Earnings Update – FY10 Results

May 11, 2010





Performance Highlights

- Consolidated PAT for FY10 up 100% to Rs. 13,070 mn from Rs. 6,524 mn in FY09.
- Consolidated PAT for Q4FY10 up 99% to Rs. 4,186 mn from Rs. 2,107 mn in Q4FY09 (Q3FY10 Rs. 3,314 mn).
- Consolidated advances up 32% to Rs. 297 bn as on March 31, 2010 from Rs. 225 bn as on March 31, 2009.
- Consolidated NIM FY10 at 6.3%. (FY09 – 6.1%).
- Consolidated capital adequacy ratio as per Basel II as on March 31, 2010 is 19.3%. Tier 1 ratio 17.3%.
- Bank (Standalone) PAT for FY10 up 103% to Rs. 5,611 mn from Rs. 2,761 mn in FY09.
- Bank (Standalone) PAT for Q4FY10 up 97% to Rs. 2,025 mn from Rs. 1,026 mn in Q4FY09 (Q3FY10 Rs. 1,424 mn).
- CASA deposits as on March 31, 2010 Rs. 74,631 mn showing a growth of 47% over March 31, 2009.
- CASA deposits comprised 31% of total deposits as on March 31, 2010. (March 31, 2009 – 32%, December 31, 2009 – 28%).
- PAT of Kotak Life for FY10 up 383% to Rs.692 mn from Rs. 143 mn in FY09.
- PAT of Mutual fund Asset management and Trustee company for FY10 up 349% to Rs. 725 mn from Rs. 161 mn in FY09.
- PAT of Kotak Securities for FY10 up 144% to Rs.2,601 mn from Rs.1,065 mn in FY09.
- Total assets managed/ advised by the Group as on March 31, 2010 were Rs. 452 bn (March 31, 2009 – Rs. 339 bn).
- Sub division of shares to Rs. 5 per share proposed (subject to approval).

Consolidated Financials

Revenues

Rs. million

	Q4 FY10 (3 months)	Q4FY09 (3 months)	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Financing activities	9,592	8,931	9,024	35,231	35,065	-
Fee Income*	3,199	2,123	3,176	12,837	10,339	24%
Premium Income	11,374	8,977	7,059	28,493	23,071	24%
Treasury – Others	3,118	1,996	3,098	12,019	6,102	97%
Others	1,818	677	487	3,241	2,410	34%
Total Revenues**	**29,101**	**22,704**	**22,844**	**91,821**	**76,987**	**19%**

** Fee income is net of sub brokerage.*
*** Revenues exclude treasury (policyholders) income*

Analytical Ratios

	As on Mar 31, 2010	As on Dec 31, 2009	As on Mar 31, 2009
Networth (Rs. mn)	79,109	75,092	65,225
Book value per share (Rs.)	227.2	216.0	188.7
Net Interest Margin (%)	6.3%	6.3%	6.1%
Net NPAs (%) (excluding stressed assets portfolio)	1.14%	1.46%	1.18%
Return on average Networth (%) (Annualised)	18.2%	16.9%	10.5%

Consolidated Financials

Assets

Rs. million

Advances	**As on Mar 31, 2010**	**As on Mar 31, 2009**	**YoY Growth %**	**As on Dec 31, 2009**
Commercial vehicles & Construction equipments	36,935	33,345	11%	34,246
Auto loans	65,418	47,742	37%	58,859
Mortgage Loans	47,650	33,100	44%	40,745
Personal loans	13,540	23,948	-	14,978
Agriculture Finance	30,886	23,650	31%	24,973
Corporate Banking	71,943	41,539	73%	89,346
Others	30,870	21,653	60%	30,225
Total Advances	**297,243**	**224,976**	**32%**	**293,371**
Investments/ Treasury Assets *	132,000	96,622	37%	127,161
Total Advances and Investments	**429,243**	**321,598**	**33%**	**420,532**

* *Does not include policy holders investments.*

Consolidated Financials

Liabilities

Rs. million

	As on Mar 31, 2010	**As on Mar 31, 2009**	**YoY %**	**As on Dec 31, 2009**
Deposits	218,192	138,218	58%	200,830
Borrowings	138,857	119,790	26%	141,477

