




Kotak Mahindra Bank Limited

BUY

Sector: Banking

15th May, 2026

Key Changes	Target		Rating		Earnings		Target	Rs. 450
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP		Rs. 387
Large Cap	KMB:IN	75,238	KOTAKBANK	500247	12 Months	Return		+16%

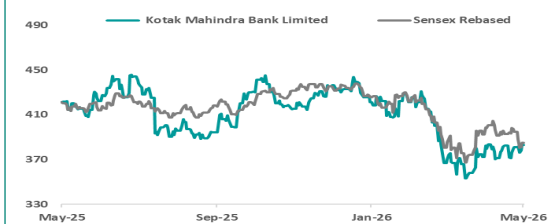
Data as of: 15-May-2026, 16:00 hrs

Company Data	
Market Cap (Rs. cr)	385,227
52 Week High — Low (Rs.)	453 - 345
Outstanding Shares (cr)	994.7
Free Float (%)	73.8
Dividend Yield (%)	0.1
6m average volume (cr.)	1.9
Beta	0.9
Face value (Rs.)	1.0

Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	25.9	25.9	25.9
FII's	29.8	29.4	26.4
MFs/Insti	32.0	32.9	36.2
Public	9.2	9.2	9.0
Others	3.2	2.7	2.6
Total	100.0	100.0	100.0
Promoter Pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-10.1%	-7.7%	-9.0%
Absolute Sensex	-9.9%	-10.8%	-8.6%
Relative Return	-0.2%	3.2%	-0.4%

*over or under performance to benchmark index



Y.E March (cr)	FY26A	FY27E	FY28E
Net Interest Income	40,161	46,051	52,809
Growth (%)	7.4	14.7	14.7
NIM (%)	4.7	4.8	5.0
Pre-Provision Profit	29,525	32,882	36,085
Net Profit	18,920	21,763	24,014
Growth (%)	3.3	12.8	10.3
Adj. EPS	19.0	21.9	24.1
Growth (%)	3.2	12.8	10.3
BVPS	182.2	203.4	226.8
P/E	19.8	17.2	15.6
P/B	2.1	1.8	1.7
RoE (%)	11.4	11.4	11.2
RoA (%)	2.0	2.1	2.1

Focus on steady ROE expansion

Kotak Mahindra Bank, a private sector bank, has a network of 2,198 branches and 2,758 automated teller machines to serve customers across the country.

- In Q4FY26, the bank's interest income grew 6.3% YoY (1.8% QoQ) to Rs. 17,827cr on higher lending in the retail, small and medium enterprises (SME) and corporate segments. Interest expense rose 3.1% YoY (-0.1% QoQ) to Rs. 7,376cr.
- However, net interest margin (NIM) declined to 4.67% YoY from 4.97%, primarily because the cut in lending rates following the repo rate cut was offset by the slower repricing of deposits and continued growth in low-cost granular deposits.
- Pre-provision operating profit increased 2.3% YoY to Rs. 7,661cr due to a rise in total income (3.4%).
- Reported profit after tax grew 9.9% YoY to Rs. 5,423cr as provisions fell 48.7%.
- Kotak's consolidated assets under management (AUM) grew 12% YoY to Rs. 7,47,613cr, driven by diversified assets expansion, mainly in domestic mutual funds (MF). Debt grew to Rs. 2,02,403cr from 1,65,372cr in Q4FY25.

Outlook & Valuation

The bank delivered a steady performance, driven by diversified customer engagement across retail, SME and institutional segments. Ongoing digital transformation initiatives and operational automation also helped. The management expects a gradual normalisation in margin as return ratios improve over the medium term, aided by enhanced fee income generation and incremental contributions from subsidiaries. The strategic emphasis remains on capital-efficient growth, portfolio diversification, risk management discipline and the rebranding of retail securities as Kotak Neo, reflecting a focus on scalable innovation and seamless customer experience. While external challenges including geopolitical tensions and commodity volatility persist, the bank's diversified franchise, robust risk management discipline, and strong operational execution support continued value creation prospects. Therefore, **we have retained our BUY rating on the stock, with a revised target price to Rs. 450, based on 2.0x rolled-forward FY28E BVPS.**

