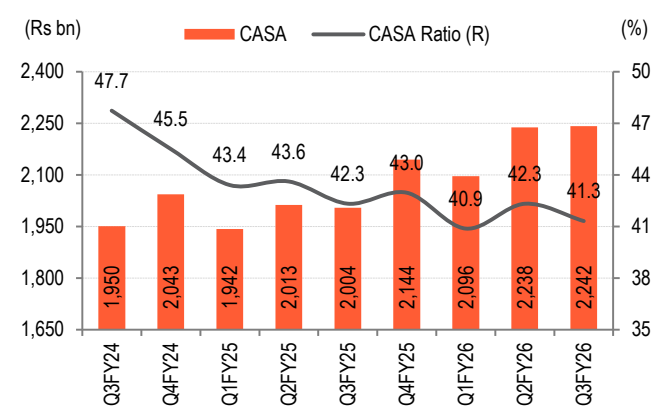
Source: Company, BOBCAPS Research

Fig 4 – Deposits growth was mainly backed by TDs

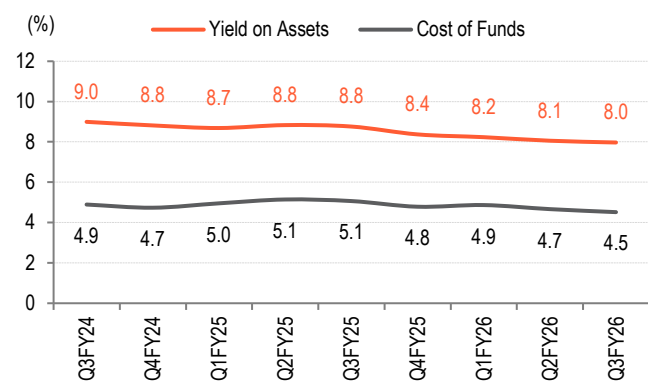
Source: Company, BOBCAPS Research | TDs: Term Deposits

Fig 5 – Asset base growing steadily

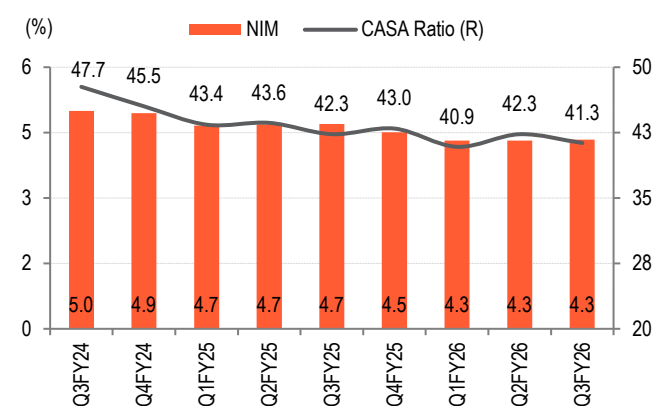
Source: Company, BOBCAPS Research

Fig 6 – CASA ratio moderated on QoQ basis

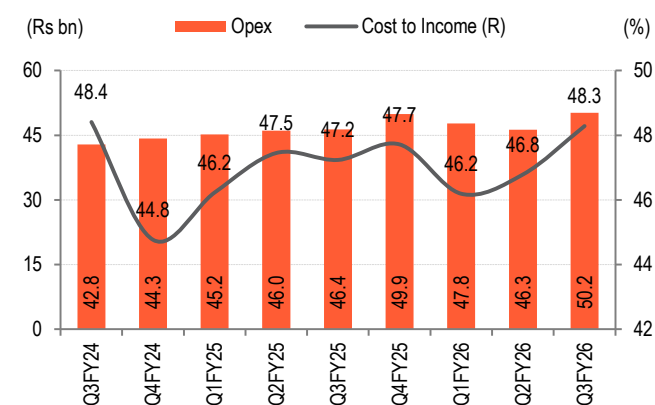
Source: Company, BOBCAPS Research

Fig 7 – Yield falls due to decline in unsecured segments and repo rate cuts...

