INSTITUTIONAL RESEARCH

Kotak Mahindra Bank

Navigating growth-margin-asset quality trade-off

Over the past couple of years, Kotak Mahindra Bank (KMB) has been hampered by stress in its retail unsecured segments, a 10-month embargo owing to deficiencies in IT controls/systems and multiple senior management exits. The bank has navigated these issues by improving the quality of deposits, making significant technology investments, reducing exposure and tightening underwriting in the unsecured segments, and filling in the senior management gaps largely by in-house talent. The bank continues to gain market share in RoA accretive medium yielding segments like LAP, CV/CE, tractors, business banking and SME, concomitantly re-shaping its strategy in unsecured segments. While investments in tech and digital are likely to keep opex intensity elevated, we believe that KMB shall continue to deliver healthy growth (FY25-FY28E 16% CAGR) with strong profitability (average RoA FY27-FY28E: 2.2%). We reiterate our BUY stance on KMB with a revised SOTP-based TP of INR 2,500 (standalone bank at 2.3x Sep-27 ABVPS).

- **Improving quality of deposits key to sustaining growth treadmill:** KMB has gradually improved its current account market share to 4.1% as of Sep-25 (3.8% in Sep-24) on the back of positive traction of NTB self-employed customers on the retail side and higher share of transactional flows on the wholesale side. KMB continues to focus on low-cost deposits (SA cost differential vs peers reduced from 60bps to 40bps) while also reducing its floating SA mix (10% of total SA in Sep-25 vs 16% in Mar-24).
- **Growing medium yielding segments; reshaping unsecured strategy**: KMB continues to gain market share in medium yielding segments, like LAP, CV/CE, tractors, business banking and SME, concomitantly calibrating growth in large corporate and home loan segments. The bank has adopted a risk-averse approach in the unsecured segments: credit cards (shifting focus towards affluent segment), personal loans (higher share of ETB customers), and MFI (significantly reduced exposure). The stress in the unsecured segments is declining while the management has highlighted elevated stress in the retail CV segment. We believe the risk-adjusted returns are likely to have bottomed out and shall trend upwards, going forward.
- **Kotak + IDBI Bank - merger challenges to outweigh synergies:** As per recent media articles, KMB is a possible bidder for a 60% stake in IDBI Bank. While the possible integration shall leapfrog balance sheet and network expansion, we believe the challenges of employee and tech integration, loan mix shift toward lower-yielding assets, and lack of sustainability of IDBI Bank's earnings, shall outweigh the possible synergies in the near term.
- **Sustaining risk-adjusted returns essential on growth runway:** While we expect KMB to ride the growth treadmill, the franchise shall navigate a trade-off between growth, margins, and asset quality (especially, the quality of its incremental sourcing in risky segments) to protect its top-decile RoAs.

Financial Summary (Standalone)

(INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
NII	215.5	259.9	283.4	302.3	372.4	443.3
PPOP	148.5	195.9	210.1	229.0	279.9	327.3
PAT	109.4	137.8	164.5	146.5	180.8	210.1
EPS (INR)	55.1	69.3	82.7	73.7	91.0	105.7
ROAE (%)	14.0	15.3	15.4	11.8	12.9	13.2
ROAA (%)	2.4	2.5	2.5	2.0	2.2	2.2
ABVPS (INR)	398.2	460.5	566.1	636.8	723.4	824.7
P/ABV (x)	5.4	4.6	3.8	3.4	3.0	2.6
P/E (x)	38.8	30.8	25.8	29.0	23.5	20.2

Source: Company, HSIE Research

BUY

CMP *(as on 12 Jan 2026)*	INR 2,133
Target Price	INR 2,500
NIFTY	25,790

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,450	INR 2,500
EPS %	FY27E	FY28E
	-0.1%	+3.2%

KEY STOCK DATA	
Bloomberg code	KMB IN
No. of Shares (mn)	1,989
MCap (INR bn) / ($ mn)	4,243/47,054
6m avg traded value (INR mn)	7,644
52 Week high / low	INR 2,302/1,711

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	8.8	4.3	21.9
Relative (%)	4.7	0.5	18.2

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	25.9	25.9
FIs & Local MFs	29.6	32.0
FPIs	32.3	29.8
Public & Others	12.2	12.4
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Annual Report Dashboard

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Concentration metrics											
% Share of Top 20 advances	13.4%	10.6%	9.4%	8.7%	9.0%	7.7%	8.3%	8.0%	7.4%	7.1%	7.8%
% Share of Top 20 exposures	12.7%	9.8%	9.8%	8.4%	7.4%	7.2%	9.4%	8.8%	8.0%	7.8%	8.9%
% Share of Top 20 depositors	14.5%	11.9%	9.7%	13.4%	12.2%	9.9%	9.8%	8.9%	8.3%	9.2%	8.7%
% Share of Top 20 NPAs	NA	NA	NA	NA	NA	NA	16.6%	12.6%	11.3%	11.6%	7.4%
Sector-wise Advances (% of sector advances)											
Priority Sector	0.9%	1.2%	2.6%	3.3%	2.1%	2.6%	2.7%	2.0%	1.6%	1.6%	1.7%
Industrial credit	1.5%	1.3%	2.5%	3.6%	1.6%	1.3%	1.3%	0.7%	0.4%	0.5%	0.5%
Credit for services	0.9%	1.6%	2.4%	3.9%	1.6%	2.4%	2.4%	1.4%	1.2%	1.1%	1.2%
Agricultural credit	0.5%	0.7%	2.6%	2.9%	3.1%	3.1%	4.9%	4.6%	3.8%	3.8%	4.2%
Personal loans	3.0%	2.4%	3.7%	2.3%	4.4%	12.9%	2.1%	1.3%	0.6%	0.5%	1.5%
Non-Priority Sector											
Industrial credit	2.4%	1.4%	4.4%	8.8%	2.2%	2.1%	3.6%	2.6%	1.9%	1.2%	1.2%
Credit for services	4.1%	1.5%	4.7%	14.7%	3.0%	2.6%	3.3%	2.7%	2.2%	1.0%	0.6%
Agricultural credit	0.7%	0.8%	4.6%	5.1%	1.3%	1.5%	3.2%	1.9%	1.3%	1.2%	0.6%
Personal loans	NA	0.0%	0.4%	1.7%	5.1%	2.5%	3.4%	7.8%	11.6%	5.6%	3.9%
GNPA Mix %											
Sub standard	59.5%	31.9%	64.0%	37.4%	37.2%	31.8%	46.6%	29.8%	27.8%	41.6%	52.6%
Doubtful 1	10.2%	12.1%	11.9%	38.1%	31.5%	14.9%	19.6%	31.8%	20.5%	10.0%	12.6%
Doubtful 2	1.7%	3.2%	16.7%	20.5%	23.8%	28.8%	11.2%	18.8%	33.6%	23.4%	12.7%
Doubtful 3	1.6%	1.5%	0.4%	0.3%	1.6%	10.3%	11.7%	11.4%	13.7%	21.3%	18.6%
Loss	27.0%	51.3%	7.0%	3.7%	5.8%	14.1%	10.9%	8.2%	4.4%	3.6%	3.4%
Bancassurance - % of Total Fee	23%	13%	13%	13%	10%	8%	9%	8%	9%	12%	14%
PSLC Bought - % of previous year loans	NA	NA	NA	5.7%	5.7%	7.6%	10.1%	5.4%	3.5%	4.4%	6.1%
PSLC Sold - % of previous year loans	NA	NA	NA	9.0%	5.9%	5.7%	11.2%	24.4%	21.5%	21.1%	3.7%
Operational Risk											
Frauds reported (#)	NA	114	126	268	376	643	894	899	706	896	306
Amount involved in frauds (INR mn)	NA	449	1,115	567	141	5,796	6,564	1,696	724	979	700
Real Estate Exposure (% of RE Exposure)											
Secured by residential mortgage	35%	37%	35%	38%	42%	46%	50%	60%	61%	60%	58%
Individual housing loans	3%	2%	2%	1%	1%	0%	0%	2%	2%	2%	2%
Secured by commercial mortgage	54%	51%	51%	49%	47%	42%	36%	30%	32%	36%	37%
Exposure to NHBs and HFCs	10%	12%	13%	13%	11%	13%	14%	10%	8%	4%	6%
LCR Disclosures											
LCR %	172%	159%	146%	130%	120%	119%	121%	124%	122%	127%	127%
RSBD (% of total deposits on bank's BS)	NA	49%	55%	52%	56%	55%	64%	61%	58%	55%	55%

