

Kotak Mahindra Bank (KMB IN)

Analyst Meet Update

May 28, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	480		480	
NII (INR. mn)	340,479	388,813	340,470	388,827
% Chng.	-	(0.0)		
Op. Profit (INR mn)	254,494	291,877	251,741	288,131
% Chng.	1.1	1.3		
EPS (INR)	16.5	19.1	16.5	19.0
% Chng.	-	0.5		

Key Data

KTKM.BO | KMB IN

BSE Code	532174
NSE Code	KOTAKBANK
52-W High / Low	INR 453 / INR 345
Face Value	1
Sensex / Nifty	75,868 / 23,907
Market Cap	INR 3,866 bn / \$ 40,399 mn
Shares Outstanding	9946.47 mn
3M Avg. Daily Value	INR 8,209.81 mn

Shareholding Pattern (%)

Promoters	25.87
FIIs	26.40
Mutual Funds	23.57
Domestic Institution	12.61
Public & Others	11.55
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	3.2	(6.4)	(7.9)	(6.4)
Relative	5.1	0.3	4.1	0.6

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NII (INR mn)	283,418	300,101	340,479	388,813
NIM (%)	4.5	4.2	4.2	4.2
Core PPOP (INR mn)	192,074	206,736	236,990	274,373
PAT (INR mn)	164,501	140,077	164,748	190,425
Core PAT (INR mn)	123,962	129,576	151,620	177,297
EPS (INR)	16.5	14.1	16.6	19.1
Gr. (%)	19.3	(14.9)	17.6	15.6
DPS (INR)	0.4	0.4	0.5	0.6
Yield (%)	0.1	0.1	0.1	0.1
RoAE (%)	15.4	11.1	11.5	11.9
Core RoAE (%)	12.0	10.5	10.8	11.3
RoAA (%)	2.5	1.9	2.0	2.0
Core RoAA (%)	1.9	1.8	1.8	1.9
P/BV (x)	2.7	2.8	2.6	2.3
P/ABV (x)	2.7	2.8	2.6	2.3
PE (x)	25.7	25.3	23.5	20.3
CAR (%)	22.2	21.7	21.2	20.6

Levers in place for better than expected core RoA

Quick Pointers

- Focus on profitable growth; unsecured may rise by 2-2.5%
- Opex to assets may continue to reduce driven by tech aid
- We expect core RoA to improve by 9bps over FY26-28E

We met the MD&CEO and senior management of KMB and key takeaways were (1) bank may continue to grow faster than system without compromising on NIM (2) unsecured growth has resumed but secured growth would not be impeded; unsecured share may increase from ~9% in Mar'26 to 11-11.5% and (3) tech investments would further drive operating efficiency, reducing opex/assets. Bank has de-risked its balance sheet which may not be a negative since despite our flat NIM estimates over FY26-28E, opex/assets & provisions could be lower. LCR at 134% would support growth in a tight credit cycle. With core PAT CAGR of 17%, we expect core RoA to enhance over FY26-28 from 1.76% to 1.85%. We keep multiple at 2.0x on FY28 core ABV and TP at INR 480. Retain 'BUY'.

Balance sheet strategy—a four pronged approach: This includes (1) structurally aiding CASA mobilization with affluent (Solitaire) driving high-value deposits, 811 contributing to granular SA and custody franchise supporting CA (2) customer segment-based expansion (3) product diversification & (4) strong push towards automation/digitization. Bank has resumed calibrated expansion in unsecured, with disbursements picking up QoQ, focusing initially on absolute growth while continuing to scale the secured portfolio. Share of unsecured is guided to increase to 11-11.5% from 8.9% as of Q4FY26.

Upside risks to our NIM estimates: Driven by the bank's nimble strategy on deposits, CA and fixed rate SA combined on an average basis grew by 17.4% YoY; its share enhancing by 80bps YoY to 34.8%. Also, growth has resumed in the unsecured segment albeit with stronger guardrails. Hence, NIM is expected to be supported by improving mix and pricing, as a gradual increase in unsecured lending will aid yield uplift, while competitive intensity has moderated post Q4, leading to better pricing discipline and lending rates. We are factoring flat NIM of ~4.2% over FY26-28E which could see upside risks.

