December 24, 2025

Kotak Mahindra Investments Limited: [ICRA]AAA (Stable) assigned to NCD programme; ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	-	1,000.00	[ICRA]AAA (Stable); assigned
Non-convertible debentures	5,000.00	5,000.00	[ICRA]AAA (Stable); reaffirmed
Subordinated debt programme	200.00	200.00	[ICRA]AAA (Stable); reaffirmed
Commercial paper programme	7,000.00	7,000.00	[ICRA]A1+; reaffirmed
Commercial paper (IPO financing) programme	3,500.00	3,500.00	[ICRA]A1+; reaffirmed
Total	**15,700.00**	**16,700.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings factor in Kotak Mahindra Investments Limited's (KMIL) strong parentage – it is a wholly-owned subsidiary of Kotak Mahindra Bank Limited {KMBL; rated [ICRA]AAA (Stable)}[1]. The ratings consider the shared brand name and KMBL's representation on KMIL's board of directors. The company benefits from the Kotak Mahindra Group's (Kotak Group) experience in corporate and real estate lending. KMIL's capital profile remains strong, supported by the profitability, thereby limiting its capital dependence on its promoter to support its envisaged loan book growth in the medium term. ICRA, however, expects the parent to support the company as and when required. The ratings also consider KMIL's strong asset quality and underwriting process.

The company has a high share of corporate loans and real estate financing, resulting in concentration risk. As a result, KMIL's asset quality and credit costs are exposed to volatility on account of the lumpiness in the loan book and the inherent risks associated with real estate loans. However, ICRA derives comfort from the Kotak Group's experience in real estate financing with strict underwriting norms and risk mitigants and collateral, leading to low credit costs in the past.

The Stable outlook factors in the expectation that the company will continue to receive support from KMBL, if required.

Key rating drivers and their description

Credit strengths

Strong parentage – KMIL is a wholly-owned subsidiary of KMBL. It enjoys financial and operational support from the Kotak Group, which, in the past, included access to capital, management and board supervision. KMIL also benefits from its shared brand name with the Kotak Group and the Group's experience in corporate and real estate lending.

The company had a net worth of Rs. 3,958 crore and its capital-to-risk weighted assets ratio (CRAR) stood at 33.8% as on September 30, 2025, supported by the sustained profitability. With the reduction in the portfolio due to higher prepayments from the loan book, KMIL's gearing (debt/net worth) declined to 2.3 times as on September 30, 2025 (3.5 times as on March 31, 2024). During the period of commercial paper (CP) borrowings for applying to initial public offerings (IPOs) on the

[1] *For infrastructure bonds*

proprietary account for 1-2 weeks, the peak gearing remains high for a very short period, though KMIL monitors the capital adequacy level daily and maintains the same above the regulatory requirement. As a part of the Kotak Group, the company enjoys considerable financial flexibility in raising funds at competitive rates. KMIL's capital profile remains strong, given the steady profitability, thereby limiting its capital dependence on the promoter for its envisaged loan book growth in the medium term. ICRA, however, expects the parent to support the company as and when required.

Asset quality remains stable – KMIL's strong underwriting is reflected in its asset quality. On the gross loan book (including credit substitutes) of Rs. 10,811 crore, the gross and net stage 3 stood at 0.9% and 0.2%, respectively, as on September 30, 2025 (0.4% and 0.1%, respectively, as on March 31, 2024). Given the strong asset quality, credit costs have been low. KMIL's asset quality and credit costs are, however, exposed to volatility on account of the lumpiness in the loan book and the inherent risks associated with real estate loans. ICRA factors in the adequate structural mechanisms in terms of security cover, exclusive charge over the underlying asset, and escrow accounts to trap the project's cash flows. Further, the churning in the real estate portfolio remains high despite the lumpy loan book.

Profitability supported by lower credit costs – KMIL's profitability remained healthy with profit after tax/average total assets (PAT/ATA) of 3.4% (annualised) in H1 FY2026 (3.4% in FY2025). It was supported by low operating expenses (0.8% of ATA) as well as low credit costs (0.2% of ATA) in H1 FY2026 (annualised) along with gains on proprietary investments in IPOs. ICRA expects the company to maintain its profitability in the medium term.

