

July 18, 2025

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

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	-	4,000.00	[ICRA]AAA (Stable); assigned
Non-convertible debentures	13,675.90	13,675.90	[ICRA]AAA (Stable); reaffirmed
Commercial paper (IPO financing) programme^	6,500.00	6,500.00	[ICRA]A1+; reaffirmed
Commercial paper programme	9,000.00	9,000.00	[ICRA]A1+; reaffirmed
Subordinated debt programme	400.30	400.30	[ICRA]AAA (Stable); reaffirmed
Nifty linked debentures	41.25	-	PP-MLD[ICRA]AAA (Stable); reaffirmed and withdrawn
Long term/Short term fund based/Non-fund based – Others	6,391.00	6,391.00	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed
Total	36,008.45	39,967.20	

*Instrument details are provided in Annexure I

^Assigned for application on proprietary account

Rationale

The ratings are supported by Kotak Mahindra Prime Limited (KMPL), which is the subsidiary of Kotak Mahindra Bank Limited (KMBL¹). The ratings consider the shared brand name and supervision by a strong board. The ratings also factor in KMPL's demonstrated ability of managing the auto finance business for more than 25 years through various economic cycles, its healthy earnings profile and strong capitalisation. The company's capitalisation remains strong with an adjusted gearing² of 3.4 times as on March 31, 2025. Given the healthy internal accruals, KMPL does not have any capital infusion requirements in the medium term, though ICRA expects capital support from KMBL, if required. The profitability remains healthy with a return on average total assets {RoTA; profit after tax (PAT)/average total assets (ATA)} of 2.2% in FY2025 (2.3% in FY2024).

The company's asset quality remained comfortable with the gross and net stage 3 at 2.7% and 1.1%, respectively, as on March 31, 2025 (2.5% and 1.1%, respectively, as on March 31, 2024). Further, KMPL's strong credit assessment process and its track record of managing cycles in the auto financing industry provide comfort. While the company has been diversifying its assets under management (AUM) in new retail products such as loan against property (LAP), passenger vehicle finance (including dealer financing) continued to account for 72% of the AUM as on March 31, 2025. Moreover, as the LAP portfolio seasons, the asset quality of this segment will also be monitorable.

The Stable outlook factors in the expectation that the company will continue to receive support from KMBL, if required. Also, it reflects KMPL's strong capitalisation and ICRA's expectations that the company's established presence in the auto finance business will continue to support growth and profitability.

ICRA has reaffirmed and withdrawn the rating assigned to KMPL's Rs. 41.25-crore Nifty linked debentures as no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

¹ Rated [ICRA]AAA (Stable) for infrastructure bond programme

² Adjusted gearing = Total debt/Tier I capital

Key rating drivers and their description

Credit strengths

Strong parentage and capitalisation – KMBL holds a 51% stake in KMPL while the balance is held by Kotak Securities Limited (KSL; rated [ICRA]AAA (Stable)/[ICRA]A1+), which, in turn, is a 100% subsidiary of KMBL. Consequently, KMPL enjoys strong financial and operational support from the Kotak Group, which, in the past, has comprised access to capital, management and supervision by a strong board. The company also benefits from its shared brand name with the Kotak Group. Operationally, KMPL is the entity in the Group, which is into financing of cars and the leads generated by the bank for car finance are referred to KMPL for business. As car finance is an important product offering for a diversified lender, ICRA believes that KMPL remains strategically important to the bank.

Adjusted for investments in Group companies, KMPL had a Tier I capital of Rs. 9,988 crore against the reported net worth of Rs. 13,027 crore as on March 31, 2025. In ICRA's view, the company is strongly capitalised, and its capital adequacy ratio stood at 23.6% (Tier I of 23.1%) as on March 31, 2025. The capitalisation is supported by healthy profit accretion and the reported gearing stood at 2.6 times as on March 31, 2025 compared to 2.4 times as on March 31, 2024. Even on an adjusted basis (for equity investments in Group companies), the capitalisation remains strong with debt/Tier I capital of 3.4 times as on March 31, 2025 (3.1 times as on March 31, 2024).

KMPL's AUM grew by 16% YoY to Rs. 41,160 crore as on March 31, 2025. As the company has been gradually scaling up its LAP portfolio, which has a relatively longer amortisation tenor, the growth in the loan portfolio is expected to be high. However, given the healthy profitability, KMPL does not have any capital infusion requirements in the medium term, though capital support is expected from the parent, as and when required. Further, by virtue of being a part of the Kotak Group, KMPL enjoys considerable financial flexibility in raising long-term funds at competitive rates. It continues to have a strong liquidity profile with sufficient unutilised bank lines and no material asset-liability mismatches.