Technology to remain a cornerstone; focus on opex/assets reduction: Tangible benefits from sustained technology investments (~13% of opex) are visible, with automation contributing to cost/assets reduction from 3.06% in FY24 to 2.65% in FY26. Efficiency is also reflected in the ability to grow the balance sheet without increasing headcount. Cost optimization efforts have primarily been focused on reducing fixed costs related to payroll and branch & ATM infrastructure. Bank expects that opex/asset ratio reduction will continue to be a key RoA driver; we trim opex to assets by 3/5bps in FY27/28E.

Downside risks to our provision estimates: Bank indicated that in event of a prolonged middle-east conflict, large corporates are better placed given stronger balance sheets while any stress is likely to originate sooner from SMEs. Asset quality trends remain stable with no visible strain on bounce rates. The bank has become more cautious in SME lending by increasing scrutiny level (moving from L1 to L2 approval) to proactively monitor risks. With asset quality risks from unsecured abating and strong guardrails in place, upcoming credit cycle could favor KMB; provisions over FY26-28E could be lower to our estimates of 60-65bps (FY25/26 at 73-75bps).

Analyst Meet Highlights

Four-pronged growth strategy:

- The bank's four-pronged customer strategy is (1) structurally aiding CASA mobilisation with affluent (Solitaire) driving high-value deposits, 811 contributing to granular SA and custody franchise supporting strong CA balances (2) customer segment based expansion with strengthening SME relationships by capturing promoter wealth (3) product diversification and (4) strong push towards automation/digitisation to drive efficiency and scalability.

Customer segment-led expansion:

- The affluent segment remains a key strategic focus, led by the bank's strong private banking franchise and the recently launched "Solitaire" proposition, which has already seen strong market traction.
- Continued focus on Kotak 811 proposition, which grew ~32% YoY and constitutes ~ 30% of total fixed rate savings book, contributing meaningfully to low-cost deposits.
- The SME segment continues to be a key growth driver for the bank, with the portfolio expanding at ~25%, and management remains highly positive on the segment, indicating continued investments to sustain strong growth momentum.
- Integration of corporate banking with investment banking, institutional equities, and asset management capabilities with an aim of incremental uplift of 200–250 bps in ROE. Bank is witnessing return of wholesale borrowers at higher yield, following Q4 pullback, thereby validating its strategy of prioritizing pricing discipline over growth.
- The bank plans to run select businesses such as CV and tractor financing in an NBFC-like model within the bank, with a sharper focus on profitability and scale.
- Tractor financing remains a strong franchise with leading market share and PSL benefits, while the CV segment, despite near-term cyclicity, continues to be a structurally attractive business where the bank intends to sustain growth

Automation and digitization:

- The bank is seeing tangible benefits from its sustained technology investments (~13% of opex), with automation and digitisation contributing to a reduction in cost-to-assets from 3%+ to ~2.76%.
- Improved operating efficiency is also reflected in the ability to grow the balance sheet without incremental headcount, with management now sharpening focus further on productivity and cost optimisation through continued digital adoption.
- Technology remains a key differentiator for the bank as it aims to rely on digital capabilities rather than competing on branch network.

Balance sheet:

- Management reiterates that the bank remains committed to growing its loan book at 1.5–2x GDP growth.
- The bank has resumed calibrated expansion in unsecured lending, with disbursements picking up QoQ, focusing initially on absolute growth while continuing to scale the secured portfolio without compromise. Share of unsecured could increase to 11-11.5% from 8.9% as of Q4FY26.

- Bank remains constructive on the unsecured segment, supported by strong traction in PL and improved confidence in MFI due to implementation of stricter guardrails, a shift to individual underwriting, and tighter segment selection after earlier challenges in lower-ticket 811-linked exposures.
- Management remains optimistic on CC business, highlighting that while market share is currently stable post the embargo and remains around ~5 million cards, recent product and proposition launches should drive gradual traction, although scale-up in cards is inherently slow and will take time to reflect meaningfully.
- The CEO indicated that most senior and mid-level leadership gaps have now been largely addressed, with a strong bench strength in place with a balanced mix of internal talent and external hires. This would ensure continuity even as some senior leaders approach retirement.

