

# HSIE Results Daily

## Contents

### Results Reviews

- **Kotak Mahindra Bank:** Kotak Mahindra Bank's (KMB) Q2FY26 earnings were in line with estimates, on the back of higher growth on both sides of the balance sheet with lower NIM compression and moderation in credit costs. Healthy loan growth (~16% YoY) was driven by mortgages, business banking, SME, and corporate segments. Deposit growth (~15% YoY) was strong with CASA ratio improving to 42.3% (+144bps QoQ) on the back of strong traction in CA balances and muted growth in floating-rate SA balances. While management commentary suggests decline in MFI delinquencies and credit card stress stabilizing, the stress in retail CV segment remains elevated. We stay constructive on KMB, expecting growth momentum to sustain while monitoring the performance of its high-yielding segments (unsecured retail, retail CV, and tractors). We maintain BUY with a revised SOTP-based TP of INR2,450 (standalone bank at 2.3x Sep-27 ABVPS).
- **SBI Life Insurance:** SBILIFE reported APE/VNB growth of +10/14% YoY, primarily driven by strong traction in NPAR savings and individual protection, which witnessed YoY growth of ~27%/54% respectively. VNB marginally beat our estimates owing to strong growth in the protection segment. SBILIFE continues to diversify away from ULIP, with the share of ULIP falling to ~65% during H1FY26 (down 410bps YoY). Given the strategic transition towards non-ULIP segments, we expect growth in the individual business to remain in low double-digits for FY26E and maintain APE/VNB CAGR of 13/14% for FY25-FY28E, led by sustained growth in Agency channel and shift in the product mix towards traditional segments. Our high-conviction BUY is anchored on three powerful and sustainable moats: (a) exclusive access to SBI's massive distribution network (branch penetration at ~2%); (b) scope for improvement in margin-accretive traditional mix; and (c) cost leadership (excluding renewal comm)/APE ratio among peers (H1FY26: 41.5%, H1FY25: 37.1%). We maintain BUY with a TP of INR2,100 (valued at 2.0x Sep-27E EV), implying a 34% premium over IPRULIFE.

HSIE Research Team

[hdfcsec-research@hdfcsec.com](mailto:hdfcsec-research@hdfcsec.com)

# Kotak Mahindra Bank

## Riding the growth treadmill; unsecured stress abating

Kotak Mahindra Bank's (KMB) Q2FY26 earnings were in line with estimates, on the back of higher growth on both sides of the balance sheet with lower NIM compression and moderation in credit costs. Healthy loan growth (~16% YoY) was driven by mortgages, business banking, SME, and corporate segments. Deposit growth (~15% YoY) was strong with CASA ratio improving to 42.3% (+144bps QoQ) on the back of strong traction in CA balances and muted growth in floating-rate SA balances. While management commentary suggests decline in MFI delinquencies and credit card stress stabilizing, the stress in retail CV segment remains elevated. We stay constructive on KMB, expecting growth momentum to sustain while monitoring the performance of its high-yielding segments (unsecured retail, retail CV, and tractors). We maintain BUY with a revised SOTP-based TP of INR2,450 (standalone bank at 2.3x Sep-27 ABVPS).

- **Healthy loan growth partially offset by softer margin traction:** Loan growth (+16% YoY) was strong compared to peers, driven by mortgage (+18% YoY), consumer banking (20% YoY), and wholesale banking (18%). De-growth in the unsecured segments continued, with H2FY26 disbursements likely to pick up as stress abates. NIMs contracted to 4.5% (-11bps QoQ) on account of lower yields from rate transmission and shift in loan mix was offset by lower cost of funds (-31 bps QoQ), driven by the full-quarter impact of SA re-pricing.
- **Stress moderating in unsecured segments:** KMB witnessed improvement in asset quality, as gross slippages (1.4%; Q1FY26: 1.7%) and credit costs (79bps; Q1FY26: 93bps) reflected moderating stress in MFI and credit card segments, even as the stress in retail CV segment remains elevated. We build in average credit costs of 75bps over FY26-28E, factoring in the high-risk segments.
- **Sustaining risk-adjusted returns essential on growth treadmill:** While we expect KMB to ride the growth treadmill, the franchise is faced with a trade-off between growth, margins and asset quality (especially, the quality of its incremental sourcing in key segments) to protect its top-decile RoAs.