Source: Company, HSIE Research

Change of guard

- **New management regime; largely homegrown talent**: The end of the tenure of Mr. Uday Kotak, the promoter of KMB, as MD and CEO, coupled with the superannuation of Mr. Dipak Gupta as DMD in Dec 2023, was followed by multiple exits in the senior management, partly owing to superannuation and partly to pursue opportunities in peers. Post the RBI appointment of Mr. Ashok Vaswani as the new MD and CEO of KMB, most of the other senior management gaps have been filled by in-house talent, who have been associated with the group for a long time, indicating depth of leadership talent in the bank.

Exhibit 1: Senior management rejig

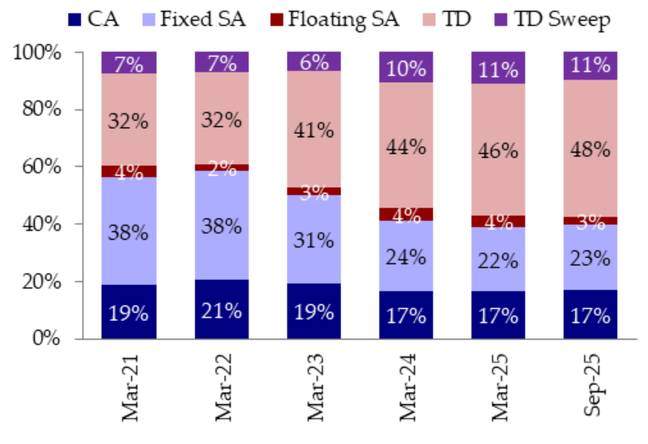
Exits			Entries		
Name	**Designation**	**Reason of Exit**	**Name**	**Designation**	**Background**
Uday Kotak	MD & CEO	Completion of 15 years as MD	Ashok Vaswani	MD & CEO	Ex-CEO Barclays Bank; Ex-CEO Consumer Bank, Asia Pacific
Dipak Gupta	Deputy MD	Superannuation	Anup Kumar Saha	ED	Ex-MD Bajaj Finance; Ex-Head Retail assets, ICICI Bank
KVS Manian	Joint MD, Head- Wholesale Banking	Joined Federal Bank as MD	Jaideep Hansraj	ED, WTD	Ex CEO and MD Kotak securities; Ex-Head Wealth Management and Private Banking
Shanti Ekambaram	Deputy MD, ED	Superannuation	Paritosh Kashyap	WTD Designate, Head- Wholesale Banking	Head- Wholesale Banking, KMB; Ex-MD & CEO of KMIL Ltd.
Jaimin Bhatt	CFO	Superannuation	Devang Gheewalla	CFO	Ex-Head of Operations KMB; Ex-Financial Controller
Virat Diwanji	Head- Consumer Banking	Joined Federal Bank as Consumer Head	Vyomesh Kapasi	Head- Consumer Assets	Ex-MD Kotak Mahindra Prime Ltd.
Milind Nagnur	COO & CTO	Personal reasons	Manish Kothari	Commercial Banking	Business Head, Corporate Banking KMB
Ambuj Chandna	Head Consumer Assets	Joined DBS India as Head of Consumer Banking	Pranav Mishra	Head- Distribution and Transformation Liabilities	Ex- ICICI Bank, Head – Deposits
Paul Parambi	Chief Risk Officer	Superannuation	Bhavnish Lathia	CTO	Ex-Amazon
			Srishti Sethi	Chief Risk Officer	Ex- Hero Fincorp, CRO; Ex IDFC First CRO

Source: Company, HSIE Research

Upgrading deposit franchise to sustain growth momentum

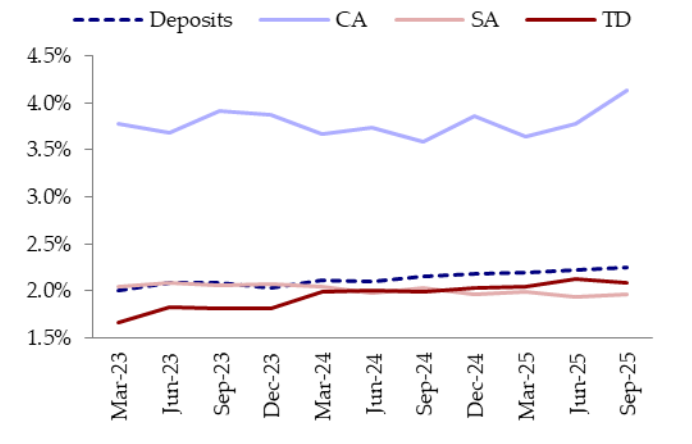
- **Gradual improvement in quality of deposits:** While KMB has been gradually losing SA market share over the last 2 years, it has been reducing its dependence on floating rate SA. The granularity of deposits (RSBD/Total deposits: 56% as on Sep-25) has been similar to larger peers while gaining market share (2.2% as on Sep-25; +16 bps since Sep-23). The rise in market share is driven by the rise in current account market share to 4.1% (+23bps from Sep-23) on the back of positive traction of NTB self-employed customers in the retail side and higher share of transactional flows on the wholesale side. ActivMoney (TD sweep) continues to attract higher incremental share of deposits (barring Sep-25) leading to cannibalization of CASA, but higher retention of deposits. Deposit mobilization remains key, going forward, given the credit growth runway of 16+% YoY.