Consolidated Financials

Company-wise Profit after Tax

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Kotak Mahindra Bank (Standalone)	2,025.0	1,025.7	97%	1,423.8	5,611.1	2,761.0	103%
Kotak Mahindra Prime	585.9	469.7	25%	494.4	1,664.1	1,570.0	6%
Kotak Mahindra Capital Company	133.3	(38.4)	-	15.8	238.6	128.1	86%
Kotak Securities	507.8	180.3	182%	591.8	2,601.0	1,064.8	144%
Kotak Mahindra Old Mutual Life Insurance	444.2	396.6	12%	193.3	692.2	143.4	383%
Kotak Mahindra AMC & Trustee Co	148.1	82.4	80%	228.5	724.6	161.3	349%
International subsidiaries	153.5	18.5	730%	225.6	818.0	242.9	237%
Kotak Investment Advisors	70.2	101.5	-	114.6	397.5	480.4	-
Kotak Mahindra Investments	68.3	54.8	25%	61.3	346.6	137.2	153%
Others.*	(16.3)	0.1	-	(1.4)	(19.4)	4.1	-
Total consolidated profit after tax	**4,119.8**	**2,291.4**	**80%**	**3,347.8**	**13,074.4**	**6,693.2**	**95%**
Affiliates, minority interest & other adjustments	65.7	(184.7)	-	(33.8)	(4.4)	(169.3)	-
PAT (after minority interest / adjustments)	**4,185.5**	**2,106.6**	**99%**	**3,314.0**	**13,070.0**	**6,523.9**	**100%**

Kotak Mahindra Bank – Standalone

Rs. million

Revenues	Q4 FY10 (3 months)	Q4 FY09 (3 months)	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Treasury & BMU*	3057	2,505	3,070	11,262	8,332	35%
Corporate/Wholesale Banking	4251	2,272	2,606	11,564	8,879	30%
Retail Banking	6324	7,178	6,288	25,580	27,522	-
Sub-total	13632	11,956	12,049	48,407	44,733	8%
Unallocated income & inter-segment revenue	(2,312)	(2,760)	(2,277)	(9,570)	(11,348)	-
Total	**11,323**	**9,197**	**9,772**	**38,839**	**33,388**	**16%**

Rs. million

Segmental PBT	Q4 FY10 (3 months)	Q4 FY09 (3 months)	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Treasury & BMU*	1,019	485	1,063	3,675	1,293	184%
Corporate/Wholesale Banking	1,575	606	684	3,855	2,253	72%
Retail Banking	515	510	345	611	713	-
Lending	1,354	1,127	1,061	3,775	3,664	
Branch banking	(561)	(406)	(357)	(1,890)	(2,253)	
Credit cards	(278)	(210)	(359)	(1,274)	(698)	
Sub-total	3,109	1,601	2,092	8,140	4,259	91%
Unallocated income & inter-segment revenue	(29)	*1*	-	*(29)*	*2*	-
Total	**3,080**	**1,602**	**2,092**	**8,111**	**4,261**	**90%**

* *Balance Sheet Management Unit*

Kotak Mahindra Bank – Standalone

Assets Rs. million

Advances	As on Mar 31, 2010	As on Mar 31, 2009	YoY Growth %	As on Dec 31, 2009
Commercial vehicles & Construction equipments	36,935	33,345	11%	34,246
Personal loans	13,150	22,616	-	14,417
Mortgage loans	47,116	33,002	43%	40,201
Agriculture Finance	30,886	23,650	31%	24,973
Corporate Banking	64,761	36,971	75%	84,764
Others	14,902	16,669	-	15,457
Total Advances	**207,751**	**166,253**	**25%**	**214,057**
Investment / Treasury Assets	125,127	91,102	37%	120,906
Total Advances and Investments	**332,911**	**257,355**	**29%**	**334,963**

Liabilities Rs. Million

	As on Mar 31, 2010	As on Mar 31, 2009	YoY Growth %	As on Dec 31, 2009
CASA	74,631	51,191	46%	63,052
Term Deposit	120,373	87,580	37%	112,838
Certificate of Deposit	43,860	17,678	148%	45,974
Total Deposits	**238,865**	**156,449**	**53%**	**221,864**
Total Borrowings	**61,405**	**67,340**	**-**	**73,719**

