

KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)

Registered Office: 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2014
₹ crore

Sr No	Particulars	Quarter Ended			Year Ended
		Jun-14 (Unaudited)	Mar-14 (Unaudited)	Jun-13 (Unaudited)	Mar-14 (Audited)
1	Interest earned (a+b+c+d)	3,135.36	3,032.31	2,976.76	11,985.91
	(a) Interest/discount on advances/bills	2,379.02	2,305.11	2,196.65	9,029.57
	(b) Income on investments	722.52	704.19	750.04	2,841.77
	(c) Interest on balances with RBI & other banks	15.50	15.75	20.11	68.55
	(d) Others	18.32	7.26	9.96	46.02
2	Other income (a+b+c)	1,871.27	1,749.86	1,356.22	5,249.72
	(a) Profit/(Loss) on sale of investments including revaluation (insurance business)	761.62	229.59	237.48	398.76
	(b) Premium on Insurance Business	442.99	995.57	472.29	2,649.57
	(c) Other income (see Notes 1,5 & 7)	666.66	524.70	646.45	2,201.39
3	Total income (1+2)	5,006.63	4,782.17	4,332.98	17,235.63
4	Interest expended	1,625.29	1,548.20	1,602.72	6,312.12
5	Operating expenses (a+b+c)	2,322.82	2,254.69	1,625.72	6,919.04
	(a) Employees Cost	564.01	514.34	493.78	1,915.12
	(b) Policy holders' reserves, surrender expense and claims	1,179.56	1,109.88	651.89	2,797.46
	(c) Other operating expenses (Refer Note 2 & 5)	579.25	630.47	480.05	2,206.46
6	Total expenditure (4+5) (excluding provisions and contingencies)	3,948.11	3,802.89	3,228.44	13,231.16
7	Operating Profit before provisions and contingencies (3-6)	1,058.52	979.28	1,104.54	4,004.47
8	Provisions (other than tax) and contingencies (Refer Note 3)	27.24	(0.59)	159.55	308.97
9	Exceptional items	-	-	-	-
10	Profit from ordinary activities before tax (7-8-9)	1,031.28	979.87	944.99	3,695.50
11	Tax expense	334.58	303.57	303.54	1,183.96
12	Profit from ordinary activities after tax before Minority Interest (10-11)	696.70	676.30	641.45	2,511.54
13	Extraordinary items (net of tax expense)	-	-	-	-
14	Profit from ordinary activities after tax before Minority Interest (12-13)	696.70	676.30	641.45	2,511.54
15	Less: Share of Minority Interest	12.82	16.83	18.37	62.17
16	Add: Share in Profit of associates	14.43	3.84	4.42	15.62
17	Profit after tax (14-15+16)	698.31	663.31	627.50	2,464.99
18	Paid Up Equity Capital - (Face value of ₹ 5 per share)	385.23	385.16	383.63	385.16
19	Group Reserves (excluding Minority Interest)				18,690.85
20	Minority Interest				270.89
21	Analytical Ratios				
	(i) % Capital Adequacy ratio – BASEL III	18.13	18.87	18.22	18.87
	(ii) Earnings per share (before and after extraordinary items)				
	(a) Basic (not annualised) ₹	9.06	8.62	8.29	32.19
	(b) Diluted (not annualised) ₹	9.05	8.60	8.26	32.14
	(iii) NPA Ratios				
	(a) Gross NPA	1,211.29	1,177.80	1,089.52	1,177.80
	(b) Net NPA	627.03	633.81	545.76	633.81
	(c) % of Gross NPA/ Gross Advances	1.56	1.63	1.58	1.63
	(d) % of Net NPA/ Net Advances	0.81	0.88	0.80	0.88
	(iv) Return on Assets (average) (not annualised)	0.56	0.55	0.54	2.10

NOTES:

1. Details of other income forming part of the consolidated results are as follows:

₹ crore

Particulars	Quarter Ended			Year Ended
	Jun-14 (Unaudited)	Mar-14 (Unaudited)	Jun-13 (Unaudited)	Mar-14 (Audited)
Commission, fees, exchange, brokerage and others	574.72	497.48	476.19	1,966.00
Profit on sale of investments (other than insurance business)	91.94	27.22	170.26	235.39
Total – Other income	666.66	524.70	646.45	2,201.39

2. Details of other expenditure forming part of consolidated results are as follows:

₹ crore

Particulars	Quarter Ended			Year Ended
	Jun-14 (Unaudited)	Mar-14 (Unaudited)	Jun-13 (Unaudited)	Mar-14 (Audited)
Brokerage	63.50	85.14	52.74	259.92
Depreciation	58.22	58.89	44.60	207.86
Rent, taxes and lighting	93.81	88.35	73.71	331.53
Others	363.72	398.09	309.00	1,407.15
Total – Other operating expenses	579.25	630.47	480.05	2,206.46

3. Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous periods/ year.