Credit challenges

Concentrated exposure in corporate loans segment and relatively risky real estate segment – Real estate loans accounted for 58% (54% as on March 31, 2024) while corporate loans accounted for 42% (46% as on March 31, 2024) of the total loan book of Rs. 10,811 crore as on September 30, 2025. While the assets under management (AUM) declined by 16% in FY2025 to Rs. 10,488 crore as on March 31, 2025 due to high prepayments largely through project cash flows and lower disbursements compared to the previous year, it grew in H1 FY2026. The real estate portfolio remains exposed to concentration risks owing to the large ticket size and the inherent risks associated with these loans. The top 20 advances (exposure) formed 50% of the total advances and 136% of the net worth as on September 30, 2025 (47% and 115%, respectively, as on December 31, 2024). Moreover, recoveries in this segment take longer compared to retail loans. KMIL's strong credit underwriting process and adequate structural mechanisms, in terms of security cover and exclusive charge on the underlying assets, provide comfort.

Liquidity position: Strong

The company had unencumbered cash and cash equivalents of Rs. 2,437 crore and undrawn sanctioned banking lines of Rs. 1,000 crore as on October 31, 2025. This covers the scheduled debt obligations of Rs. 2,656 crore for the next six months. KMIL did not have any negative cumulative mismatches in the asset-liability management (ALM) profile across all buckets as on September 30, 2025. It enjoys considerable financial flexibility as a part of the Kotak Group.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A material change in the expected level of support from the parent or a material deterioration in the credit risk profile of the parent could warrant a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs)
Parent/Group support	Parent: Kotak Mahindra Bank Limited The ratings factor in the high likelihood of financial support from KMBL to KMIL, driven by reputational and strategic considerations.
Consolidation/Standalone	Standalone

About the company

Kotak Mahindra Investments Limited (KMIL) is a wholly-owned subsidiary of Kotak Mahindra Bank Limited (KMBL), which is the flagship company of the Kotak Group. It was established in 1988. KMIL was initially set up to hold the strategic investments of the Kotak Group and subsequently diversified into capital market and commercial real estate lending.

KMIL is engaged in lending to the real estate and other sectors, providing structured finance and holding strategic investments. The real estate division lends to developers across the entire spectrum – residential, commercial and retail.