Exhibit 2: Deposit mix – Floating rate SA reducing



Source: Company, HSIE Research

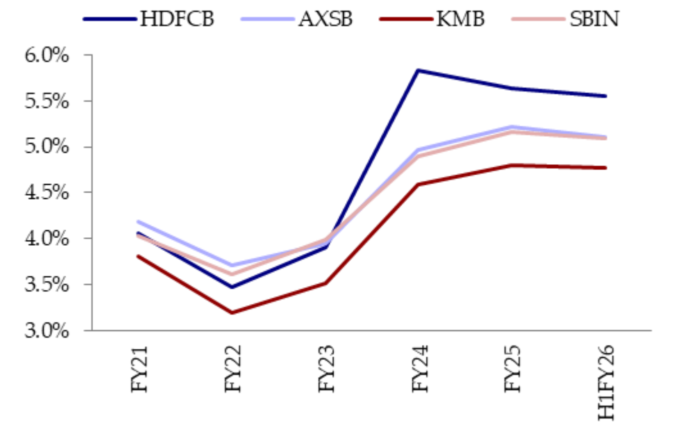
Exhibit 3: Overall deposit market share stagnant while CA market share trending upwards



Source: Company, HSIE Research

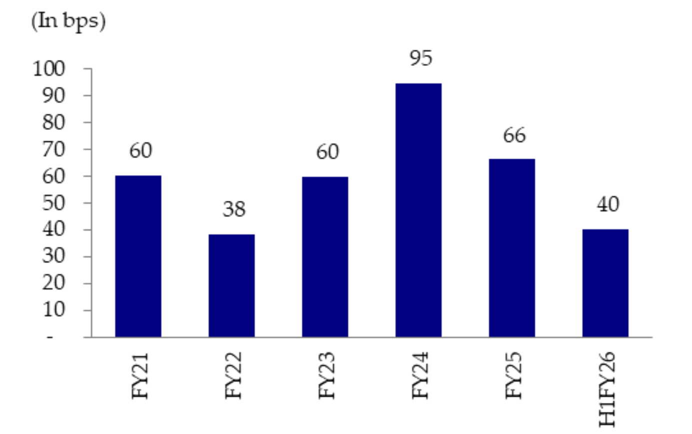
- **Closing the SA pricing gap:** While the cost of funds of KMB is relatively lower compared to peers, it has been aided by higher equity on the balance sheet. KMB traditionally has had a cost of SA differential of 60bps compared to its larger peers. The bank in the current interest rate cycle has reduced the SA pricing gap from its larger peers to 40bps while also reducing its floating SA mix. We believe that, going forward, KMB shall be able to sustain this pricing gap differential with larger peers while having a lower share of floating SA.

Exhibit 4: CoF (calculated) lowest compared to larger peers



Source: Company, HSIE Research; Note: HDFC securities is a subisidairy of HDFC Bank

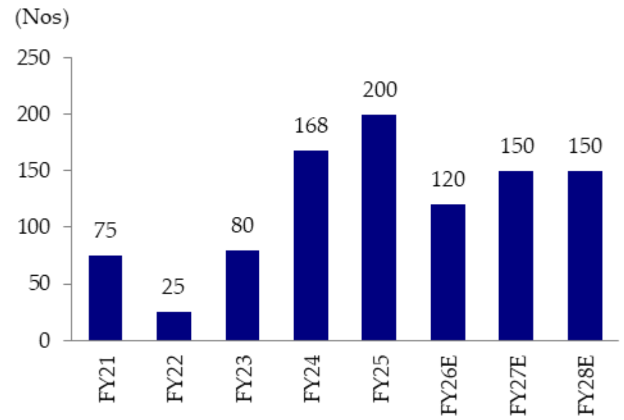
Exhibit 5: Cost of SA differential vs top 2 larger peers



Source: Company, 20F for HDFCB and ICICIBC, HSIE Research; Note: HDFC securities is a subisidairy of HDFC Bank

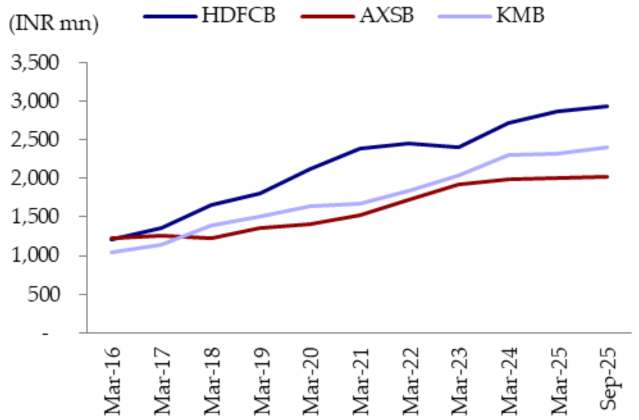
- **Digitization and tech upgradation key to expansion story:** KMB has a relatively more branch light approach compared to its larger peers. Hence, quicker technology enhancements and digital adoption are critical to support the rapid business expansion. The bank post embargo has been spending about 12-14% of its total opex on technology vs 10-12% of total opex of larger peers, while reducing its dependence on vendorised legacy systems and building own in-house engineering capability. We factor in elevated opex intensity, given investments in technology and rescaling of unsecured business (especially credit cards) while building very gradual efficiency gains.