Healthy profitability – KMPL's profitability is supported by healthy net interest margins (NIMs) and low credit costs. While the operating expenses increased in the last three financial years with the expansion in the distribution network and product suite, it remained stable at 1.9% of ATA in FY2025 (1.9% in FY2024). Although credit costs increased marginally in FY2025 from the low base of the previous year, the RoTA was healthy at 2.2% in FY2025 (2.3% in FY2024). Adjusted for equity investments in Group companies, the core profitability will be higher. ICRA's expects the credit costs to remain similar to FY2025. NIMs are likely to remain stable and the profitability is expected to remain range-bound in the medium term.

Credit challenges

Loan book largely comprising passenger vehicle finance – With passenger vehicle loans and dealer financing forming a significant part (72% as on March 31, 2025) of its portfolio, the company's business is dependent on retail car sales volume. It is also exposed to the credit risk arising out of dealer financing and slowdown in retail sales of cars, which can adversely impact the credit profile of the dealers. ICRA takes comfort from KMPL's long and successful track record and strategic arrangements with various car manufacturers in India as their preferred financier. The company has ventured into the retail LAP segment (16% of the AUM as on March 31, 2025), which is expected to support its loan book diversification, though the asset quality of the same will be monitorable as the loan book seasons. Further, within vehicle loans, KMPL has a presence in two-wheeler financing (~8% of the AUM as on March 31, 2025).

Liquidity position: Strong

As on May 31, 2025, the company had unencumbered cash and cash equivalents of Rs. 2,751 crore and sanctioned and undrawn bank lines of Rs. 3,156 crore. This is adequate to meet the scheduled debt obligations for over four months. KMPL did not have any negative cumulative mismatches in the Statement of Structural Liquidity (SLS) as on April 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 Policy on Withdrawal of Credit Ratings
Parent/Group support	Parent: Kotak Mahindra Bank Limited KMBL is the ultimate holding company of KMPL, with a direct and indirect stake of 100%. The ratings factor in the high likelihood of support from KMBL, given the shared brand name and representation on the board.
Consolidation/Standalone	Standalone

About the company

Kotak Mahindra Prime Limited (KMPL) was established as Kotak Mahindra Primus Limited in 1996 as a 60:40 joint venture between Kotak Mahindra Bank Limited (KMBL) and Ford Credit International (FCI). FCI exited the venture in 2005 and the company was subsequently renamed Kotak Mahindra Prime Limited. At present, KMBL has a 51% stake in KMPL and the balance is held by Kotak Securities Limited, which is a wholly-owned step-down subsidiary of KMBL.

KMPL is one of the leading nationwide car finance companies and has strategic arrangements with various car manufacturers in India as their preferred financier. In addition to financing new and used cars, KMPL offers two-wheeler financing and inventory and infrastructure funding to car dealers. It entered the retail LAP segment in FY2022. The company has a network of 159 branches across the country, supported by direct market associates, brokers and agencies for distribution.

Key financial indicators (audited)