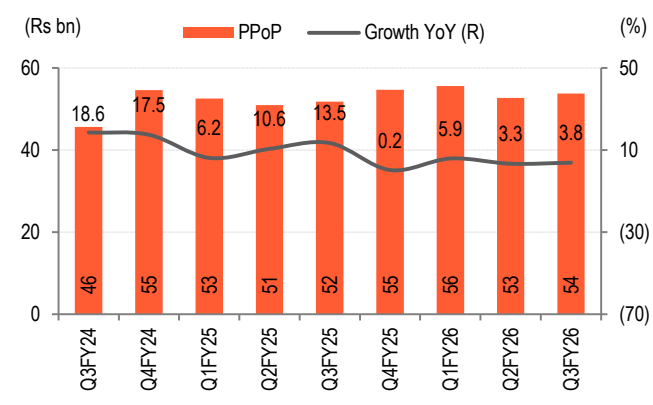
Source: Company, BOBCAPS Research

Fig 8 – ...however NIM remains stable QoQ aided by lower CoF

Source: Company, BOBCAPS Research

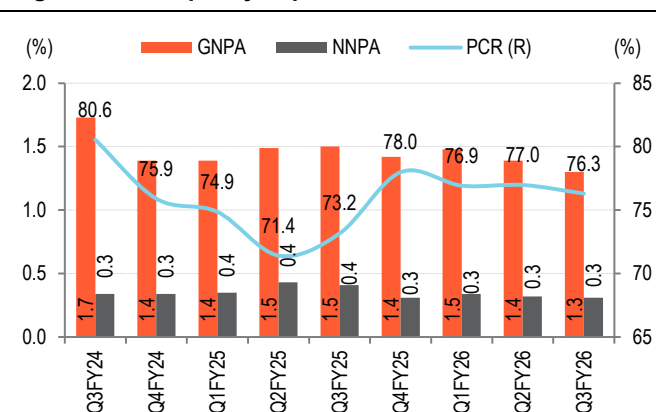
Fig 9 – C/I ratio increased QoQ

Source: Company, BOBCAPS Research

Fig 10 – PPOP grows 3.8% YoY

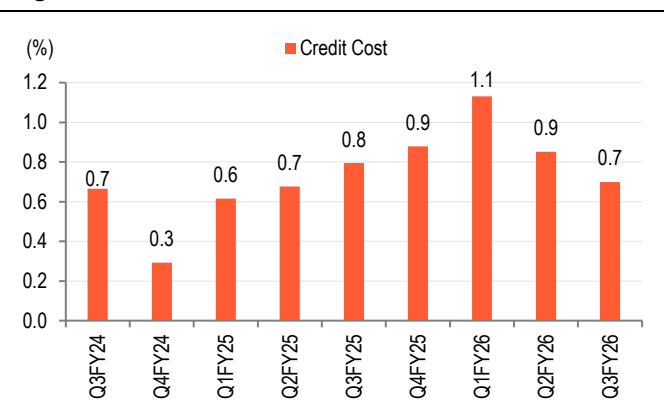
Source: Company, BOBCAPS Research

Fig 11 – Asset quality improved



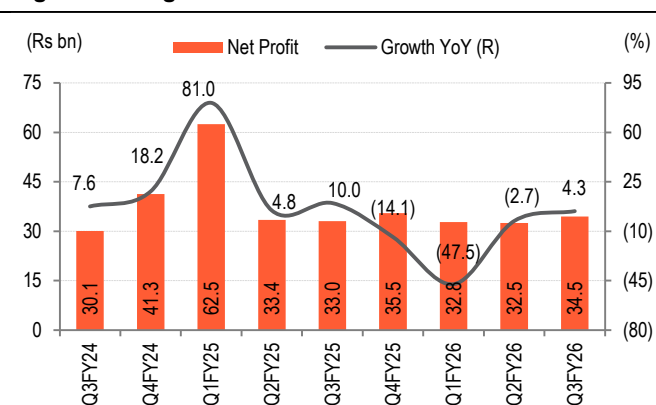
Source: Company, BOBCAPS Research

Fig 12 – Credit cost declined on QoQ basis



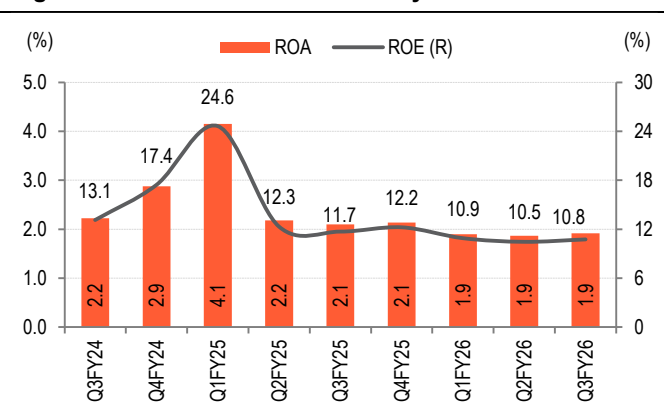
Source: Company, BOBCAPS Research

Fig 13 – PAT grew 4.3% YoY



Source: Company, BOBCAPS Research

Fig 14 – Return ratios remain steady



Source: Company, BOBCAPS Research

Earnings Call Highlights

Advances and deposits growth

- Management's core philosophy is to drive **"scale for relevance"** rather than merely size, aiming for advances growth in the range of **1.5 to 2x nominal GDP growth**.
- KMB reported strong traction in advances amid challenging macro conditions during Q3FY26, by growing 16% YoY. Home loans and LAP grew 18% YoY (5% QoQ), business banking 21% YoY (5% QoQ). Consumer banking supported growth by growing 16% YoY (4% QoQ). Contribution of retail unsecured segment as % of net advances declined to 8.9% vs 10.5% in Dec'24.
- In **consumer banking**, management highlighted home loans as an **anchor product** to deepen affluent customer relationships and drive cross-sell across deposits, insurance, and other fee products.
- Management flagged **stress in retail CV**, following which underwriting has been tightened materially, leading to lower disbursements in this segment.
- On **unsecured retail**, management maintained that growth is being pursued **gradually and responsibly**, with organic personal loans now driving the portfolio.

- **Standard Chartered personal loan portfolio** continued to run down; however, management expects **personal loan growth to resume** as organic disbursements scale up.
- **MFI disbursements** and portfolio performance are **expected to improve gradually** post BSS–Sonata integration.
- Management reiterated focus on **granular and sustainable deposit growth**, consciously moving away from bulky or institutional deposits toward a stronger **CASA-led franchise**.