### Financial summary (Standalone)

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	73.1	70.2	4.1%	72.6	0.7%	283.4	304.1	371.9	443.6
PPOP	52.7	51.0	3.3%	55.6	-5.3%	210.1	230.8	280.6	320.8
#PAT	32.5	33.4	-2.7%	32.8	-0.9%	164.5	149.2	180.9	203.6
EPS (INR)	16.4	16.8	-2.7%	16.5	-0.8%	82.7	75.0	91.0	102.4
ROAE (%)						15.4	12.0	12.9	12.8
ROAA (%)						2.5	2.0	2.1	2.1
ABVPS (INR)						566.1	638.1	723.4	819.6
P/ABV (x)						3.9	3.4	3.0	2.7
P/E (x)						26.5	29.2	24.1	21.4

#FY25/Q1FY25 PAT includes gains from KGI divestment amounting to INR27.3 bn

### Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	4,944	4,909	0.7%	5,758	5,702	1.0%
NIM (%)	4.5	4.7	-16 bps	4.8	4.9	-5 bps
NII	304.1	317.0	-4.1%	371.9	378.4	-1.7%
PPOP	230.8	235.8	-2.2%	280.6	278.0	0.9%
PAT	149.2	151.7	-1.6%	180.9	177.6	1.8%
Adj. BVPS (INR)	638.1	638.6	-0.1%	723.4	723.1	0.0%

Source: Company, HSIE Research

## BUY

CMP (as on 24 Oct 2025) INR 2,187

Target Price INR 2,450

NIFTY 25,795

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR2,310	INR 2,450
	FY26E	FY27E
EPS %	-1.6%	1.8%

### KEY STOCK DATA

Bloomberg code	KMB IN
No. of Shares (mn)	1,989
MCap (INR bn) / (\$ mn)	4,349/49,505
6m avg traded value (INR mn)	7,853
52 Week high / low	INR 2,302/1,679

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.1	(1.6)	24.1
Relative (%)	(0.4)	(7.1)	18.9

### 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

### Krishnan ASV

venkata.krishnan@hdfcsec.com  
+91-22-6171-7314

### Akshay Badlani

akshay.badlani@hdfcsec.com  
+91-22-6171-7325

# SBI Life Insurance

## Running a tight ship; maintain BUY

SBILIFE reported APE/VNB growth of +10/14% YoY, primarily driven by strong traction in NPAR savings and individual protection, which witnessed YoY growth of ~27%/54% respectively. VNB marginally beat our estimates owing to strong growth in the protection segment. SBILIFE continues to diversify away from ULIP, with the share of ULIP falling to ~65% during H1FY26 (down 410bps YoY). Given the strategic transition towards non-ULIP segments, we expect growth in the individual business to remain in low double-digits for FY26E and maintain APE/VNB CAGR of 13/14% for FY25-FY28E, led by sustained growth in Agency channel and shift in the product mix towards traditional segments. Our high-conviction BUY is anchored on three powerful and sustainable moats: (a) exclusive access to SBI's massive distribution network (branch penetration at ~2%); (b) scope for improvement in margin-accretive traditional mix; and (c) cost leadership (excluding renewal comm)/APE ratio among peers (H1FY26: 41.5%, H1FY25: 37.1%). We maintain BUY with a TP of INR2,100 (valued at 2.0x Sep-27E EV), implying a 34% premium over IPRULIFE.