KMPL	FY2024	FY2025
Total income	3,920	4,904
Profit / (loss) after tax	868	1,000
Total assets	41,607	48,123
Return on assets	2.3%	2.2%
Reported gearing (times)	2.4	2.6
Gross stage 3	2.5%	2.7%
CRAR	25.2%	23.6%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	July 18, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper programme (IPO financing)^	Short term	6,500.00	[ICRA]A1+	15-Apr-2024	[ICRA]A1+	29-Jun-2023	[ICRA]A1+	25-Oct-2022	[ICRA]A1+
				17-Sep-2024	[ICRA]A1+	09-Nov-2023	[ICRA]A1+	-	-
				-	-	27-Dec-2023	[ICRA]A1+	-	-
Commercial paper programme	Short term	9,000.00	[ICRA]A1+	15-Apr-2024	[ICRA]A1+	29-Jun-2023	[ICRA]A1+	25-Oct-2022	[ICRA]A1+
				17-Sep-2024	[ICRA]A1+	09-Nov-2023	[ICRA]A1+	-	-
				-	-	27-Dec-2023	[ICRA]A1+	-	-
Subordinated debt programme	Long term	400.30	[ICRA]AAA (Stable)	15-Apr-2024	[ICRA]AAA (Stable)	29-Jun-2023	[ICRA]AAA (Stable)	25-Oct-2022	[ICRA]AAA (Stable)
				17-Sep-2024	[ICRA]AAA (Stable)	09-Nov-2023	[ICRA]AAA (Stable)	-	-
				-	-	27-Dec-2023	[ICRA]AAA (Stable)	-	-
Subordinated debt programme	Long term	-	-	-	-	29-Jun-2023	[ICRA]AAA (Stable); reaffirmed and withdrawn	25-Oct-2022	[ICRA]AAA (Stable); reaffirmed and withdrawn
				-	-	09-Nov-2023	[ICRA]AAA (Stable); reaffirmed and withdrawn	-	-
Non-convertible debentures	Long term	4,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-
Non-convertible debentures	Long term	4,000.00	[ICRA]AAA (Stable)	17-Sep-2024	[ICRA]AAA (Stable)	-	-	-	-
Non-convertible debentures	Long term	9,675.90	[ICRA]AAA (Stable)	15-Apr-2024	[ICRA]AAA (Stable)	29-Jun-2023	[ICRA]AAA (Stable)	25-Oct-2022	[ICRA]AAA (Stable)
				17-Sep-2024	[ICRA]AAA (Stable)	09-Nov-2023	[ICRA]AAA (Stable)	-	-
				-	-	27-Dec-2023	[ICRA]AAA (Stable)	-	-
Non-convertible debentures	Long term	-	-	-	-	29-Jun-2023	[ICRA]AAA (Stable); reaffirmed and withdrawn	25-Oct-2022	[ICRA]AAA (Stable); reaffirmed and withdrawn
Nifty linked debentures	Long term	41.25	PP-MLD [ICRA]AAA (Stable); reaffirmed and withdrawn	15-Apr-2024	PP-MLD [ICRA]AAA (Stable)	29-Jun-2023	PP-MLD [ICRA]AAA (Stable)	25-Oct-2022	PP-MLD [ICRA]AAA (Stable)
				17-Sep-2024	PP-MLD [ICRA]AAA (Stable)	09-Nov-2023	PP-MLD [ICRA]AAA (Stable)	-	-
				-	-	27-Dec-2023	PP-MLD [ICRA]AAA (Stable)	-	-

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	July 18, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term bank lines – Unallocated	Long term	-	-	15-Apr-2024	[ICRA]AAA (Stable)	29-Jun-2023	[ICRA]AAA (Stable)	25-Oct-2022	[ICRA]AAA (Stable)
						09-Nov-2023	[ICRA]AAA (Stable)	-	-
						27-Dec-2023	[ICRA]AAA (Stable)	-	-
Long term/Short term fund based/Non-fund based – Others	Long term/Short term	6,391.00	[ICRA]AAA (Stable)/[ICRA]A1+	17-Sep-2024	[ICRA]AAA (Stable)/[ICRA]A1+	-	-	-	-

[^]Assigned for application on proprietary account

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper programme (IPO financing)	Very Simple
Commercial paper programme	Very Simple
Subordinated debt programme	Very Simple
Non-convertible debentures	Very Simple
Nifty linked debentures [^]	Moderately Complex
Long term/Short term fund based/Non-fund based – Others	Very Simple

[^]The complexity indicator mentioned is subject to change when the terms of the instrument are eventually finalised