Details of Provisions (other than tax) and contingencies forming part of consolidated results are as follows:

₹ crore

Particulars	Quarter Ended			Year Ended
	Jun-14 (Unaudited)	Mar-14 (Unaudited)	Jun-13 (Unaudited)	Mar-14 (Audited)
Provision on advances (including provision for Unhedged Foreign Currency Exposure)	78.07	(22.50)	141.72	182.05
Provision on other receivables	(1.73)	0.23	(0.56)	(19.15)
Provision /(Write back of provisions) towards investments (net)	(49.10)	21.68	18.39	146.07
Total – Provisions (other than tax) and contingencies	27.24	(0.59)	159.55	308.97

4. The consolidated financial results are prepared in accordance with Accounting Standard – 21 (AS-21), "Consolidated Financial Statements" and Accounting Standard – 23 (AS-23) "Accounting for investment in associates in consolidated financial statement" notified under the Companies (Accounting Standard) Rules, 2006 "as amended".
5. Other income in the consolidated results for the reporting periods is net of sub-brokerage paid in the broking subsidiary amounting to ₹ 13.01 crore for the quarter ended 30th June, 2014 (for the quarter ended 31st March, 2014 ₹ 9.29 crore, for the quarter ended 30th June, 2013 ₹ 6.68 crore and for the year ended 31st March, 2014 ₹ 32.66 crore).
6. In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 1st July, 2013, banks are required to make half yearly Pillar 3 disclosures under Basel III capital requirements with effect from 30th September, 2013. The Bank has made these disclosures which will be available on its website at the following link: http://ir.kotak.com/downloads/pdf/pillar3_disclosures_jun_14.pdf. The disclosures have not been audited by the statutory auditors of the group.
7. Other Income includes non-fund based income such as commission earned from guarantees / letters of credit, financial advisory fees, selling of third party products, earnings from exchange transactions and profit / loss from the sale of securities
8. There has been no change in significant accounting policies during the quarter ended 30th June, 2014.
9. Figures for the previous periods / year have been regrouped wherever necessary to conform to current period's presentation.

STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2014

₹ crore

Sr No	Particulars	Quarter Ended			Year Ended
		Jun-14 (Unaudited)	Mar-14 (Audited)	Jun-13 (Unaudited)	Mar-14 (Audited)
1	Interest earned (a+b+c+d)	2,286.35	2,212.48	2,190.01	8,767.12
	(a) Interest/ discount on advances/ bills	1,757.71	1,707.16	1,621.71	6,674.82
	(b) Income on investments	516.95	498.20	558.39	2,050.04
	(c) Interest on balances with RBI & other banks	5.70	6.84	6.84	27.18
	(d) Others	5.99	0.28	3.07	15.08
2	Other Income (Refer Note 1)	399.76	340.48	462.39	1,399.71
3	Total income (1+2)	2,686.11	2,552.96	2,652.40	10,166.83
4	Interest expended	1,284.15	1,245.94	1,273.35	5,047.07
5	Operating expenses (a+b)	736.44	699.92	600.27	2,542.61
	(a) Employees Cost	348.41	315.66	301.44	1,159.09
	(b) Other Operating expenses	388.03	384.26	298.83	1,383.52
6	Total expenditure (4+5) (Excluding provisions & contingencies)	2,020.59	1,945.86	1,873.62	7,589.68
7	Operating Profit (3-6) (Profit before Provisions and contingencies)	665.52	607.10	778.78	2,577.15
8	Provisions (other than Tax expense) and contingencies (Refer Note 2)	13.99	(6.19)	168.86	304.70
9	Exceptional items	-	-	-	-
10	Profit from Ordinary Activities before tax (7-8-9)	651.53	613.29	609.92	2,272.45
11	Tax expense	221.73	206.11	207.10	769.93
12	Net Profit from Ordinary Activities after tax (10-11)	429.80	407.18	402.82	1,502.52
13	Extraordinary items (Net of Tax expense)	-	-	-	-
14	Net Profit for the Period (12-13)	429.80	407.18	402.82	1,502.52
15	Paid Up Equity Capital - (Face Value ₹ 5 per share)	385.23	385.16	383.63	385.16
16	Reserves (excluding Revaluation reserves)				11,889.93
17	Analytical Ratios				
	(i) % of shares held by Govt. of India	-	-	-	-
	(ii) % Capital adequacy ratio -Basel III	18.50	18.83	18.10	18.83
	(iii) Earnings Per Share (EPS) for the period -Not Annualized				
	- Basic ₹	5.58	5.29	5.32	19.62
	- Diluted ₹	5.57	5.28	5.30	19.59
	(iv) NPA Ratios				
	a) Gross Non-performing assets	1,079.02	1,059.44	995.39	1,059.44
	b) Net Non-performing assets	559.54	573.56	495.77	573.56
	c) % of Gross NPA to Gross Advances	1.88	1.98	1.95	1.98
	d) % of Net NPA to Net Advances	0.98	1.08	0.98	1.08
	e) Return on Assets %(Average) - Not Annualized	0.49	0.48	0.48	1.80
18	Public Shareholding				
	(i) No. of shares	459,770,814	434,629,877	431,570,083	434,629,877
	(ii) % of shareholding	59.67	56.42	56.25	56.42
19	Promoters and promoter group Shareholding				
	a) Pledged/Encumbered				
	- Number of shares	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
	b) Non-encumbered				
	- Number of Shares	310,696,342	335,681,124	335,681,124	335,681,124
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	40.33	43.58	43.75	43.58