- **Deposits grew 14.6% YoY**, led by healthy growth in **Retail TD (20% YoY)** to 48.1% of total deposits, while CASA ratio falls 101bps QoQ to 41.3%.
- In **affluent banking**, management highlighted **Kotak Solitaire** as a key driver of quality acquisition and deeper relationships, leading to higher deposit balances and increased investment flows such as SIPs.
- **Kotak811** remains a key digital acquisition engine, helping scale low-cost retail deposits; the recently launched **811 Super Savings** account is focused on customer cash flows rather than average balance maintenance.
- **Current account balances** grew **14.7% YoY**, driven by higher engagement with self-employed customers and the **One Kotak** approach that integrates CMS and payment flows.
- CD ratio stood at 88.6% vs 87.5% in Q2FY26 and 87.4% in Q3FY25.

Profitability

- NII grew 3% QoQ to Rs 75.6bn vs Rs 73.1bn in Q2FY26. **NIMs stood at 4.54%** in Q3FY26 and were flat QoQ.
- While yield on floating-rate advances was impacted by the previous repo rate cuts, this was offset by a **decline in the cost of funds to 4.54% (-16bps QoQ)**, driven by granular low-cost deposit growth and the repricing of maturing term deposits.
- Management also highlighted the technical “**February kicker**”, where interest on advances accrues for more days than interest paid on deposits, as a temporary positive for margins.
- From Q1FY27 onwards, management expects NIMs to stabilise, as benefits from repricing and CRR cuts to normalise and deposit costs bottom out.
- **Cost-to-income ratio** stood at **48.3%**; excluding the one-time **Rs 960mn pre-tax new labour code provision**, it would have been **47.4%**.
- The bank reiterated its **cost-to-asset target of 2.5–2.6%**, with automation and digitisation enabling balance sheet growth without proportionate headcount additions.
- Fee and services income grew 8% YoY and 6% QoQ, driven by FX, debt capital markets, and distribution, with early “green shoots” from One Kotak cross-selling.

- On the draft **ECL framework**, management estimates an impact of **<2% of post-tax net worth**, which they do not see as material.

