Dated: 02 Jul 2026

Bank of Baroda (BOB) - ADD

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.260	**Rs.285**

Rationale:

- BoB has agreed to a US$600 mn settlement with the administrators of NMC Healthcare, bringing a long-running dispute to a close and capping its liabilities.
- We view this as a legacy corporate Non Performing Loans (NPL) issue rather than a broader sector concern.
- We have cut FY27 earnings estimates by 15%, with Return on Equity (ROE) now expected to fall <10%.
- While the one-off impact is material, capital remains comfortable (CET-1: 13.2%).
- We retain ADD as valuations remain undemanding, though a re-rating will require a recovery in profitability.

Positives:

- As part of the settlement, proceedings before the Abu Dhabi Global Market (ADGM) courts have been discontinued and related proceedings in England are being withdrawn.
- The settlement brings closure to a long - running and cross-border dispute, eliminating litigation uncertainty.

Negatives:

- While the full legal details remain unavailable, the outcome suggests that the bank’s actions and oversight may not have been fully adequate.
- It is quite likely that the bank had not provisioned sufficiently for this contingent liability.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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