Quarterly Financial Consolidated

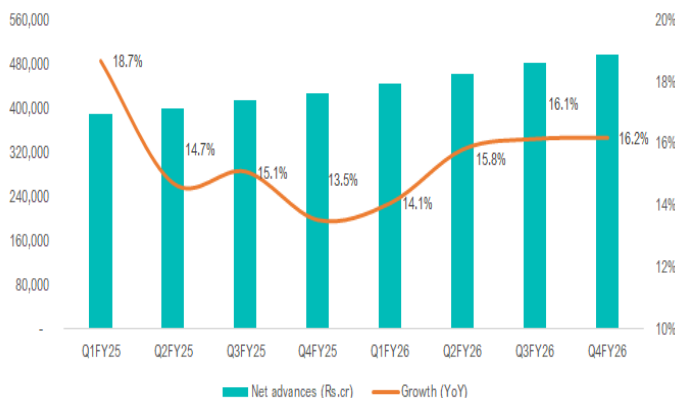
Rs. cr	Q4FY26	Q4FY25	YoY Growth (%)	Q3FY26	QoQ Growth (%)	FY26	FY25	YoY Growth (%)
Net Interest Income	10,451	9,615	8.7	10,122	3.3	40,161	37,398	7.4
Total Income	28,108	27,174	3.4	27,851	0.9	107,564	103,076	4.4
Total Expenditure	20,447	19,683	3.9	20,378	0.3	78,038	74,031	5.4
Pre-Provision Profit	7,661	7,491	2.3	7,473	2.5	29,525	29,045	1.7
PBT	7,443	6,351	17.2	6,533	13.9	25,993	28,989	-10.3
Rep. PAT	5,423	4,933	9.9	4,924	10.1	19,288	22,126	-12.8
Adj PAT	5,055	4,933	2.5	4,924	2.7	18,920	18,323	3.3
EPS (Rs.)	5.1	5.0	2.5	5.0	2.7	19.0	18.4	3.3



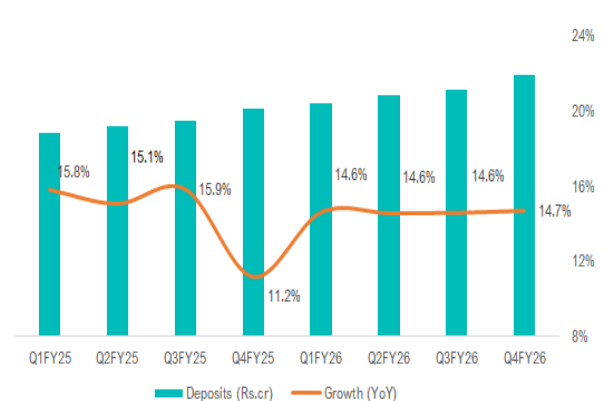
Key Concall Highlights

- Kotak Mahindra Bank's deposits grew 15% YoY to Rs. 5,38,301cr as of March 2026 as current account savings account (CASA) deposits rose 15.5% to Rs. 2,47,723cr. A CASA ratio of 43.3% and a 16% increase in term deposits to Rs. 3,26,404cr highlighted sustained deposit growth.
- Net advances grew 16% YoY to Rs. 4,96,009cr, driven by robust growth in home loans and loans against property (LAP) (+18%), business banking (+24%), consumer banking (+14%), commercial banking (+8%) and corporate banking (+22%), underlining vibrant credit demand in retail, SME and wholesale portfolios.
- Kotak reported a capital adequacy ratio (CAR) of 23% and common equity tier (CET) 1 ratio of 22.1% on strong capital build-up and stable earnings, reinforcing the bank's financial health. It reported a return on assets (ROA) of 2.18% during Q4FY26.
- As of March 2026, gross non-performing asset (NPA) ratio was 1.20% (1.42% in Q4FY25), net NPA ratio was 0.25% (0.31%). Provision coverage ratio (PCR) improved to 79% (78%), with fresh slippage of Rs. 1,018cr during Q4FY26 and a credit cost of 0.39% (0.64%), indicating stable asset quality.
- The management highlighted that any reduction in NIM will be slower and less significant than last year, mainly due to a gradual increase in the rates of term deposits.

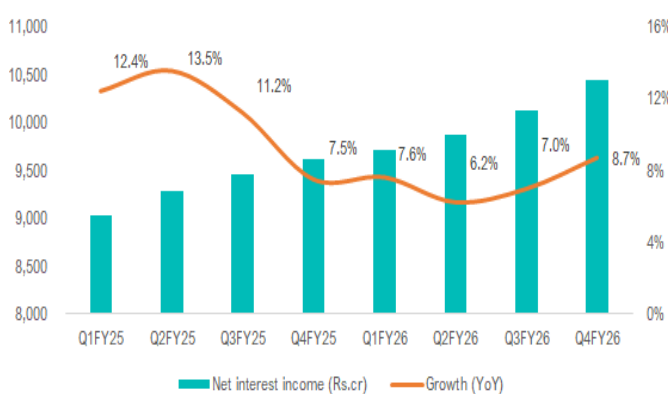
Advances



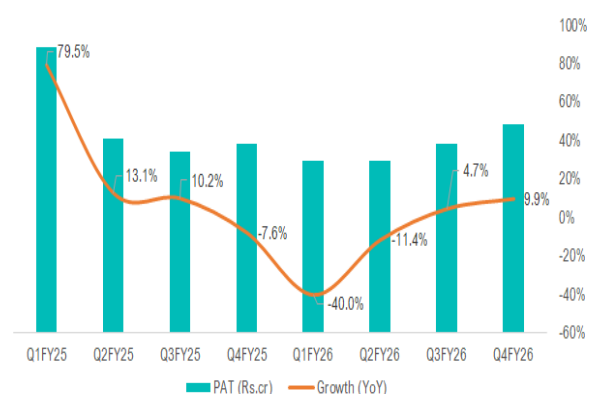
Deposits



Net Interest Income



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Interest Income	51,370	-	46,051	52,809	-10.4	-
Net Interest Margin	5.0	-	4.7	4.8	-30bps	-
Pre-Provision Profit	33,117	-	32,882	36,085	-0.7	-
Net Profit	21,925	-	21,763	24,014	-0.7	-
EPS	22.1	-	21.9	24.1	-0.7	-