Asset quality and growth

- Management highlighted a **broad-based improvement in asset quality**, with **GNPA improving to 1.30% (vs 1.39% QoQ)** and **NNPA at 0.31%**.
- Credit costs declined sharply to 63 bps**, continuing the downtrend seen since Q1, driven by tighter underwriting, better portfolio seasoning, and improved collections.
- Management indicated that stress in unsecured retail (PLs and MFI) is largely behind the bank.
- Retail CV remains a watch-out**, with underwriting tightened and disbursements scaled back due to emerging stress.
- SMA-2 was Rs 2.8bn as of Dec'25 vs Rs 3.9bn in the last quarter.
- PCR remains steady at 76% (Dec'25) vs 77% (Sep'25).

Others

- Anup Saha has been appointed as the **Whole-Time Director (designate)** for a 3Y period. He has **32+ years of experience** across retail finance, analytics, risk, and operations, and will oversee the **Consumer Bank, data analytics, and marketing** functions. Prior to KMB, Mr. Saha was associated with Bajaj Finance Limited as the Managing Director & CEO (from April 2025 until his resignation in July 2025).
- Board of Directors approved raising funds by the way of issuance of Unsecured, Redeemable, Non-Convertible Debentures, on a private placement basis, for an amount up to Rs 150bn, in one or more tranches / series, during FY27, subject to the approval of the members of the Bank and any other approvals as may be necessary.

Subsidiaries

- Kotak Securities:** PAT came in at Rs 4.31bn (+41% YoY; +25% QoQ). Market share increased to 13.5% vs 13.1% in Q2FY26 and 11.5% in Q3FY25.
- Kotak AMC:** AAUM was up 19% YoY to Rs 5,882bn. Equity AAUM grew 19% YoY to Rs 3,761bn, with a 6.39% market share.
- Kotak Prime:** PAT stood at Rs 2.5bn vs Rs 2.46bn in Q2FY26. NNPA was at 1.1%, which improved from 1.2% in Q2FY26.

Fig 15 – Loan book distribution

Segment (Rs bn)	Q3FY25	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Corporate Banking	966	1,092	1,128	16.7	3.2
SME	337	372	396	17.4	6.5
Commercial Vehicles	408	437	445	9.2	1.9
Agriculture Finance	276	243	263	(4.4)	8.3
Tractor finance	170	184	194	14.2	5.3
Home loans & LAP	1,217	1,379	1,442	18.5	4.5
Consumer Bank WC (Secured)	417	478	503	20.7	5.2
PL, BL and Consumer Durables	213	243	249	17.0	2.7
Credit Cards	141	124	123	(12.7)	(1.0)
Others	107	179	189	77.5	5.8
Micro Finance	82	57	57	(30.6)	(0.3)
Advances	4,334	4,789	4,990	15.1	4.2
Credit substitutes	261	305	304	16.9	(0.2)
Total customer assets	4,594	5,094	5,295	15.2	3.9

Source: Company, BOBCAPS Research

Fig 16 – Loan book distribution (%)

Segment	Q3FY25	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Corporate Banking	21.0	21.4	21.3	1.3	(0.7)
SME	7.3	7.3	7.5	1.9	2.5
Commercial Vehicles	8.9	8.6	8.4	(5.2)	(1.9)
Agriculture Finance	6.0	4.8	5.0	(17.1)	4.2
Tractor finance	3.7	3.6	3.7	(0.9)	1.3
Home loans & LAP	26.5	27.1	27.2	2.8	0.6
Consumer Bank WC (Secured)	9.1	9.4	9.5	4.7	1.2
PL, BL and Consumer Durables	4.6	4.8	4.7	1.6	(1.2)
Credit Cards	3.1	2.4	2.3	(24.3)	(4.7)
Others	2.3	3.5	3.6	54.0	1.8
Micro Finance	1.8	1.1	1.1	(39.8)	(4.1)
Advances	94.3	94.0	94.3	(0.1)	0.3
Credit substitutes	5.7	6.0	5.7	1.4	(3.9)
Total customer assets	100.0	100.0	100.0	0.0	0.0

Source: Company, BOBCAPS Research

Valuation Methodology

KMB is well capitalised with CAR at 22.6% (CET1 at 21.5%) as of Q3FY26 to fund business growth. We estimate the bank to deliver RoA/RoE at 1.9-2.2%/11.2-13.5% over FY26E- FY28E. We maintain BUY and raise SOTP-based TP to Rs 531 (vs Rs 521). We roll over the valuation to 2.5x Dec'27E ABV (unchanged) using the Gordon Growth Model. This includes Rs 140/sh as the value of subsidiaries.