Segment Results

The reportable segments of the Bank are as under:

Segment	Principal activity
Treasury and BMU	Money market, forex market, derivatives, investments and primary dealership of government securities and Balance Sheet Management Unit (BMU) responsible for Asset Liability Management. Corporate Tax is allocated to segment 'Treasury and BMU' for arriving at segmental capital employed.
Retail Banking	Includes lending, deposit taking and other services/ products including credit cards.
Corporate/Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included under retail banking.

		Quarter Ended			Year ended
		Jun-14 (Unaudited)	Mar-14 (Audited)	Jun-13 (Unaudited)	Mar-14 (Audited)
1	Segment Revenue				
	a. Treasury and BMU	608.99	573.04	802.27	2,721.24
	b. Corporate/ Wholesale Banking	1,014.24	994.29	887.29	3,646.86
	c. Retail Banking	1,860.01	1,527.58	1,567.41	6,115.14
	Sub-total	3,483.24	3,094.91	3,256.97	12,483.24
	Less : Inter-segmental revenue	802.49	541.95	607.44	2,319.28
	Add : Unallocated Income	5.36	-	2.87	2.87
	Total	2,686.11	2,552.96	2,652.40	10,166.83
2	Segment Results				
	a. Treasury and BMU	139.72	7.29	139.29	175.58
	b. Corporate/ Wholesale Banking	290.78	379.53	287.87	1,300.65
	c. Retail Banking	215.67	226.47	179.89	793.35
	Sub-total	646.17	613.29	607.05	2,269.58
	Add : Unallocated Income /(expense)	5.36	-	2.87	2.87
	Total Profit Before Tax	651.53	613.29	609.92	2,272.45
3	Capital employed (Segmental Assets less Segmental Liabilities)				
	a. Treasury and BMU	4,125.09	2,531.39	3,029.90	2,531.39
	b. Corporate/ Wholesale Banking	3,817.61	4,517.51	3,504.72	4,517.51
	c. Retail Banking	4,898.56	5,281.55	4,668.09	5,281.55
	Sub-total	12,841.26	12,330.45	11,202.71	12,330.45
	Add: Unallocated	(127.56)	(55.36)	(37.36)	(55.36)
	Total Capital Employed	12,713.70	12,275.09	11,165.35	12,275.09

NOTES:

- Other Income includes non fund based income such as commission earned from guarantees/letters of credit, financial advisory fees, selling of third party products, earnings from foreign exchange transactions and profit/loss from the sale of securities.
- Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous period/year.

Break up of provisions (Other than tax) and contingencies:

		Quarter Ended			Year Ended
		Jun-14 (Unaudited)	Mar-14 (Audited)	Jun-13 (Unaudited)	Mar-14 (Audited)
Particulars					
Provision towards Advances (including Provisions for Exposures to entities with Unhedged Foreign Currency Exposures)		65.72	(34.94)	134.29	147.25
Provision /(Write Back of provisions) towards Investments (net)		(50.00)	28.00	35.20	176.61
Others		(1.73)	0.75	(0.63)	(19.16)
Total Provisions (other than Tax) and Contingencies		13.99	(6.19)	168.86	304.70

- During the quarter, the Bank has granted 1,050,480 options under employee stock option scheme. Stock options aggregating to 156,155 were exercised during the quarter and 6,214,353 stock options were outstanding with employees of the Bank and its subsidiaries as at 30th June, 2014.

4. The Bank had two outstanding shareholder complaints as at 31st March, 2014, which were subsequently resolved. During the quarter, the Bank received five complaints from shareholders out of which one complaint was pending as on 30th June, 2014, which was subsequently resolved.
5. In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 1st July, 2013, banks are required to make half yearly Pillar 3 disclosures under Basel III capital requirements with effect from 30th September, 2013. The Bank has made these disclosures which will be available on its website at the following link: http://ir.kotak.com/downloads/pdf/pillar3_disclosures_jun_14.pdf. The disclosures have not been audited by the statutory auditors of the Bank.
6. There has been no change in any significant accounting policies during the quarter ended 30th June, 2014.
7. The above results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on 16th July, 2014. The results for the quarter ended 30th June, 2014 are subjected to limited review by the Statutory Auditors of the Bank.
8. The figures of the quarter ended 31st March, 2014 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto the third quarter of the previous year.
9. Figures for the previous periods/year have been regrouped wherever necessary to conform to current period's presentation.

By order of the Board of Directors
For Kotak Mahindra Bank Limited

Dipak Gupta
Joint Managing Director

Mumbai, 16th July, 2014