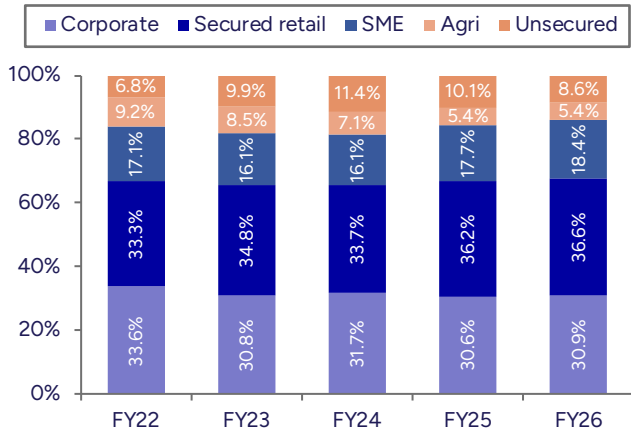
Profitability:

- NIM is expected to be supported by a combination of improving mix and pricing, as a gradual increase in unsecured lending will aid yield uplift, while competitive intensity has moderated post Q4, leading to better pricing discipline and improved lending rates, thereby indicating relatively better pricing power in near term.
- While unsecured lending is structurally a higher OPEX business, incremental costs (such as acquisition and servicing costs in cards) are more than offset by corresponding revenue gains.
- Cost optimisation efforts have primarily been focused on reducing fixed costs such as payroll, branch infrastructure, and ATM networks, while continuing to invest in technology for long-term efficiency gains.
- Core RoA has declined from ~2.3% to ~1.8% in recent years; however, improved operating efficiency, stable NIM and normal credit costs should support a gradual recovery towards ~2%+ levels over the medium term.
- The bank highlighted that reported ROE remains impacted by excess capital, a significant portion of which is deployed across subsidiaries, AIF, and financial market infrastructure, generating embedded value (including MTM gains and AIF returns) that is not reflected in reported earnings, thereby understating the underlying value creation while preserving flexibility for future growth and inorganic opportunities.

Asset quality:

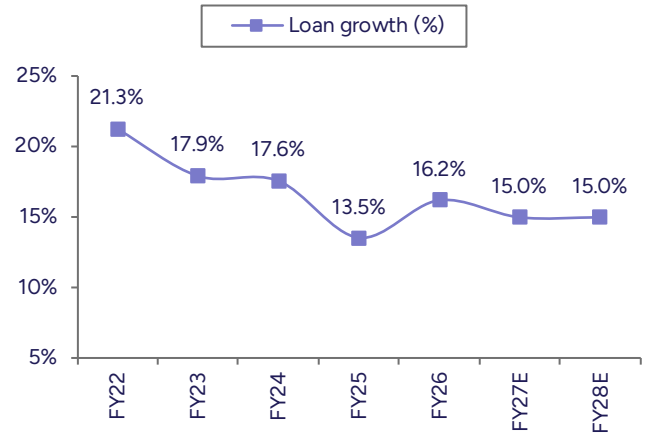
- Management indicated that in the event of prolonged geopolitical stress, large corporates are better positioned given stronger balance sheets, while any potential stress is more likely to emerge sooner in the SME segment. However, bank has not witnessed any early signals of such stress yet.
- Asset quality trends remain stable across segments with no visible stress in terms of delinquencies or bounce rates; however, the bank has adopted a more cautious stance in the SME segment by increasing scrutiny levels (moving from L1 to L2 approvals) to proactively monitor potential risks.