Fig 17 – Actual vs Estimates

Key Parameters (Rs mn)	Q3FY26A	Q3FY26E	Change (%)
Loan	48,06,730	48,02,290	0.1
Deposits	54,26,380	54,26,380	(0.0)
Assets	73,04,860	72,67,569	0.5
NII	75,646	74,139	2.0
PPOP	53,798	53,737	0.1
Provision	8,096	8,604	(5.9)
PAT	34,461	33,985	1.4

Source: Company, BOBCAPS Research

Fig 18 – Revised estimates

Key Parameters (Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Loan	49,66,863	57,91,362	67,64,311	49,30,801	57,49,314	67,15,199	0.7	0.7	0.7
Deposits	57,13,619	66,39,225	77,28,058	57,49,115	66,91,970	78,02,837	(0.6)	(0.8)	(1.0)
Assets	78,66,551	90,38,281	1,04,14,903	79,50,722	90,85,033	1,04,71,173	(1.1)	(0.5)	(0.5)
NII	3,00,176	3,59,819	4,23,454	3,10,474	3,66,073	4,27,807	(3.3)	(1.7)	(1.0)
PPOP	2,21,937	2,74,952	3,25,954	2,22,503	2,69,140	3,17,451	(0.3)	2.2	2.7
Provision	37,848	38,103	43,317	32,200	34,176	37,394	17.5	11.5	15.8
PAT	1,38,803	1,78,584	2,13,108	1,43,489	1,77,163	2,11,164	(3.3)	0.8	0.9
ABV (Rs)	130	147	168	130	148	168	(0.5)	(0.3)	(0.1)

Source: Company, BOBCAPS Research

Fig 19 – Key operational assumptions

(%)	FY25A	FY26E	FY27E	FY28E
Advances Growth	13.5	16.3	16.6	16.8
Net Interest Income Growth	9.0	5.9	19.9	17.7
PPoP Growth	7.2	5.7	23.9	18.5
PAT Growth	19.4	(15.6)	28.7	19.3
NIM	4.5	4.2	4.4	4.5
GNPA	1.4	1.2	1.2	1.1
CAR	22.3	21.8	20.2	19.9

Source: Company, BOBCAPS Research

Fig 20 – SOTP valuation summary

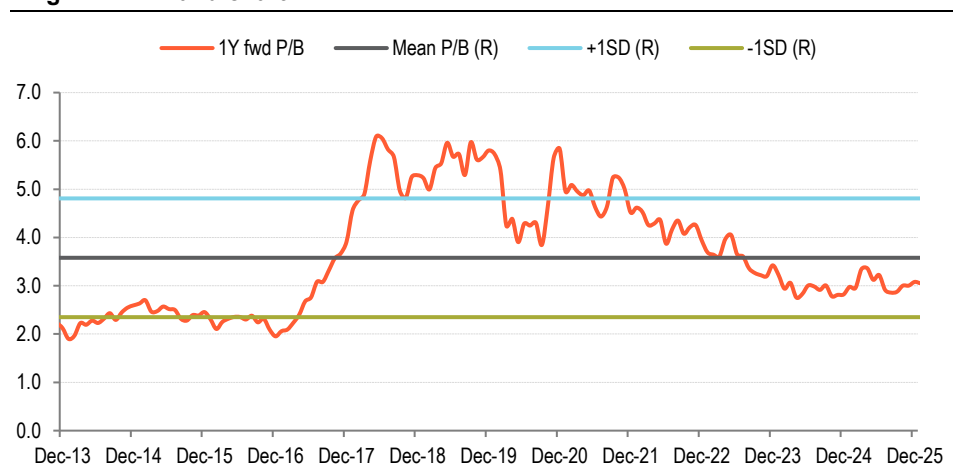
Business	Valuation	Holdings (%)	Value (Rs/sh)
Kotak Bank	2.5x Dec'27E ABV	100	391
Kotak Life	2x FY27E EV	100	47
Kotak Prime	2.1x FY27E BV	100	32
Kotak AMC	6% FY27 AAUM	100	41
Kotak Securities	15x FY27 PAT	100	28
Others		100	17
Holding Co. Discount	15%		(25)
Total			531