Exhibit 6: Branch additions – Building business on a branch light model



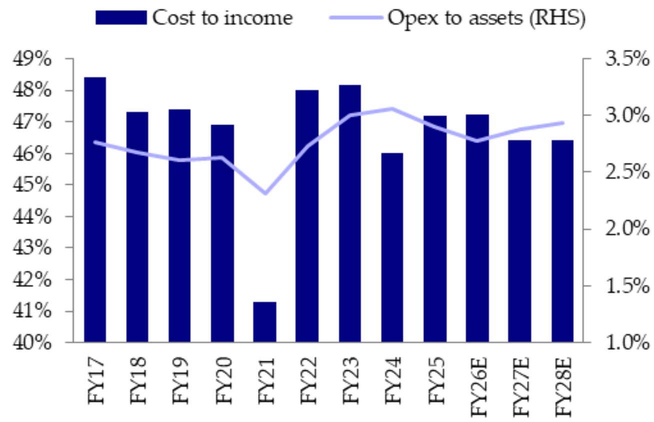
Source: Company, HSIE Research

Exhibit 7: Deposit/Branch – Continues to inch up



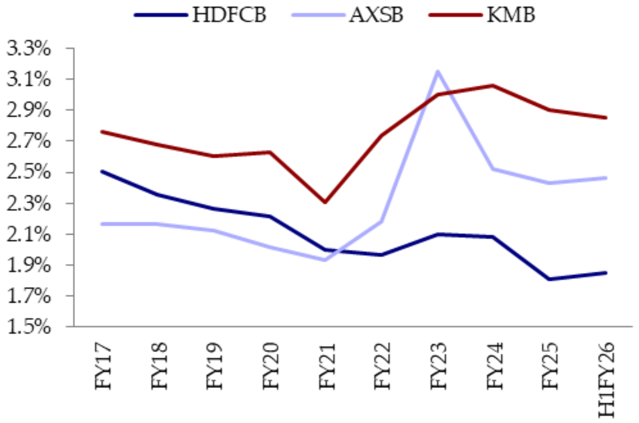
Source: Company, HSIE Research; Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 8: Opex intesity – To remain elevated in the medium term with investments in tech



Source: Company, HSIE Research

Exhibit 9: Opex to assets: Elevated compared to peers

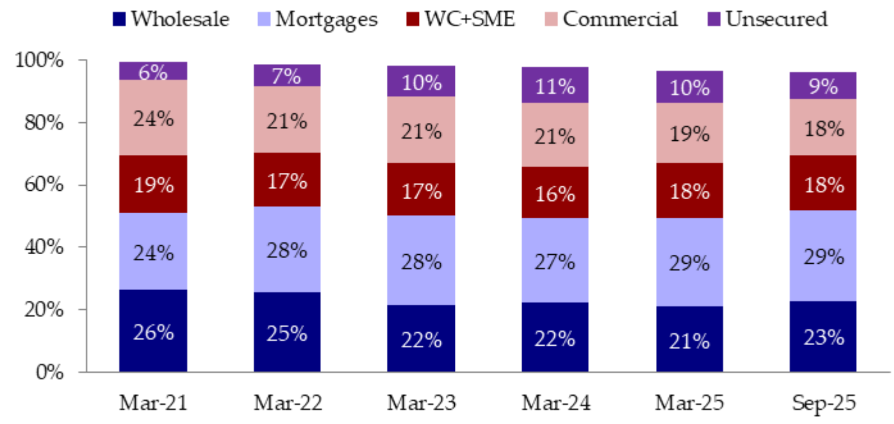


Source: Company, HSIE Research; Note: HDFC securities is a subisidairy of HDFC Bank

Gaining market share in profitable asset classes

- **Commercial banking, mortgages and SME driving growth:** The primary drivers for mid-teen loan growth in recent times have been LAP, working capital/SME loans, commercial vehicles, and off-late corporate banking. The commercial business (CV+CE+Tractors), a traditionally competitive moat, provides KMB higher pricing power compared to larger peers. While the management has highlighted stress in the retail CV segments, the bank continues to gain market share in overall commercial business. Going forward, we believe KMB shall continue to gain market share (loan CAGR FY25-FY28E: 16%) in profitable segments while keeping a calibrated approach in the unsecured segments.

Exhibit 10: Loan mix – Growth shifted from unsecured segments to higher proportion of mortgages and WC+SME



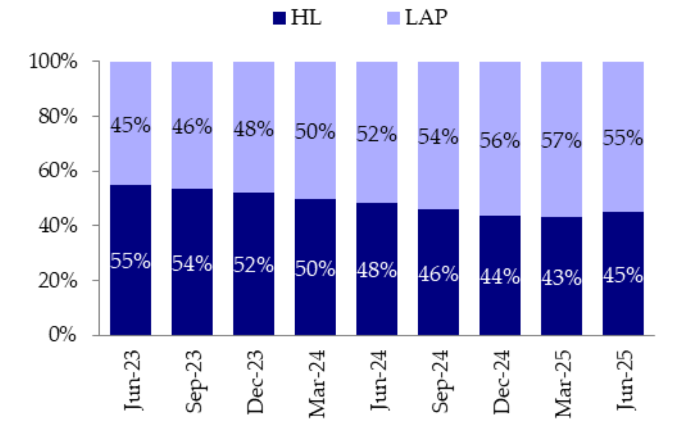
Source: Company, HSIE Research

Exhibit 11: Interest rate range of loans contracted during Q2FY26

Product	Loan mix	Min RoI (%)	Max RoI (%)	Mean (%)
Home Loan	29%	7.4	10.8	8.0
LAP & Affordable LAP		8.2	15.0	9.4
Personal loans	5%	10.0	30.0	17.0
Business loans		9.2	30.3	21.5
CV Group	9%	8.1	24.0	13.1
CE Retail		8.2	18.7	11.9
Tractor and Farm Equipment	4%	9.5	29.8	17.4
Agri Business Loan	5%	7.8	10.5	9.4
Crop Loan	NA	10.5	15.5	12.4
Business Banking	18%	10.0	15.0	11.5
MLAP	NA	15.8	25.8	21.7
MFI	1%	20.0	25.0	23.0

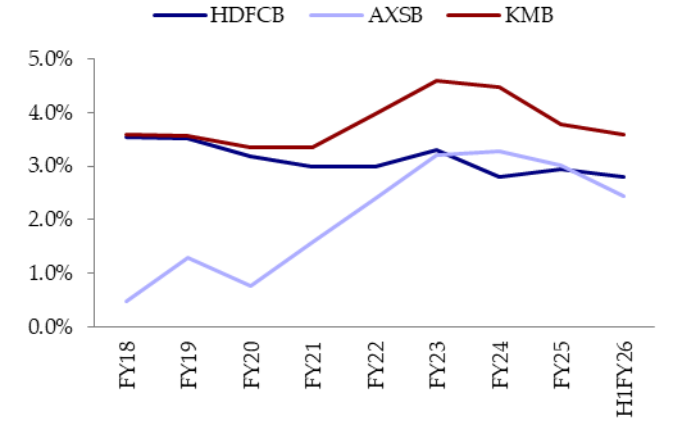
Source: Company, HSIE Research, Note: ROI - Rate of interest, Mean rate - Sum of rate of interest of all loan a/cs divided by number of all loan a/cs