Exhibit 1 : Unsecured guided to inch up from 9% to 11-11.5%



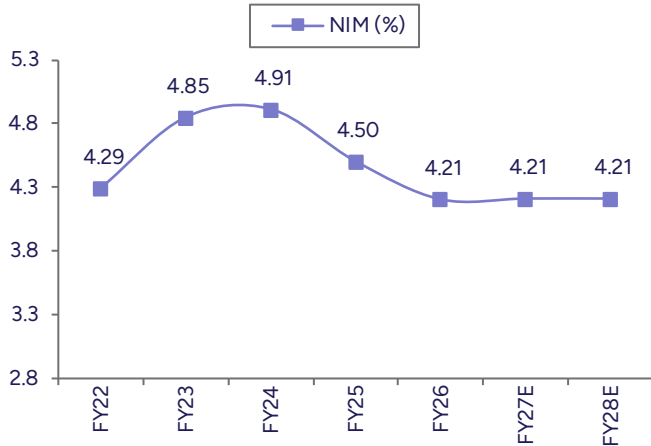
Source: Company, PL

Exhibit 2 : We expect overall loan CAGR of 15% over FY26-28E



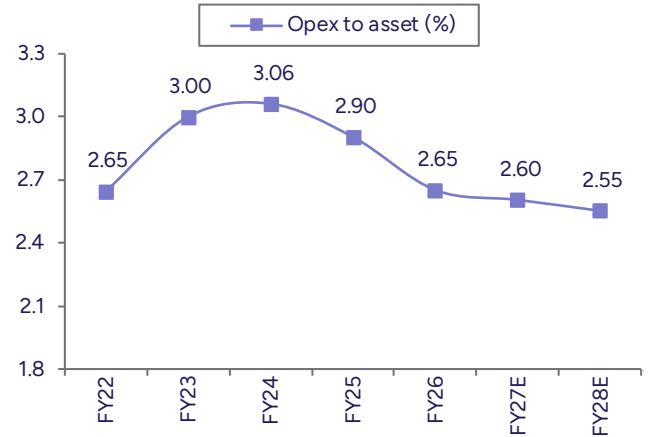
Source: Company, PL

Exhibit 3 : There are upside risks to our NIM assumption of 4.2%.



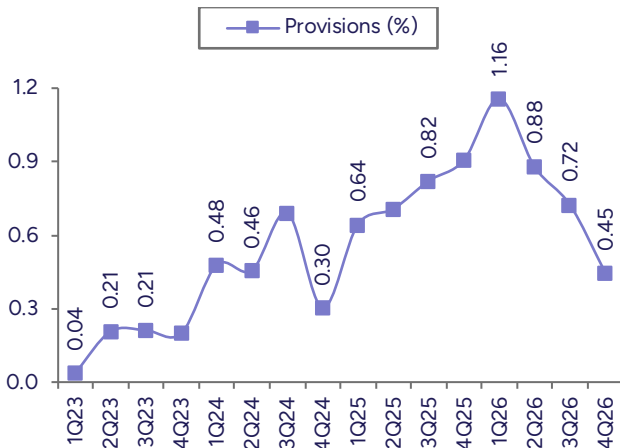
Source: Company, PL

Exhibit 4 : We expect opex to assets to fall by 10bps to 2.55% in FY28.