Source: Company, BOBCAPS Research

Fig 21 – Valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	14.2
Cost of Equity (Ke)	10.9
Growth (Period 1)	12.8
Growth (Long Term)	6.8
Initial High Growth Period (years)	10.0
Dividend Payout (Period 1)	10.0
Dividend Payout (Long Term)	52.0
Factor 1	1.1
Factor 2	16.1
Justified P/BV	2.5

Source: BOBCAPS Research

Fig 22 – PB Band chart

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates:

- Reversal in credit cycle, which can lead to higher-than-anticipated deterioration in asset quality and thus, weaker profitability owing to higher provisions
- Inability to manage CoF, that may drag the bank's NIMs as well as the overall profitability.

Glossary

Glossary of Abbreviations			
AFS	Available For Sale	ICRR	Incremental Cash Reserve Ratio
AUCA	Advance Under Collection Account	LAP	Loans against Property
ARC	Asset Reconstruction Company	LCR	Liquidity Coverage Ratio
BRDS	Bills Rediscounting Scheme	MCLR	Marginal Cost of Funds-based Lending Rate
CASA	Current Account and Savings Account	MTM	Mark to Market
CAR	Capital Adequacy Ratio	NII	Net Interest Income
CET1	Common Equity Tier 1	NIM	Net Interest Margin
CD	Credit-Deposit Ratio	NNPA	Net Non-Performing Assets
C/I	Cost-Income Ratio	PCR	Provision Coverage Ratio
CRB	Commercial and Rural Banking	PPOP	Pre-Provision Operating Profit
EBLR	External Benchmark-based Lending Rate	PSU	Public Sector Unit
ECL	Expected Credit Loss	RWA	Risk-weighted Assets
GNPA	Gross Non-Performing Assets	SLR	Statutory Liquidity Ratio
HFT	Held for Trading	SMA	Special Mention Account
IBPC	Interbank Participation Certificate	SME	Small and Medium-sized Enterprises

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	2,59,932	2,83,418	3,00,176	3,59,819	4,23,454
NII growth (%)	20.6	9.0	5.9	19.9	17.7
Non-interest income	1,02,731	1,14,412	1,19,948	1,39,254	1,55,625
Total income	3,62,663	3,97,830	4,20,124	4,99,073	5,79,080
Operating expenses	1,66,788	1,87,764	1,98,187	2,24,121	2,53,126
PPOP	1,95,875	2,10,066	2,21,937	2,74,952	3,25,954
PPOP growth (%)	31.9	7.2	5.7	23.9	18.5
Provisions	15,737	29,424	37,848	38,103	43,317
PBT	1,80,137	2,15,841	1,84,089	2,36,849	2,82,637
Tax	42,321	51,340	45,286	58,265	69,529
Reported net profit	1,37,816	1,64,501	1,38,803	1,78,584	2,13,108
Adjustments	0	0	0	0	0
Adjusted net profit	1,37,816	1,64,501	1,38,803	1,78,584	2,13,108

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	9,940	9,941	9,946	9,946	9,946
Reserves & surplus	9,57,248	11,62,458	12,96,185	14,69,411	16,76,766
Net worth	9,67,188	11,72,399	13,06,130	14,79,357	16,86,711
Deposits	44,89,537	49,90,551	57,13,619	66,39,225	77,28,058
Borrowings	2,83,681	4,84,428	3,47,903	4,10,526	4,88,525
Other liab. & provisions	2,63,164	2,88,864	4,98,899	5,09,173	5,11,608
Total liab. & equities	60,03,570	69,36,242	78,66,551	90,38,281	1,04,14,903
Cash & bank balance	5,27,884	6,57,792	6,42,250	7,41,171	8,62,037
Investments	15,54,038	18,19,074	20,27,432	22,61,695	25,18,945
Advances	37,60,753	42,69,092	49,66,863	57,91,362	67,64,311
Fixed & Other assets	1,60,896	1,90,284	2,30,006	2,44,053	2,69,610
Total assets	60,03,570	69,36,242	78,66,551	90,38,281	1,04,14,903
Deposit growth (%)	23.6	11.2	14.5	16.2	16.4
Advances growth (%)	17.6	13.5	16.3	16.6	16.8