Exhibit 12: Mortgage mix – Shift in mix towards LAP



Source: RBI, Company HSIE Research; Note: HL gross advances sourced from RBI DBIE, LAP is taken as a balancing number

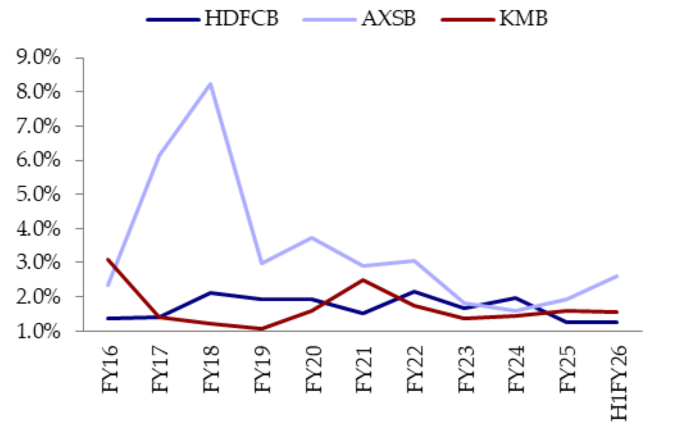
Exhibit 13: Risk-adjusted yields converging with peers



Source: Company, HSIE Research, Risk adjsuted returns: (NII-Non tax provisions)/ Average assets; Note: HDFC securities is a subisidairy of HDFC Bank

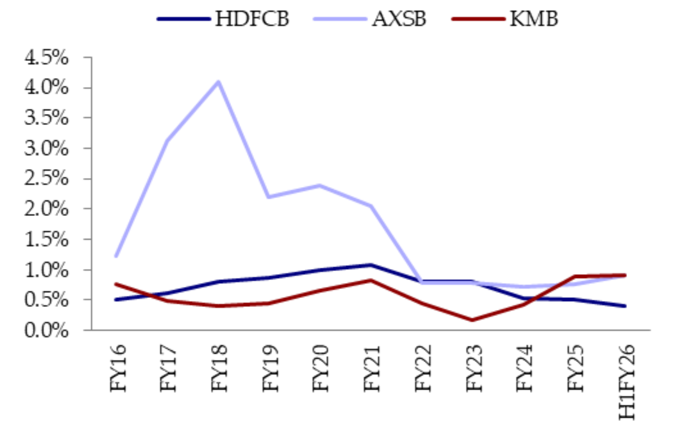
- **Unsecured book in rebuilding phase:** The credit quality of the unsecured portfolios comprising credit cards, personal loans, and microfinance has been inferior compared to peers. The credit costs shot up from an average of ~40bps in the recent history to 80-90bps recently. The deceleration in the unsecured book (credit cards + personal loans + MFI) has been a drag on the risk-adjusted yields for the bank, while the bank has indicated stress reducing across unsecured segments. Despite the headwinds, the overall risk adjusted yields (NII-Nontax provisions as a % average assets) of the bank are higher compared to larger peers, indicating a better risk-reward ratio. We believe the re-scaling of unsecured businesses to mid-teens shall be a gradual one with higher risk filters. We build in an average credit cost of 74bps over FY26-FY28E with yields gradually inching to 9.8% by FY28 from 9.4% in FY26E.

Exhibit 14: Gross slippages – traditonally lower now converging with peers



Source: Company, HSIE Research; Note: HDFC securities is a subisidairy of HDFC Bank

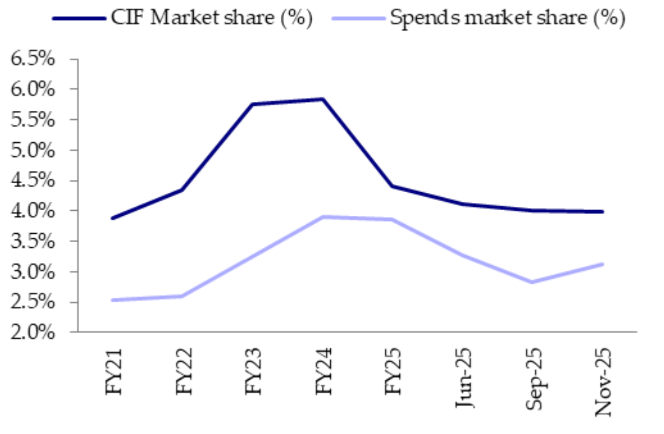
Exhibit 15: Credit costs: Have converged with AXSB



Source: Company, HSIE Research; Note: HDFC securities is a subisidairy of HDFC Bank

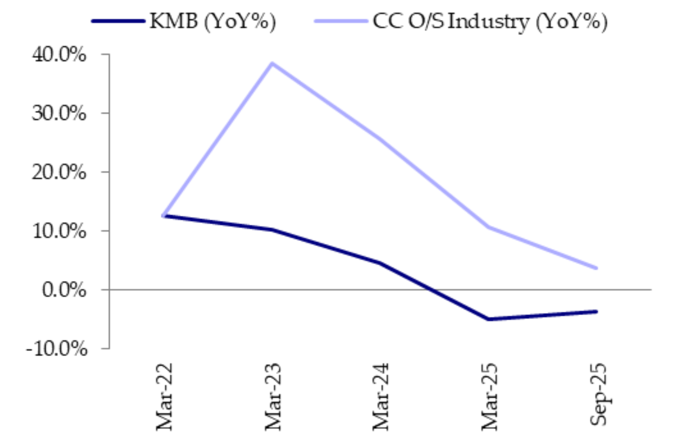
- **Need to revamp the credit card game**: Even post the lifting of embargo on new credit card acquisitions in Feb-25, KMB continues to lose market share in cards (4% as on Nov-25 v/s 4.5% in Feb-25). Lower monthly average spends per card of INR13k vs industry average of INR17k indicates a need for upgradation in quality of credit card franchise. Post the embargo lift, KMB has tightened its credit filters while launching new credit card propositions for the affluent segment like the Solitaire Program. We believe the journey of regaining lost market share in credit cards shall be gradual.