Bank Performance Highlights

- Bank (Standalone) PAT for FY10 up 103% to Rs. 5,611 mn from Rs. 2,761 mn in FY09.
- Bank (Standalone) PAT for Q4FY10 up 97% to Rs. 2,025 mn from Rs. 1,026 mn in Q4FY09 (Q3FY10 Rs. 1,424 mn)
- Net Interest Income (NII) of the Bank (Standalone) for FY10 up 22% yoy to Rs. 18,581 mn vs. Rs. 15,185 mn in FY09.
- Fee income of the Bank for FY10 up 37% to Rs. 3,055 mn from Rs. 2,236 mn in FY09.
- Advances up 25% to Rs. 208 bn as on March 31, 2010 from Rs. 166 bn as on March 31, 2009.
- Credit deposit ratio as at March 31, 2010 is 87%.
- CASA deposits comprised 31% of total deposits as on March 31, 2009 (March 31, 2009 – 32%, December 31, 2009 - 28%).
- Capital adequacy ratio of the Bank as per Basel II as on March 31, 2010 is 18.4%. Tier 1 ratio 15.4%.
- As at March 31, 2010, excluding the acquired stressed assets, the gross non performing assets of the Bank stood at Rs. 4,983 mn (2.38% of advances) while the net non performing assets stood at Rs. 2,572 mn (1.25% of advances).
- As at March 31, 2010, the provision coverage ratio is 58.34%.
- The Bank as on March 31, 2010 carries on its balance sheet, a provision on standard advances amounting to Rs. 1,472 mn (0.71% of advances). The standard provision is in excess of RBI guidelines by Rs. 570 mn.
- As on March 31, 2010, the Bank had 249 full-fledged bank branches (217 branches as on March 31, 2009) across 145 locations and 492 ATMs.
- Kotak Bank ranked No. 2 in India - companies with "Best Corporate Governance Practices" - IR Global Rankings 2010; only two Indian companies in top 30.

Key Subsidiaries – Highlights

Kotak Mahindra Capital Company (KMCC) – investment banking

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Total income	382	90	325%	189	1,014	978	4%
Profit before tax	192	(53)	466%	18	346	216	60%
Profit after tax	134	(38)	447%	16	239	128	86%

In the current quarter Kotak Investment Banking closed deals across equity, M&A and Private Equity

Kotak Investment Banking was exclusive financial advisor to

- GMR Energy for Private placement of shares to Temasek Holdings for Rs. 9,300 million
- Cipla for sale of all intellectual property rights in India related to the "i-pill" brand to Piramal Healthcare Limited for a value of Rs.950 million
- Nelco for its sale of Traction Electronics, SCADA and Industrial Drives businesses to Crompton Greaves for approximately Rs.920 million.
- The Mobile Store for private placement of shares to IL&FS Private Equity
- Tube Investments of India Limited for its acquisition of majority stake in Sedis Group of France
- Zee Entertainment Enterprises Ltd and Zee News Limited on demerger of six regional channels from Zee News into Zee Entertainment.

Kotak Investment Banking closed the delisting offer made by Huber Group for Micro Inks Limited for a transaction value of Rs.3980 million. This is the first successful delisting transaction under the revised delisting regulations.

Kotak Investment Banking successfully managed the following Public Offerings:

- NMDC (Rs. 99.3 bn); NTPC (Rs. 84.8 bn); REC Rs. (35.3 bn); DB Realty (Rs. 15.0 bn); Hathway Cable & Datacom (Rs.6.7 bn); Vascon Engineers. (Rs. 1.8 bn); was the sole book runner for Jubilant Foodworks (Rs. 3.3 bn)

Kotak Investment Banking was the Joint Global Coordinator and Book Running Lead Manager to the QIPs of Bharat Forge Ltd worth Rs. 5.8 bn, Jubilant Organosys – Rs. 3.9 bn and Mahindra Forgings Ltd - Rs. 1.8 bn

Kotak Mahindra Prime (KMP) – car finance, other lending

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Total income	2,735	2,546	7%	2,546	9,921	9,822	1%
Operating Profit	958	906	6%	909	3,372	3,176	6%
Provisions	50	181	-	142	783	744	5%
Profit before tax	909	725	25%	767	2,589	2,432	6%
Profit after tax	586	470	25%	494	1,664	1,570	6%

- Total advances as on March 31, 2010 is Rs. 83,110 mn (March 31, 2009 is 55,713 mn, December 31, 2009 is Rs. 74,460 mn).
- Car business net NPA ratio 0.37% as on March 31, 2010 (March 31, 2009 0.51%; December 31, 2009 0.45%).