Standalone Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Interest Income	56,237	65,669	69,781	77,390	85,785
Interest Expense	22,567	28,271	29,620	31,339	32,975
Net Interest	33,669	37,398	40,161	46,051	52,809
% Change	21.4	11.1	7.4	14.7	14.7
Non-Interest Income	38,037	37,407	37,782	38,236	38,733
Net Income	71,707	74,805	77,944	84,287	91,542
Total Income	94,274	103,076	107,564	115,626	124,517
Operating Ex-	45,871	45,760	48,418	51,405	55,458
Total Expenditure	68,438	74,031	78,038	82,744	88,433
Pre-Provisioning Profit	25,836	29,045	29,525	32,882	36,085
Provisions	1,972	56	3,533	4,023	4,239
Profit Before Tax	23,863	28,989	25,993	28,859	31,846
Tax	5,887	7,043	6,812	7,215	7,961
Tax Rate (%)	24.7	24.3	26.2	25.0	25.0
Minority Interests	-236	-180	-107	-118	-130
Net Profit	18,213	22,126	19,288	21,763	24,014
% Change	22.0	21.5	-12.8	12.8	10.3
Adj.	-	-3,803	-368	-	-
Adj. Net Profit	18,213	18,323	18,920	21,763	24,014
No. of Shares (cr)	982.9	994.1	994.7	994.7	994.7
Adj. EPS (Rs.)	18.5	18.4	19.0	21.9	24.1
% Change	22.4	-0.5	3.2	12.8	10.3
DPS	0.4	0.5	0.7	0.7	0.8

Balance Sheet

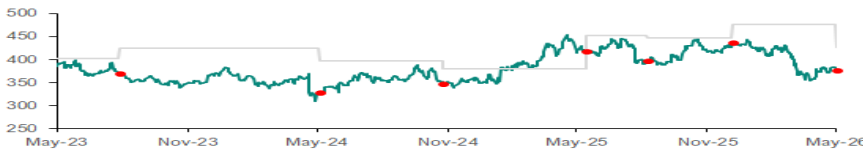
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash & Balances	65,206	79,062	102,091	117,271	136,943
Investments	246,446	284,255	290,633	347,539	415,587
Advances	430,352	486,166	565,768	583,582	627,483
Fixed Assets	2,563	2,811	2,853	3,228	3,652
Other Assets	23,101	27,481	42,008	46,172	50,757
Total Assets	767,667	879,774	1,003,353	1,097,791	1,234,422
Capital	994	994	995	995	995
Reserves & Surplus	128,898	156,401	180,118	201,234	224,519
Deposits	445,269	494,707	566,940	595,287	648,863
Borrowings	75,106	97,622	95,394	104,933	116,476
Other Liabilities	117,400	130,050	159,906	195,342	243,570
Total Liabilities	767,667	879,774	1,003,353	1,097,791	1,234,422
BVPS	132.2	158.4	182.2	203.4	226.8
Adj. BVPS	130.6	157.1	180.9	201.9	225.1
% Change	16.2	20.2	15.2	11.6	11.5

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Valuation					
P/E (x)	22.9	23.6	19.8	17.2	15.6
P/BV (x)	3.2	2.7	2.1	1.8	1.7
Div. Yield (%)	0.1	0.1	0.2	0.2	0.2
Profitability & Return (%)					
Yield on Advances	10.4	10.3	9.6	9.7	9.8
Cost of Deposits	4.8	5.1	4.7	4.6	4.5
Spread	5.5	5.2	4.9	5.1	5.3
NIM (calculated)	5.2	4.9	4.7	4.8	5.0
ROE	15.0	15.4	11.4	11.4	11.2
ROA	2.6	2.7	2.0	2.1	2.1
Capital Adequacy (%)					
CAR	21.8	23.3	23.0	22.9	22.8
Tier I	20.7	22.3	22.1	21.9	21.8
Tier II	1.1	1.0	0.9	1.0	1.0
Asset Quality (%)					
GNPA	1.4	1.5	1.5	1.3	1.3
NNPA	0.4	0.4	0.4	0.3	0.3
Operating Ratios (%)					
Credit/Deposit	96.6	98.3	99.8	98.0	96.7
Cost/Income	64.0	61.2	62.1	61.0	60.6
CASA	45.5	43.0	43.3	43.5	43.6



Recommendation Summary - last 3 years



Dates	Rating	Target
30-Jan-23	BUY	402
01-Aug-23	BUY	424
09-May-24	BUY	396
30-Oct-24	HOLD	380
20-May-25	HOLD	453
13-Aug-25	BUY	447
11-Dec-25	BUY	476
15-May-26	BUY	450

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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