Exhibit 16: KMB CIF and spends market share witnessed a major dip



Source: RBI, HSIE Research

Exhibit 17: Credit cards outstanding book: Consistently growing below industry



Source: Company, RBI, HSIE Research

Exhibit 18: Net monthly credit card issuances – KMB continues to lose ground

('000)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
HDFCB	300	178	218	161	275	213	315	222	259	144	209
SBICARD	235	183	160	159	127	83	67	70	173	127	110
AXSB	-15	-12	129	56	106	-6	123	141	106	80	66
KMB	-26	-36	-119	-1	27	-286	2	7	-35	1	25
RBK	-65	-110	-36	-52	-41	-47	-41	-106	-73	-18	0
Industry	**817**	**442**	**569**	**551**	**762**	**0**	**425**	**692**	**1076**	**628**	**848**

Source: RBI, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank

Exhibit 19: Monthly spends per card – Below par compared to players

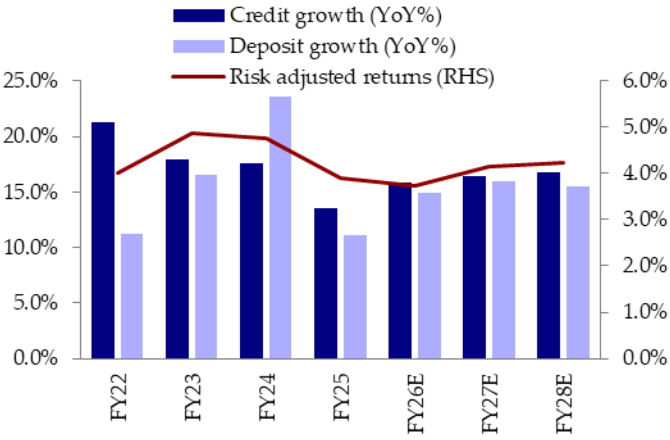
('000)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
HDFCB	21.7	19.7	24.3	21.6	21.4	21.0	21.8	21.6	24.1	24.4	21.8
SBICARD	14.2	12.7	15.6	14.1	15.4	14.5	15.3	15.5	19.0	18.5	18.4
AXSB	13.7	12.8	15.7	14.2	15.0	14.5	15.1	14.3	16.9	15.8	13.2
KMB	14.0	12.0	14.0	12.5	13.0	12.7	13.5	12.3	13.4	14.3	12.9
RBK	14.6	13.4	16.1	14.2	15.6	14.5	15.5	15.4	15.3	16.8	15.2
Industry	**17.0**	**15.3**	**18.4**	**16.7**	**17.1**	**16.5**	**17.4**	**17.1**	**19.2**	**18.8**	**16.5**

Source: RBI, HSIE Research | Note: HDFC securities is a subsidiary of HDFC Bank

On growth treadmill; risk-adjusted returns bottoming out

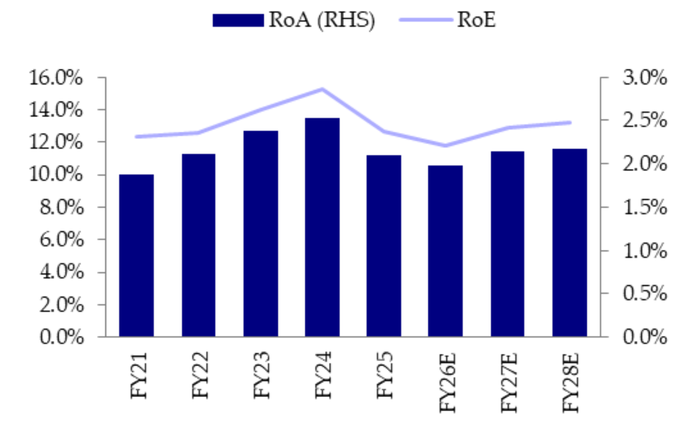
- **Managing growth-margin-asset quality trade-off:** KMB between FY22-24 enjoyed superior risk-adjusted margins coupled with healthy growth as it scaled its unsecured mix. However, inferior customer profile in the unsecured business, embargo on a digital customer acquisition/credit cards and some stress in the commercial business has led to higher credit cost (~80-90bps) and a lower margin profile (~4.5% to 4.6%). KMB since has increased its investments in tech and IT infrastructure while gradually reshaping its sourcing and underwriting in unsecured segments. While we believe the margins shall not get back to the highs of 5.4-5.5% in the medium term, they could trend back to 5% on the back of lower cost of funds and gradual scaling of unsecured mix. While investments in tech and digital are likely to keep the opex intensity elevated, we believe that KMB remains a high-quality franchise with levers to sustain standalone RoAs north of 2.1%.

Exhibit 20: Credit growth and margins to improve



Source: Company, HSIE Research; Note: Risk adjusted returns: (NII-Non tax provisions)/ Average assets

Exhibit 21: Return ratios: To trend upwards



Source: Company, HSIE Research; FY25 RoA & RoE adjusted for one-off gain of INR 35bn from stake sale in KGI

.

Exhibit 22: Sum-of-the-parts (SOTP) valuation

SOTP Valuation	Value (INR mn)	Per Share	Multiple
Kotak Mahindra Bank	3,593,143	1,807	2.3x Sep ABVPS (RI Based)
Kotak Mahindra Prime	212,111	107	1.6x Sep-27 BVPS
Kotak Mahindra Investments	79,827	40	1.6x Sep-27 BVPS
Kotak Securities	277,129	139	12x Sep-27 EPS
Kotak Mahindra AMC	334,556	168	31x Sep-27 NOPLAT
Kotak Life Insurance	391,852	197	1.6x Sep-27 EV
Kotak Mahindra Capital Company	54,308	27	13x Sep-27 BVPS
Kotak Alternative Assets	15,257	8	2.8% of Sep-27 AUM
Off-shore Funds	12,036	6	2.8% of Sep-27 AUM
Overall	**4,970,220**	**2,500**	

Source: Company, HSIE Research

Exhibit 23: Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net advances	4,944	4,944	0.0%	5,758	5,758	0.0%	6,726	6,726	0.0%
NIM (%)	4.5	4.5	-2 bps	4.8	4.8	1 bps	5.0	5.0	0 bps
NII	302.3	304.1	-0.6%	372.4	371.9	0.1%	443.3	443.6	-0.1%
PPOP	229.0	230.8	-0.8%	279.9	280.6	-0.2%	327.3	320.8	2.0%
PAT	146.5	149.2	-1.8%	180.8	180.9	-0.1%	210.1	203.6	3.2%
EPS	636.8	638.1	-0.2%	723.4	723.4	0.0%	824.7	819.6	0.6%
Adj. BVPS (INR)	4,944	4,944	0.0%	5,758	5,758	0.0%	6,726	6,726	0.0%