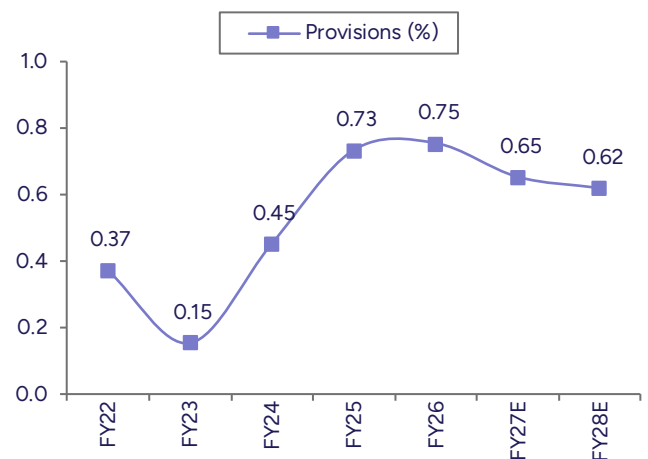
Source: Company, PL

Exhibit 5 : Provisions declined consistently to 45bps in Q4'26



Source: Company, PL

Exhibit 6 : Downside risks to our provision assumptions of ~63bps



Source: Company, PL

Quarterly Financials

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Income Statement (INR m)								
Interest earned	127,461	132,163	134,276	135,298	138,365	136,494	139,033	141,748
Interest expended	59,038	61,967	62,313	62,462	65,773	63,387	63,387	62,993
Net Interest Income	68,424	70,196	71,963	72,836	72,593	73,107	75,646	78,755
Other income	29,290	26,842	26,228	31,825	30,800	25,892	28,378	31,163
Fees	22,400	23,120	23,620	26,160	22,490	24,150	25,490	27,670
Total Income	97,714	97,038	98,191	104,660	103,393	98,999	104,024	109,918
Operating Expenses	45,173	46,046	46,380	49,938	47,756	46,317	50,226	51,366
Employees	18,705	19,514	19,525	21,063	20,655	19,795	22,458	20,608
Others	26,468	26,532	26,856	28,876	27,101	26,521	27,768	30,758
Operating profit	52,541	50,993	51,810	54,722	55,637	52,683	53,798	58,552
Core PPOp	45,651	47,273	49,200	49,062	47,327	50,943	50,908	55,062
Provisions	5,785	6,604	7,941	9,094	12,078	9,474	8,096	5,164
Profit before tax	46,756	44,389	43,869	45,628	43,559	43,208	45,702	53,388
Taxes	11,596	10,951	10,821	10,111	10,743	10,675	11,241	13,122
Net Profit	35,161	33,437	33,048	35,517	32,817	32,533	34,461	40,266
Core PAT	29,979	30,635	31,082	31,112	26,556	31,223	32,282	37,633
Balance Sheet (INR m)								
Share capital	9,940	9,941	9,941	9,941	9,941	9,943	9,943	9,947
Reserves & surplus	1,053,140	1,097,558	1,138,759	1,162,458	1,224,339	1,242,633	1,299,687	1,343,171
Deposits	4,474,180	4,614,542	4,734,970	4,990,551	5,128,380	5,287,760	5,426,380	5,724,561
Borrowings	294,020	265,125	234,170	484,428	211,480	239,111	268,300	324,750
Other liabilities	218,200	244,919	252,190	288,864	315,950	290,222	300,550	427,599
Total liabilities	6,049,480	6,232,084	6,370,030	6,936,242	6,890,090	7,069,669	7,304,860	7,830,028
Cash & bank	371,610	325,876	411,150	657,792	430,800	497,917	428,730	840,889
Investments	1,625,780	1,755,320	1,638,190	1,819,075	1,822,920	1,729,942	1,871,490	1,725,354
Advances	3,899,570	3,995,216	4,138,390	4,269,092	4,448,230	4,626,876	4,806,730	4,960,092
Fixed assets	21,661	22,381	22,605	23,589	23,824	24,319	24,562	23,883
Other assets	130,859	133,291	159,695	166,695	164,316	190,614	173,348	279,809
Total assets	6,049,480	6,232,084	6,370,030	6,936,242	6,890,090	7,069,669	7,304,860	7,830,028
Balance sheet ratios (%)								
Loan growth	18.7	14.7	15.1	13.5	14.1	15.8	16.1	16.2
Deposit growth	15.8	15.1	15.9	11.2	14.6	14.6	14.6	14.7
LDR	87.2	86.6	87.4	85.5	86.7	87.5	88.6	86.6
CASA	43.4	43.6	42.3	43.0	40.9	42.3	41.3	41.1
Capital Adequacy (%)								
CET-1	21.3	21.5	21.7	21.1	21.8	20.9	21.5	21.3
Tier-2	1.1	1.1	1.1	1.1	1.2	1.9	1.1	1.1
CRAR	22.4	22.6	22.8	22.2	23.0	22.8	22.6	22.4
Profitability ratios (%)								
Yield on assets	9.4	9.1	9.1	8.4	8.8	8.5	8.3	7.8
Cost of funds	5.3	5.1	5.2	4.8	5.2	4.9	4.8	4.4
NIM	5.0	5.0	5.0	4.6	4.6	4.5	4.6	4.4
Fees/Assets	1.6	1.6	1.6	1.6	1.4	1.5	1.5	1.5
Cost/Income	46.2	46.1	47.0	47.2	46.2	46.8	47.1	47.0
Opex/avg assets	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7
RoA	2.5	2.5	2.3	2.1	2.0	2.0	1.9	1.9
Core RoA	2.1	2.1	2.1	1.9	1.6	1.9	1.9	2.0
RoE	14.6	14.6	13.0	12.8	11.3	11.4	10.8	11.1
Core RoE	12.4	12.2	12.0	11.6	9.2	10.6	10.5	11.9
EPS (INR)	28.3	29.5	27.3	27.6	26.4	27.1	26.8	28.2
BVPS (INR)	213.9	222.8	231.1	235.9	248.3	252.0	263.4	272.1
ABVPS (INR)	-	-	-	-	-	-	-	-
Asset quality ratios (%)								
GNPA	1.4	1.5	1.5	1.4	1.5	1.4	1.3	1.2
NNPA	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Provision coverage	74.9	71.4	73.2	78.1	76.9	77.0	76.3	79.0
Provision costs	0.6	0.7	0.8	0.9	1.2	0.9	0.7	0.4
Slippage	1.4	2.0	1.8	1.6	1.7	1.5	1.5	1.0
NNPA/Equity	1.3	1.6	1.5	1.1	1.2	1.2	1.1	0.9