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 /Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE916D143S2	Commercial paper programme	Aug 23, 2024	7.80	Aug 07, 2025	115.00	[ICRA]A1+
INE916D144E0	Commercial paper programme	Oct 04, 2024	7.86	Sep 05, 2025	250.00	[ICRA]A1+
INE916D144I1	Commercial paper programme	Nov 13, 2024	7.75	Nov 05, 2025	513.00	[ICRA]A1+
INE916D144S0	Commercial paper programme	Jan 16, 2025	8.03	Jan 05, 2026	575.00	[ICRA]A1+
INE916D144U6	Commercial paper programme	Feb 21, 2025	7.85	Feb 05, 2026	50.00	[ICRA]A1+
INE916D144V4	Commercial paper programme	Feb 21, 2025	7.85	Feb 19, 2026	300.00	[ICRA]A1+
INE916D144W2	Commercial paper programme	Feb 24, 2025	7.85	Feb 24, 2026	250.00	[ICRA]A1+
INE916D144X0	Commercial paper programme	Feb 21, 2025	7.80	Jul 28, 2025	100.00	[ICRA]A1+
INE916D144Y8	Commercial paper programme	Mar 11, 2025	7.85	Mar 06, 2026	275.00	[ICRA]A1+
INE916D144Z5	Commercial paper programme	Apr 07, 2025	7.43	Mar 27, 2026	425.00	[ICRA]A1+
INE916D145A5	Commercial paper programme	Apr 28, 2025	6.75	Jul 25, 2025	300.00	[ICRA]A1+
INE916D145B3	Commercial paper programme	May 06, 2025	7.03	Apr 06, 2026	350.00	[ICRA]A1+
INE916D145C1	Commercial paper programme	May 07, 2025	7.03	May 05, 2026	225.00	[ICRA]A1+
INE916D145E7	Commercial paper programme	May 09, 2025	6.75	Aug 08, 2025	250.00	[ICRA]A1+
INE916D145F4	Commercial paper programme	Jun 12, 2025	6.55	Apr 20, 2026	100.00	[ICRA]A1+
INE916D145G2	Commercial paper programme	Jun 12, 2025	6.15	Sep 08, 2025	100.00	[ICRA]A1+
INE916D145I8	Commercial paper programme	Jul 04, 2025	5.90	Jul 11, 2025	450.00	[ICRA]A1+
Not Yet Placed	Commercial paper programme	-	-	-	4,372.00	[ICRA]A1+
INE916DA7RP6	Non-convertible debentures	Jul 19, 2022	7.79	Jul 19, 2027	650.00	[ICRA]AAA (Stable)
INE916DA7RS0	Non-convertible debentures	Aug 26, 2022	7.48	Aug 20, 2026	575.00	[ICRA]AAA (Stable)
INE916DA7RW2	Non-convertible debentures	Oct 25, 2022	7.92	Feb 20, 2026	670.00	[ICRA]AAA (Stable)
INE916DA7RX0	Non-convertible debentures	Nov 04, 2022	7.99	Sep 17, 2027	650.00	[ICRA]AAA (Stable)
INE916DA7SE8	Non-convertible debentures	Feb 28, 2023	8.05	Feb 28, 2028	610.00	[ICRA]AAA (Stable)
INE916DA7SF5	Non-convertible debentures	Mar 14, 2023	8.26	Jun 22, 2026	500.00	[ICRA]AAA (Stable)
INE916DA7SH1	Non-convertible debentures	Apr 17, 2023	7.97	May 22, 2026	420.00	[ICRA]AAA (Stable)
INE916DA7SI9	Non-convertible debentures	May 22, 2023	7.84	Jul 10, 2026	450.00	[ICRA]AAA (Stable)
INE916DA7SIJ7	Non-convertible debentures	Jul 13, 2023	7.83	Jul 13, 2028	625.00	[ICRA]AAA (Stable)
INE916DA7SL3	Non-convertible debentures	Nov 09, 2023	8.09	Nov 09, 2026	600.00	[ICRA]AAA (Stable)
INE916DA7SM1	Non-convertible debentures	Dec 15, 2023	8.20	Dec 15, 2028	650.00	[ICRA]AAA (Stable)
INE916DA7SN9	Non-convertible debentures	Jan 11, 2024	8.20	Jan 11, 2027	650.00	[ICRA]AAA (Stable)
INE916DA7SO7	Non-convertible debentures	Feb 21, 2024	8.23	Apr 21, 2027	650.00	[ICRA]AAA (Stable)
INE916DA7SQ2	Non-convertible debentures	Mar 15, 2024	8.05	Mar 15, 2029	650.00	[ICRA]AAA (Stable)
INE916DA7SS8	Non-convertible debentures	Apr 24, 2024	8.05	Apr 24, 2029	405.00	[ICRA]AAA (Stable)
INE916DA7ST6	Non-convertible debentures	May 02, 2024	8.13	Aug 18, 2027	704.30	[ICRA]AAA (Stable)
INE916DA7SV2	Non-convertible debentures	Jul 15, 2024	8.08	Oct 21, 2027	700.00	[ICRA]AAA (Stable)
INE916DA7SW0	Non-convertible debentures	Oct 04, 2024	7.78	Sep 17, 2029	650.00	[ICRA]AAA (Stable)
INE916DA7SY6	Non-convertible debentures	Jan 15, 2025	7.77	Jan 15, 2030	640.00	[ICRA]AAA (Stable)
INE916DA7SZ3	Non-convertible debentures	Apr 08, 2025	7.60	May 19, 2028	650.00	[ICRA]AAA (Stable)
Unutilised	Non-convertible debentures	-	-	-	5,576.60	[ICRA]AAA (Stable)
INE916D08DX4	Subordinated debt programme	Dec 07, 2017	8.25	Dec 07, 2027	100.00	[ICRA]AAA (Stable)
Unutilised	Subordinated debt programme	-	-	-	300.3	[ICRA]AAA (Stable)
Unutilised	Nifty Linked Debentures	-	-	-	41.25	PP-MLD [ICRA]AAA (Stable) reaffirmed and withdrawn
NA	Long Term/Short term – Fund base/Non Fund base – others	-	-	-	6,391.00	[ICRA]AAA (Stable)/[ICRA]A1+

ISIN	Instrument name	Date of issuance /Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
Not Yet Placed	Commercial paper programme (IPO Financing)	NA	NA	7-30 days	6,500.00	[ICRA]A1+

Source: Company; As on July 09, 2025

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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