Source: Company, HSIE Research

Kotak + IDBI Bank: Challenges to outweigh synergies

- **IDBI acquisition — a hard pill to swallow:** Recent media articles suggest KMB to be amongst the front-runners to acquire a 60% stake in IDBI Bank, to be sold by the government and LIC. While this shall mean that the balance sheet size shall immediately grow to INR11.3 trn from INR7.1 trn (as of Sep-25), there would be multiple challenges alongside mainly: 1) tech and employee integration (IDBI employee pay structure and tech adoptions quite similar to PSBs); 2) margin profile of KMB could be impacted with a shift in mix toward lower-yielding assets and higher investment book; 3) sustainability of earnings: currently, IDBI's earnings are boosted from recoveries from written-off pool (leading to negative/minimal credit costs) which might not be sustainable in the long run. Hence, it could drag the return profile in the long term. The possible challenges could outweigh the possible synergies of balance sheet and network expansion. While the proforma P&L as of FY25 showcases a 2% RoA for the merged entity, we believe the steady state RoA for IDBI Bank shall be lower as the recovery run-rate dries out coupled with slowing down of growth run-rate in medium term, owing to integration challenges.

Exhibit 24: Proforma Balance Sheet (Sep-25)

	Balance sheet (INR bn)			Balance sheet mix		
	KMB	IDBI	Merged	KMB	IDBI	Merged
Net worth	1,253	673	1,925	18%	16%	17%
Deposits	**5,288**	**3,035**	**8,323**	**75%**	**73%**	**74%**
Borrowings	239	242	482	3%	6%	4%
Others	290	208	499	4%	5%	4%
Total Liabilities	**7,070**	**4,159**	**11,228**	**100%**	**100%**	**100%**
Cash	498	317	815	7%	8%	7%
Investments	1,730	1,228	2,958	24%	30%	26%
Advances	**4,627**	**2,302**	**6,929**	**65%**	**55%**	**62%**
Fixed assets	24	120	144	0%	3%	1%
Other assets	191	192	382	3%	5%	3%
Total assets	**7070**	**4,159**	**11,228**	**100%**	**100%**	**100%**

Source: Company , HSIE Research

Exhibit 25: Proforma P&L (FY25)

	Proforma P&L (INR bn)			Du Pont (as a % of average assets)		
	KMB	IDBI	Merged	KMB	IDBI	Merged
Interest earned	529	289	818	8.2%	7.5%	7.9%
Interest expended	246	143	389	3.8%	3.7%	3.8%
Net interest income	**283**	**146**	**430**	**4.4%**	**3.8%**	**4.2%**
Other income	114	49	164	1.8%	1.3%	1.6%
Total Income	398	196	593	6.1%	5.0%	5.7%
Opex	188	85	272	2.9%	2.2%	2.6%
PPOP	**210**	**111**	**321**	**3.2%**	**2.9%**	**3.1%**
Non-Tax Provisions	39	5	44	0.6%	0.1%	0.4%
PBT	171	106	277	2.6%	2.7%	2.7%
Tax	35	31	66	0.5%	0.8%	0.6%
PAT	**136**	**75**	**211**	**2.1%**	**1.9%**	**2.0%**

Source: Company , HSIE Research, Note: KMB FY25 numbers are adjusted for one-off gain of INR 35bn from stake sale in KGI

Exhibit 26: Loan Mix (Sep-25)

	Proforma P&L (INR bn)			Du Pont (as a % of average assets)		
	KMB	IDBI	Merged	KMB	IDBI	Merged
Home Loan	621	709	1,329	13%	30%	19%
LAP	758	202	960	16%	9%	13%
Consumer Loan (WC)	478	NA	478	10%	NA	7%
PL, BL, CD & Auto	243	63	306	5%	3%	4%
Credit Cards	124	NA	124	3%	NA	2%
CV/CE	437	NA	437	9%	NA	6%
Agri	243	119	362	5%	5%	5%
Gold	NA	179	179		8%	2%
Tractor Finance	184	NA	184	4%	NA	3%
Corporate Banking	1,092	689	1,782	23%	29%	25%
SME+ MSME+ BB	372	323	695	8%	14%	10%
MFI	57	NA	57	1%	NA	1%
Others	179	76	255	4%	3%	4%
Total	**4,789**	**2,360**	**7,149**	**100%**	**100%**	**100%**

Source: Company , HSIE Research, Note: KMB FY25 numbers are adjusted for one-off gain of INR 35bn from stake sale in KGI

Exhibit 27: Key metrices (FY25)

	Units	KMB	IDBI	Merged
Network				
Branches	Nos	2,198	2,100	4,298
Employees	Nos	75,323	19,087	94,410
Profitability				
Yield on advances	%	10.1%	9.5%	9.9%
Cost of funds	%	4.8%	4.6%	4.7%
NIM	%	4.8%	4.2%	4.5%
Operating ratios				
Opex to assets	%	2.9%	2.2%	2.6%
Cost to Income	%	47.2%	43.3%	45.9%
Capital Adequacy				
CRAR	%	22.2%	25.1%	23.0%
Tier I	%	21.1%	23.5%	21.8%
Asset quality				
Gross NPA	INR mn	61,332	66,952	128,284
Net NPA	INR mn	13,428	3,375	16,803
PCR	%	78.1%	95.0%	86.9%
GNPA %	%	1.4%	3.1%	2.0%
NNPA %	%	0.3%	0.2%	0.3%
Slippages	%	1.6%	0.9%	1.4%
Non-tax provisions/Avg. Advances	%	1.0%	0.3%	0.7%

Source: Company , HSIE Research, Note: KMB FY25 numbers are adjusted for one-off gain of INR 35bn from stake sale in KGI