Source: Company, PL

Financials

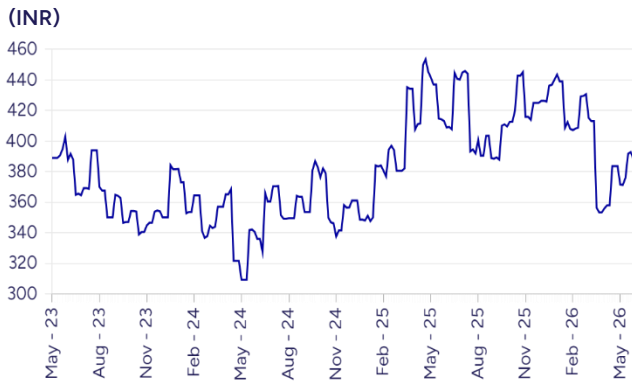
Y/e Mar	FY25	FY26	FY27E	FY28E
Income Statement (INR m)				
Interest earned	529,197	555,640	611,611	704,686
Interest expended	245,780	255,539	271,131	315,872
Net Interest Income	283,418	300,101	340,479	388,813
Other income	149,611	116,233	132,544	147,522
Fees	79,443	82,819	92,395	104,526
Net Total Income	433,029	416,334	473,023	536,335
Operating Expenses	187,764	195,665	218,529	244,459
Employees	79,183	83,517	89,720	100,366
Others	108,580.9	112,148.0	128,808.6	144,092.6
Operating profit	245,265	220,669	254,494	291,877
Core PPop	192,074	206,736	236,990	274,373
Provisions	29,424	34,812	34,830	37,976
Profit before tax	215,841	185,857	219,664	253,900
Taxes	51,341.0	45,781.0	54,915.9	63,475.0
Net Profit	164,501	140,077	164,748	190,425
Core PAT	123,962	129,576	151,620	177,297
Growth Ratios (%)				
Loans	13.5	16.2	15.0	15.0
Deposits	11.2	14.7	14.5	15.0
NII	9.0	5.9	13.5	14.2
Fees	12.7	4.2	11.6	13.1
Opex	12.6	4.2	11.7	11.9
Core PPop	6.3	7.6	14.6	15.8
Provisions	87.0	18.3	0.1	9.0
Core PAT	(1.8)	4.5	17.0	16.9
Profitability Ratios (%)				
Yield on IEA	8.4	7.8	7.6	7.6
Cost of funds	4.8	4.4	4.2	4.2
NIM	4.5	4.2	4.2	4.2
Cost/Income	43.4	47.0	46.2	45.6
Provision cost	0.7	0.8	0.7	0.6
Tax rate	23.8	24.6	25.0	25.0
Core RoA	1.9	1.8	1.8	1.9
Core RoE	12.0	10.5	10.8	11.3
Du-pont (%)				
Interest income	8.2	7.5	7.3	7.4
Interest expenses	3.8	3.5	3.2	3.3
NII	4.4	4.1	4.1	4.1
Other income	2.3	1.6	1.6	1.5
Fees/avg assets	1.4	1.4	1.3	1.3
Total income	6.7	5.6	5.6	5.6
Opex/avg assets	2.9	2.7	2.6	2.6
Staff cost	1.2	1.1	1.1	1.0
Other opex	1.7	1.5	1.5	1.5
PPOP	3.8	3.0	3.0	3.0
Core PPop/avg assets	3.0	2.8	2.8	2.9
Provisions	0.5	0.5	0.4	0.4
PBT	3.3	2.5	2.6	2.7
Tax	0.8	0.6	0.7	0.7
RoA	2.5	1.9	2.0	2.0
RoE	15.4	11.1	11.5	11.9