Key financial indicators

KMIL	FY2024	FY2025	H1 FY2026^
Total income	1,424	1,512	685
Profit/(loss) after tax	475	462	217
Total assets	14,798	12,178	13,274
Return on assets (annualised)	3.5%	3.4%	3.4%
Gross gearing (times)	3.5	2.2	2.3
Gross stage 3	0.4%	0.8%	0.9%
CRAR	26.9%	35.9%	33.8%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; ^Unaudited
Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 24, 2025	Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures programme	Long term	1,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-
Non-convertible debentures programme	Long term	5,000.00	[ICRA]AAA (Stable)	Mar-11-25	[ICRA]AAA (Stable)	Oct-06-2023	[ICRA]AAA (Stable)	Nov-14-2022	[ICRA]AAA (Stable)
				-	-	Nov-27-2023	[ICRA]AAA (Stable)	-	-
				-	-	Mar-22-2024	[ICRA]AAA (Stable)	-	-
Commercial paper programme	Short term	7,000.00	[ICRA]A1+	Mar-11-25	[ICRA]A1+	Oct-06-2023	[ICRA]A1+	Aug-10-2022	[ICRA]A1+
				-	-	Nov-27-2023	[ICRA]A1+	Nov-14-2022	[ICRA]A1+
				-	-	Mar-22-2024	[ICRA]A1+	-	-
Subordinated debt programme	Long term	200.00	[ICRA]AAA (Stable)	Mar-11-25	[ICRA]AAA (Stable)	Oct-06-2023	[ICRA]AAA (Stable)	Aug-10-2022	[ICRA]AAA (Stable)
				-	-	Nov-27-2023	[ICRA]AAA (Stable)	Nov-14-2022	[ICRA]AAA (Stable)
				-	-	Mar-22-2024	[ICRA]AAA (Stable)	-	-
Commercial paper (IPO financing) programme	Short term	3,500.00	[ICRA]A1+	Mar-11-25	[ICRA]A1+	Oct-06-2023	[ICRA]A1+	Aug-10-2022	[ICRA]A1+
				-	-	Nov-27-2023	[ICRA]A1+	Nov-14-2022	[ICRA]A1+
				-	-	Mar-22-2024	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures programme	Simple
Subordinated debt programme	Simple
Commercial paper programme	Simple
Commercial paper (IPO financing) programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE975F07IE6	Non-convertible debentures	Feb 23, 2023	8.1379%	Jun 23, 2026	88.50	[ICRA]AAA (Stable)
INE975F07IE6	Non-convertible debentures	Mar 14, 2023	8.1379%	Jun 23, 2026	25.00	[ICRA]AAA (Stable)
INE975F07IE6	Non-convertible debentures	Apr 18, 2023	8.1379%	Jun 23, 2026	100.00	[ICRA]AAA (Stable)
INE975F07IM9	Non-convertible debentures	Sep 27, 2023	8.0359%	Oct 06, 2026	230.00	[ICRA]AAA (Stable)
INE975F07IM9	Non-convertible debentures	Nov 13, 2023	8.0359%	Oct 06, 2026	50.00	[ICRA]AAA (Stable)
INE975F07IM9	Non-convertible debentures	Mar 21, 2024	8.0359%	Oct 06, 2026	250.00	[ICRA]AAA (Stable)
INE975F07IO5	Non-convertible debentures	Oct 26, 2023	8.2185%	Nov 27, 2026	300.00	[ICRA]AAA (Stable)
INE975F07IP2	Non-convertible debentures	Nov 13, 2023	8.1929%	Jan 28, 2027	175.00	[ICRA]AAA (Stable)
INE975F07IP2	Non-convertible debentures	Dec 06, 2023	8.1929%	Jan 28, 2027	200.00	[ICRA]AAA (Stable)
INE975F07IP2	Non-convertible debentures	Mar 21, 2024	8.1929%	Jan 28, 2027	250.00	[ICRA]AAA (Stable)
INE975F07IQ0	Non-convertible debentures	Dec 28, 2023	8.2366%	May 27, 2027	80.00	[ICRA]AAA (Stable)
INE975F07IR8	Non-convertible debentures	Mar 21, 2024	8.3774%	Jun 21, 2027	500.00	[ICRA]AAA (Stable)
INE975F07IS6	Non-convertible debentures	Mar 21, 2024	8.3721%	Aug 20, 2027	456.00	[ICRA]AAA (Stable)
INE975F07IT4	Non-convertible debentures	Jul 01, 2025	7.3286%	Aug 11, 2028	200.00	[ICRA]AAA (Stable)
INE975F07IV0	Non-convertible debentures	Aug 22, 2025	7.3382%	Nov 28, 2028	300.00	[ICRA]AAA (Stable)
INE975F07IQ0	Non-convertible debentures	Oct 15, 2025	8.2366%	May 27, 2027	50.00	[ICRA]AAA (Stable)
Not yet placed	Non-convertible debentures	NA	NA	NA	2,745.50	[ICRA]AAA (Stable)
INE975F08CR9	Subordinated debt programme	Dec 31, 2015	9.0000%	Dec 31, 2025	50.00	[ICRA]AAA (Stable)
INE975F08CS7	Subordinated debt programme	Dec 20, 2016	8.3500%	Dec 18, 2026	50.00	[ICRA]AAA (Stable)
INE975F08CT5	Subordinated debt programme	Mar 24, 2017	8.5500%	Mar 24, 2027	100.00	[ICRA]AAA (Stable)
INE975F14B00	Commercial paper programme	Jun 06, 2025	6.6500%	Dec 26, 2025	50.00	[ICRA]A1+
INE975F14B18	Commercial paper programme	Jun 06, 2025	6.7500%	Feb 19, 2026	75.00	[ICRA]A1+
INE975F14B18	Commercial paper programme	Oct 06, 2025	6.5550%	Feb 19, 2026	40.00	[ICRA]A1+
INE975F14A35	Commercial paper programme	Apr 09, 2025	7.2000%	Mar 10, 2026	100.00	[ICRA]A1+
INE975F14A01	Commercial paper programme	Apr 04, 2025	7.3300%	Mar 27, 2026	150.00	[ICRA]A1+
INE975F14A84	Commercial paper programme	May 06, 2025	7.1300%	Apr 06, 2026	25.00	[ICRA]A1+
INE975F14A84	Commercial paper programme	May 07, 2025	7.1300%	Apr 06, 2026	25.00	[ICRA]A1+
INE975F14A76	Commercial paper programme	May 06, 2025	7.1300%	May 06, 2026	50.00	[ICRA]A1+
INE975F14B26	Commercial paper programme	Jun 10, 2025	6.4800%	Jun 10, 2026	100.00	[ICRA]A1+
INE975F14B42	Commercial paper programme	Jul 15, 2025	6.7800%	Jun 10, 2026	150.00	[ICRA]A1+
INE975F14B42	Commercial paper programme	Jul 16, 2025	6.7800%	Jun 10, 2026	100.00	[ICRA]A1+
INE975F14C25	Commercial paper programme	Oct 20, 2025	6.9000%	Sep 14, 2026	100.00	[ICRA]A1+
Not yet placed	Commercial paper programme	NA	NA	NA	6,035.00	[ICRA]A1+
Not yet placed	Commercial paper (IPO financing) programme	NA	NA	NA	3,500.00	[ICRA]A1+