Financials

Income Statement

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	342,506	457,988	529,197	562,653	658,039	778,111
Interest Expenses	126,988	198,057	245,780	260,359	285,621	334,803
Net Interest Income	**215,518**	**259,931**	**283,418**	**302,295**	**372,418**	**443,308**
Non-Interest income	70,830	102,731	149,611	131,448	149,887	167,554
Total income	286,348	362,662	397,825	433,743	522,305	610,862
Operating Expenses	137,867	166,788	187,764	204,777	242,371	283,550
Operating Profit	**148,481**	**195,874**	**210,061**	**228,966**	**279,934**	**327,312**
Provisions	4,570	15,737	38,592	36,220	40,425	49,029
PBT	143,911	180,136	171,468	192,746	239,509	278,283
Tax	34,516	42,321	62,529	46,259	58,680	68,179
PAT	**109,395**	**137,815**	**164,500**	**146,487**	**180,829**	**210,104**

Source: Company, HSIE Research

Balance Sheet

(INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	14,933	9,940	9,941	9,941	9,941	9,941
Reserves	819,664	957,248	1,162,458	1,303,975	1,479,833	1,684,967
Net worth	834,597	967,188	1,172,398	1,313,915	1,489,774	1,694,907
Deposits	**3,630,959**	**4,489,538**	**4,990,551**	**5,736,042**	**6,652,718**	**7,683,294**
Borrowings	234,162	283,681	484,428	458,118	503,136	554,399
Other Liabilities	198,298	265,543	288,864	305,441	355,092	413,475
Total Liabilities & Equity	**4,898,015**	**6,005,949**	**6,936,241**	**7,813,516**	**9,000,720**	**10,346,076**
Cash balance	325,420	527,884	657,792	690,889	710,769	841,155
Investments	1,214,033	1,554,038	1,819,074	1,991,014	2,316,261	2,529,620
Advances	**3,198,611**	**3,760,753**	**4,269,092**	**4,943,852**	**5,757,858**	**6,726,247**
Fixed assets	19,203	21,553	23,589	24,768	26,006	27,307
Other assets	141,343	139,343	166,695	162,993	189,826	221,748
Total Assets	**4,898,015**	**6,005,949**	**6,936,241**	**7,813,516**	**9,000,720**	**10,346,076**

Source: Company, HSIE Research

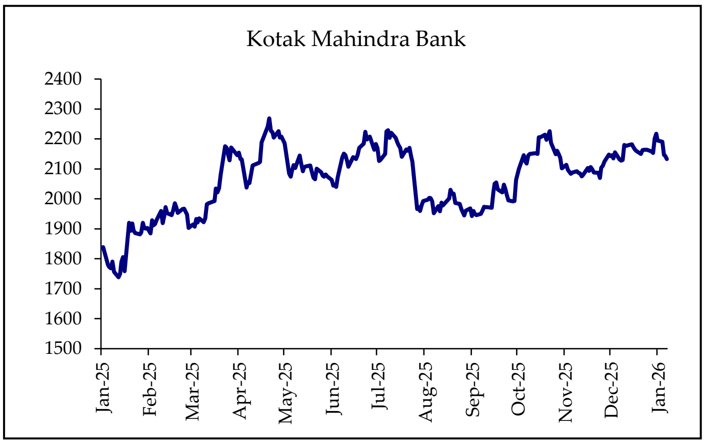
Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS						
EPS (INR)	55	69	83	74	91	106
Earnings Growth (%)	28%	26%	19%	-11%	23%	16%
BVPS	404	467	573	644	733	836
Adj. BVPS	398	460	566	637	723	825
ROAA (%)	2.4%	2.5%	2.5%	2.0%	2.2%	2.2%
ROAE (%)	14.0%	15.3%	15.4%	11.8%	12.9%	13.2%
P/E (x)	39	31	26	29	23	20
P/ABV (x)	5.4	4.6	3.8	3.4	3.0	2.6
P/PPOP (x)	28.6	21.7	20.2	18.5	15.2	13.0
PROFITABILITY (%)						
Yield on loans	9.1%	10.2%	10.1%	9.4%	9.5%	9.8%
Cost of Funds	3.5%	4.6%	4.8%	4.5%	4.3%	4.3%
Cost of Deposits	3.5%	4.7%	4.7%	4.5%	4.3%	4.3%
Spread	5.6%	5.5%	5.4%	4.9%	5.2%	5.4%
NIM	5.1%	5.2%	4.8%	4.5%	4.8%	5.0%

	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPERATING EFFICIENCY						
Cost to average assets	3.0%	3.1%	2.9%	2.8%	2.9%	2.9%
Cost-income	48.1%	46.0%	47.2%	47.2%	46.4%	46.4%
BALANCE SHEET STRUCTURE RATIOS						
Loan Growth (%)	17.9%	17.6%	13.5%	15.8%	16.5%	16.8%
Deposits Growth (%)	16.5%	23.6%	11.2%	14.9%	16.0%	15.5%
C/D ratio	88.1%	83.8%	85.5%	86.2%	86.5%	87.5%
Equity/Assets (%)	17.0%	16.1%	16.9%	16.8%	16.6%	16.4%
Equity/Loans (%)	26.1%	25.7%	27.5%	26.6%	25.9%	25.2%
CASA %	52.8%	45.5%	43.0%	40.9%	38.9%	36.5%
CRAR (%)	21.8%	20.5%	22.2%	22.1%	21.5%	20.8%
Tier I (%)	20.8%	19.2%	21.1%	21.1%	20.7%	20.1%
Asset quality						
Gross NPA	57,683	52,748	61,332	65,267	76,999	93,631
Net NPA	11,933	12,706	13,428	14,473	18,181	21,831
PCR	79.3%	75.9%	78.1%	77.8%	76.4%	76.7%
GNPA %	1.8%	1.40%	1.4%	1.3%	1.3%	1.4%
NNPA %	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Slippages	1.3%	1.4%	1.6%	1.6%	1.5%	1.5%
Credit costs	0.2%	0.4%	0.9%	0.8%	0.7%	0.8%
ROAA Tree						
Net Interest Income	4.7%	4.8%	4.4%	4.1%	4.4%	4.6%
Non-Interest Income	1.5%	1.9%	2.3%	1.8%	1.8%	1.7%
Operating Cost	3.0%	3.1%	2.9%	2.8%	2.9%	2.9%
Provisions	0.1%	0.3%	0.6%	0.5%	0.5%	0.5%
Tax	0.8%	0.8%	1.0%	0.6%	0.7%	0.7%
ROAA	2.4%	2.5%	2.5%	2.0%	2.2%	2.2%
Leverage (x)	5.9	6.1	6.0	5.9	6.0	6.1
ROAE	14.0%	15.3%	15.4%	11.8%	12.9%	13.2%

Source: Company, HSIE Research

Price history



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REDUCE: -10% to +5% return potential
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