Source: Company, PL

Y/e Mar	FY25	FY26	FY27E	FY28E
Balance Sheet (INR m)				
Equity	1,172,399	1,353,117	1,512,922	1,698,405
Share capital	9,941	9,947	9,947	9,947
Deposits	4,990,551	5,724,561	6,554,847	7,536,238
Borrowings	484,428	324,750	408,517	425,694
Other Liabilities	288,864	427,599	481,267	541,670
Total liabilities	6,936,242	7,830,028	8,957,553	10,202,008
Cash with RBI	416,992	512,395	503,917	524,378
Balance with banks	240,800	328,495	304,219	329,296
Investments	1,819,074	1,725,354	2,130,325	2,411,596
Advances	4,269,092	4,960,092	5,702,717	6,556,527
Fixed assets	23,589	23,883	24,853	25,862
Other assets	166,695	279,809	291,523	354,347
Total assets	6,936,242	7,830,028	8,957,553	10,202,008
Balance sheet ratios (%)				
LDR	85.5	86.6	87.0	87.0
CASA	43.0	41.1	41.6	42.0
Inv/NDTL	31.6	26.6	28.6	28.4
Borr/NDTL	8.4	5.0	5.5	5.0
Assets/equity (x)	5.9	5.8	5.9	6.0
RWA/Loans	121.7	120.5	120.5	120.5
RWA/Total assets	74.9	76.3	76.7	77.5
Capital ratios (%)				
CRAR	22.2	21.7	21.2	20.6
CET-1	21.1	20.6	20.0	19.6
AT-1	-	-	-	-
Tier-2	1.1	1.1	1.2	1.1
Asset quality ratios (%)				
GNPA (INR mn)	61,339	60,177	71,290	84,518
NNPA (INR mn)	13,434	12,625	14,258	16,904
GNPA	1.4	1.2	1.2	1.3
NNPA	0.3	0.3	0.3	0.3
PCR	78.1	79.0	80.0	80.0
Slippage	1.7	1.4	2.0	1.4
NNPA / Equity	1.1	0.9	0.9	1.0
Per share (INR)				
EPS	16.5	14.1	16.6	19.1
DPS	0.4	0.4	0.5	0.6
BVPS	117.9	136.0	152.1	170.8
ABVPS	116.6	134.8	150.7	169.1
Core BVPS	114.5	132.6	148.7	167.3
Core ABVPS	113.2	131.4	147.3	165.6
Valuation (x)				
Price (INR)	361.9	418.7	388.3	388.3
P/E	25.7	25.3	23.5	20.3
P/BV	2.7	2.8	2.6	2.3
P/ABV	2.7	2.8	2.6	2.3
P/core BV	2.6	2.7	1.6	1.4
P/core ABV	2.7	2.8	1.6	1.4

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	03-May-26	Buy	480	383
2	10-Apr-26	BUY	500	372
3	19-Feb-26	BUY	500	426
4	25-Jan-26	BUY	500	423
5	08-Jan-26	BUY	496	429
6	26-Oct-25	BUY	496	437
7	07-Oct-25	BUY	470	425
8	27-Jul-25	BUY	470	424
9	07-Jul-25	BUY	2400	2150
10	23-Jun-25	BUY	480	434

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Axis Bank	BUY	1600	1366
2	Bank of Baroda	Accumulate	290	264
3	Canara Bank	Accumulate	150	129
4	Canara Robeco Asset Management Company	Hold	280	268
5	City Union Bank	BUY	310	276
6	DCB Bank	BUY	155	183
7	Federal Bank	Accumulate	300	285
8	HDFC Asset Management Company	Buy	3000	2662
9	HDFC Bank	Buy	1100	800
10	ICICI Bank	Buy	1825	1347
11	ICICI Prudential Asset Management Company	Buy	3585	3354
12	IndusInd Bank	Accumulate	960	848
13	Karur Vysya Bank	BUY	345	314
14	Kotak Mahindra Bank	Buy	480	383
15	Nippon Life India Asset Management	BUY	1050	990
16	Prudent Corporate Advisory Services	Accumulate	2875	2830
17	State Bank of India	Buy	1200	1019
18	Union Bank of India	Accumulate	200	180
19	UTI Asset Management Company	Hold	975	925

PL's Recommendation Nomenclature (Absolute Performance)

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

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