- Running a tight ship for a balanced product mix:** SBILIFE calibrated its ULIP mix to ~65% within individual APE (H1FY25: 69.1%), reflecting continued focus on rebalancing its product mix. This shift was driven by a channel-led product strategy wherein the agency channel product mix witnessed ~810bps switch from ULIP segment to the NPAR segment. While ULIP dominated the Banca channel (~71% share), we believe that the mix is likely to switch to traditional segments by end-FY26. Moreover, the management highlighted tweaks made to the monthly sales contests, which led to a mid-teen growth in individual APE for Sep-25.
- Rider attachments to boost margins:** Rider attachment rates on new policies improved to ~38% (H1FY25: NIL), with further upside expected as SBILIFE plans to introduce riders on renewal policies also, which is likely to support margin expansion. Given SBILIFE's clear focus on profitability and a strong execution track record, we see upside risk to our VNB margin estimates.
- GST input tax credit (ITC) impact on margins:** Management indicated that the unavailability of ITC could reduce VNB margins by ~1.8% on a full-year basis, although the company is confident of mitigating this impact to under 50bps through product interventions. The management also clarified that there are no plans to reduce distributor payouts to offset this effect. We remain confident in SBILIFE's ability to manage this headwind, given its improving product mix and growth outlook. We maintain our BUY rating on SBILIFE with an unchanged TP of INR2,100 (implied 2.0x Sep-27E EV).

### Financial summary

(INR bn)	H1FY26	H1FY25	% chg	FY25	FY26E	FY27E	FY28E
NBP	183.5	157.3	16.7%	355.8	388.7	431.1	481.1
APE	99.2	90.3	9.9%	214.2	237.8	269.7	308.6
VNB	27.5	24.2	13.6%	59.5	66.6	76.0	87.5
VNB margin (%)	27.8	26.8	100bps	27.8%	28.0%	28.2%	28.4%
EV				702.2	822.8	962.4	1,124.8
P/EV (x)				2.6	2.2	1.9	1.6
P/VNB (x)				21.3	17.2	13.5	10.1
ROEV %				20.2%	17.6%	17.3%	17.2%

Source: Company, HSIE Research

## BUY

CMP (as on 24 Oct 2025) INR 1,840

Target Price INR 2,100

NIFTY 25,795

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,100	INR 2,100
	FY26E	FY27E
VNB %	Nil	Nil

### KEY STOCK DATA

Bloomberg code	SBILIFE IN
No. of Shares (mn)	1,003
MCap (INR bn) / (\$ mn)	1,845/20,996
6m avg traded value (Rs mn)	1,995
52 Week high / low	INR 1,912/1,373

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.6	14.4	12.5
Relative (%)	0.1	8.9	7.3

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	55.4	55.4
FIs & Local MFs	18.2	18.7
FPIs	22.3	21.9
Public & Others	4.1	4.1
Pledged Shares	Nil	Nil

Source: BSE

### Krishnan ASV

venkata.krishnan@hdfcsec.com  
+91-22-6171-7314

### Shobhit Sharma

shobhit.sharma@hdfcsec.com  
+91-22-6171-7341

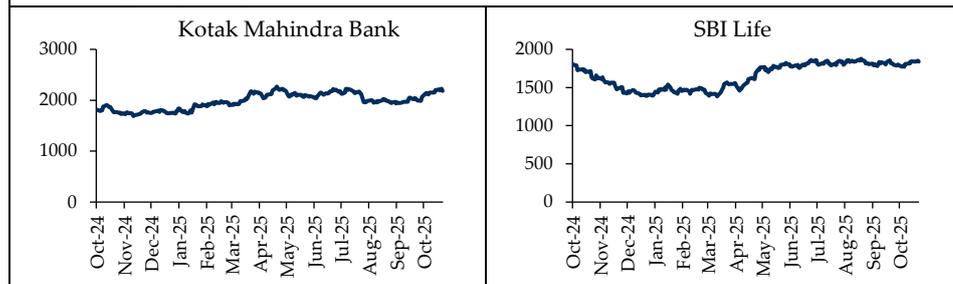
**Rating Criteria**

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: > 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Kotak Mahindra Bank, SBI Life Insurance	PGDM	NO
Shobhit Sharma	SBI Life Insurance	CA	NO
Akshay Badlani	Kotak Mahindra Bank	CA	YES

**1 Yr Price movement**



**Disclosure:**

Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

**Disclaimer:**

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

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

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

---

## HDFC Securities

### Institutional Equities

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 [www.hdfcsec.com](http://www.hdfcsec.com)