Kotak Securities – stock broking

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Total income	1,872	1,266	48%	1,927	8,379	6,846	22%
Profit before tax	841	294	186%	909	4,039	1,668	142%
Profit after tax	508	180	182%	592	2,601	1,065	144%

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of around Rs. 39 bn during FY10 as compared to around Rs. 33 bn during FY09.
- Kotak Securities accounted for 4.10% of total average daily market volumes for FY10 (5.3% in FY09).
- AUM in Portfolio Management Services was around Rs. 23 bn as on March 31, 2010 (March 31, 2009 Rs. 23 bn and December 31, 2009 Rs. 27 bn).
- Kotak Securities has a network of over 1,113 offices (own & franchisees) across 400 cities and towns and services more than 557,000 secondary market customers.

Kotak Mahindra Old Mutual Life Insurance (KLI) - life insurance

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Gross premium income	11,371	9,059	26%	7,116	28,680	23,432	22%
Profit/ (Loss)	444	397	12%	193	692	143	383%

- For Q4FY10 First year regular premium was Rs. 4,457 mn. (Q4 FY09 – Rs. 4,570 mn; Q3FY10 Rs. 2,868 mn) First year regular premium for FY10 Rs. 10,838 mn (FY09 Rs. 12,874 mn).
- Solvency ratio is 2.80 as on March 31, 2010 (2.69 as on March 31, 2009).
- The total number of individual active policies as on March 31, 2010 stands at 1,081,268 with an aggregate sum assured (including Rider SA) of Rs. 344 bn. The number of active group policies as on March 31, 2010 stands at 656 covering over 1.58 mn lives with an aggregate sum assured (including Rider SA) of Rs. 571 bn.
- Total AUM as on March 31, 2010 is Rs. 67 bn. (March 31, 2009 Rs. 39 bn)
- The company has a network of 214 branches in 152 cities as on March 31, 2010 (197 branches in 142 cities as on March 31, 2009).

Kotak Mahindra Asset Management Company and Trustee Company – asset management

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Total income (AMC)	395	254	56%	507	1,755	853	106%
Profit before tax (AMC)	198	109	82%	314	991	159	524%
Profit after tax (AMC)	130	71	83%	209	655	103	536%
Total income (Trustee Company)	29	19	58%	33	114	99	15%
Profit before tax (Trustee Company)	27	17	59%	30	105	87	21%
Profit after tax (Trustee Company)	18	11	64%	20	69	58	19%

- Average AUM for March 31, 2010 was Rs. 348 bn (March 2009 Rs. 184 bn and December 31, 2009 Rs. 415 bn).
- Average Equity AUM for March 31, 2010 was Rs. 49 bn (Rs. 28 bn for March 2009 and Rs. 54 bn for December 31, 2009).
- KMAMC has 82 branches servicing approximately 1 mn investors.
- Kotak Bond Regular Fund received the award for the – 'Best Fund over 10 years Bond Indian Rupee' by Lipper Fund Award 2010

International Subsidiaries

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	YoY Growth %	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)	YoY Growth %
Total Income	444	120	270%	377	1,627	972	67%
Profit before tax	145	31	368%	243	889	348	155%
Profit after tax	153	19	705%	226	818	243	237%

- As on March 31, 2010 assets managed / advised by international subsidiaries were USD 1.6 bn (USD 1.1 bn as on March 31, 2009 and were USD 1.6 bn as on December 31, 2009)

Kotak Investment Advisors Limited (KIAL) – alternate assets management/advisor

Rs. million

	Q4 FY10 (3 months)	Q4 FY09 (3 months)	Q3 FY10 (3 months)	FY10 (12 months)	FY09 (12 months)
Total Income	244	299	245	991	1,148
Profit before tax	116	170	160	598	748
Profit after tax	71	102	115	398	480

- KIAL manages / advises private equity and realty funds with commitments aggregating to Rs. 1.2 bn.

Safe Harbor

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Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's / year's presentation.
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Contact

Jaimin Bhatt / R Sundarraman
Kotak Mahindra Bank Limited
Tel: +91 22 6672 6000
Fax: +91 22 6672 6430
E-mail: investor.relations@kotak.com