Source: Company; As on December 23, 2025

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Anil Gupta
+91 124 4545 314
anilg@icraindia.com

Neha Parikh
+91 22 6114 3426
neha.parikh@icraindia.com

Harsh Mange
+91 22 6114 3429
harsh.mange@icraindia.com

Rushabh Gohel
+91 22 6114 3427
rushabh.gohel@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

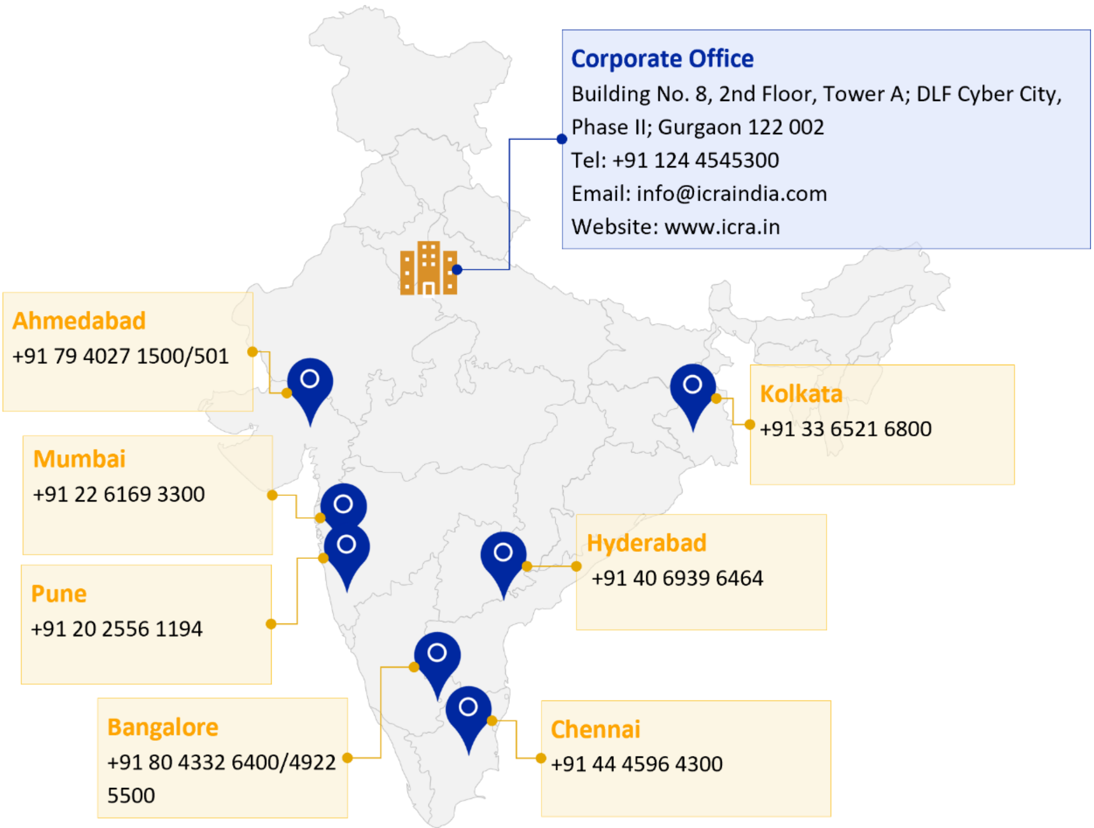
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.