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	13.9	16.5	14.0	18.0	21.4
Dividend per share	0.4	0.5	0.5	0.5	0.6
Book value per share	97.3	117.9	131.3	148.7	169.6

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	30.5	25.6	30.3	23.5	19.7
P/BV	4.3	3.6	3.2	2.8	2.5
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	4.8	4.4	4.1	4.3	4.4
Non-interest income	1.9	1.8	1.6	1.6	1.6
Operating expenses	3.1	2.9	2.7	2.7	2.6
Pre-provisioning profit	3.6	3.2	3.0	3.3	3.4
Provisions	0.3	0.5	0.5	0.5	0.4
PBT	3.3	3.3	2.5	2.8	2.9
Tax	0.8	0.8	0.6	0.7	0.7
ROA	2.5	2.5	1.9	2.1	2.2
Leverage (x)	0.1	0.1	0.1	0.1	0.1
ROE	15.3	15.4	11.2	12.8	13.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	20.6	9.0	5.9	19.9	17.7
Pre-provisioning profit	31.9	7.2	5.7	23.9	18.5
EPS	25.9	19.3	(15.7)	28.7	19.3
Profitability & Return ratios (%)					
Net interest margin	4.9	4.5	4.2	4.4	4.5
Fees / Avg. assets	0.5	0.4	0.4	0.4	0.4
Cost-Income	46.0	47.2	47.2	44.9	43.7
ROE	15.3	15.4	11.2	12.8	13.5
ROA	2.5	2.5	1.9	2.1	2.2
Asset quality (%)					
GNPA	1.4	1.4	1.2	1.2	1.1
NNPA	0.3	0.3	0.3	0.3	0.3
Slippage ratio	1.6	1.7	1.5	1.5	1.4
Credit cost	0.5	0.7	0.8	0.7	0.7
Provision coverage	75.7	77.9	76.8	76.8	76.8
Ratios (%)					
Credit-Deposit	83.8	85.5	86.9	87.2	87.5
Investment-Deposit	34.6	36.5	35.5	34.1	32.6
CAR	20.6	22.3	21.8	20.2	19.9
Tier-1	19.3	21.1	21.0	19.4	19.2

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

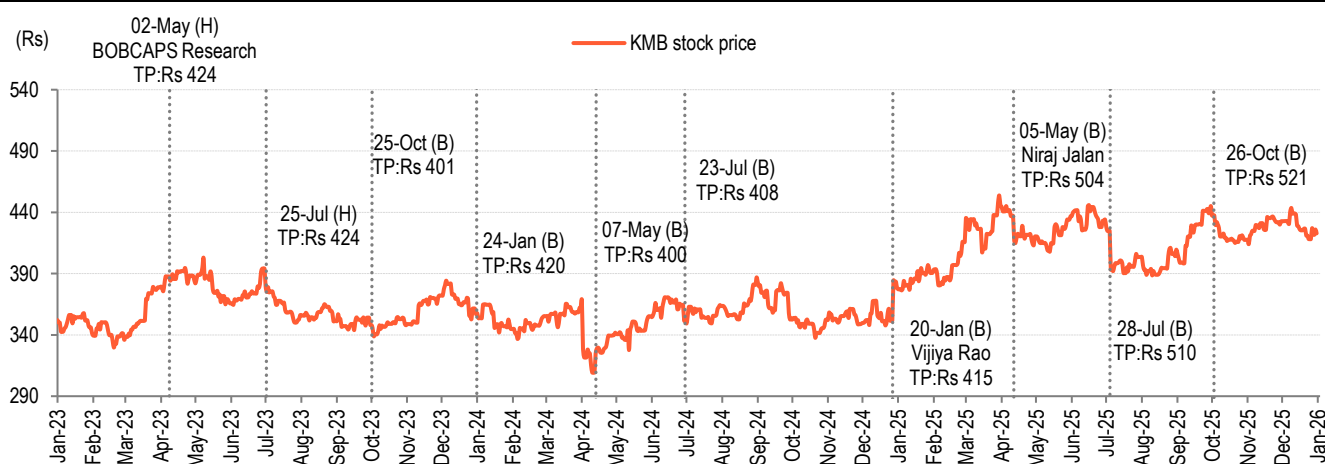
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): KOTAK MAHINDRA BANK (KMB IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.