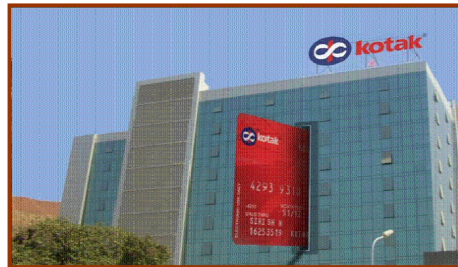




Earnings Update – Q1FY11 Results

July 21, 2010



Performance Highlights

- Consolidated PAT for Q1FY11 up 27% to Rs. 3,277 mn from Rs. 2,573 mn in Q1FY10.
- Consolidated advances up 42% to Rs. 330 bn as on June 30, 2010 from Rs. 233 bn as on June 30, 2009. (March 31, 2010 Rs. 297 bn)
- Consolidated NIM Q1FY11 at 5.7%. (Q1FY10 – 6.1%; FY10 – 6.1%).
- Consolidated capital adequacy ratio (CAR) as per Basel II as on June 30, 2010 is 16.9%. Tier 1 is 15.2%. CAR including Q1FY11 profits is 17.5% and Tier I is 15.8%.
- Assets managed/ advised by the Group as on June 30, 2010 Rs. 480 bn (June 30, 2009 Rs. 458 bn, March 31, 2010 Rs. 452 bn).
- Consolidated gross non performing assets excluding acquired stressed assets at Rs. 6,707 mn; 2.02% of advances (March 31, 2010 Rs. 6,468 mn; 2.16% and June 30, 2009 Rs. 7,427 mn; 3.20%) while net non performing assets at Rs. 3,125 mn; 0.95% of advances (March 31 2010 Rs. 3,378 mn; 1.14% and June 30, 2009 Rs. 4,752 mn; 2.07%).
- Bank (Standalone) PAT for Q1FY11 up 107% to Rs. 1,869 mn from Rs. 903 mn in Q1FY10.
- CASA* deposits as on June 30, 2010 Rs. 66,573 mn up by 38% over June 30, 2009 at Rs. 48,321 mn (March 31, 2010 Rs. 74,631 mn).
- CASA* deposits comprised 28% of total deposits as on June 30, 2010. (June 30, 2009 – 28%, March 31, 2010 – 31%).
- Kotak Bank has announced a preferential issue of 16.4 mn shares, at Rs. 833 per share to Sumitomo Mitsui Banking Corporation, Japan. This is subject to shareholder and other necessary regulatory approvals.
- Kotak Mahindra Bank was ranked among the top 25 best places to work (the only financial services company) by a study conducted by Economic Times – Great Places to Work Institute, India.

Consolidated Financials

Revenues

Rs. million

	Q1FY11	Q1FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Financing activities	9,859	8,294	9,592	35,231
Fee Income*	3,156	2,999	3,199	12,837
Premium Income	5,462	4,268	11,374	28,493
Treasury – Others	3,118	3,147	3,118	12,019
Others	692	512	1,818	3,241
Total Revenues**	22,287	19,220	29,101	91,821

*Fee income is net of sub brokerage.

**Revenues exclude treasury (policyholders) income

Analytical Ratios

	As on June 30, 2010	As on June 30, 2009	As on Mar 31, 2010
Networth (Rs. mn)	82,642	67,993	79,109
Book value per share (Rs.)	237.1	196.3	227.2
Net Interest Margin (%)	5.7%	6.1%	6.1%
Net NPAs (%) (excluding stressed assets portfolio)	0.95%	2.07%	1.14%
Return on average Networth (%) (Annualised)	16.2%	15.5%	18.2%

Consolidated Financials

Assets

Rs. million

Advances	As on June 30, 2010	As on June 30, 2009	As on Mar 31, 2010
Commercial vehicles & Construction equipments	40,301	32,314	36,935
Auto loans	70,644	49,384	65,418
Mortgage Loans	52,992	32,617	47,650
Personal loans	11,927	20,189	13,540
Agriculture Finance	29,246	21,233	30,886
Corporate Banking	92,194	53,052	71,943
Others	32,478	23,942	30,870
Total Advances	329,783	232,731	297,243
Investments/ Treasury Assets *	163,736	124,836	147,624
Total Advances and Investments	493,519	357,567	444,867

* Does not include policy holders' investments.

Consolidated Financials

Liabilities

Rs. million

	As on June 30, 2010	As on June 30, 2009	As on Mar 31, 2010
Deposits	222,875	156,477	218,192
Borrowings	192,407	133,346	154,481

Consolidated Financials

Company-wise Profit after Tax

Rs. million

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Kotak Mahindra Bank (Standalone)	1,869.0	903.1	2,025.0	5,611.1
Kotak Mahindra Prime	759.9	189.0	585.9	1,664.1
Kotak Mahindra Capital Company	69.2	48.3	133.3	238.6
Kotak Securities	474.0	742.8	507.8	2,601.0
Kotak Mahindra Old Mutual Life Insurance	(69.1)	11.1	444.2	692.2
Kotak Mahindra AMC & Trustee Co	89.3	152.6	148.1	724.6
International subsidiaries	156.8	230.8	139.0	803.4
Kotak Investment Advisors	108.4	117.7	70.2	397.5
Kotak Mahindra Investments	75.6	129.8	68.3	346.6
Others	0.5	(0.9)	(1.9)	(4.9)
Total consolidated profit after tax	3,533.6	2,524.3	4,119.8	13,074.4
Affiliates, minority interest & other adjustments	(256.6)	48.6	65.7	(4.4)
PAT (after minority interest / adjustments)	3,276.9	2,572.9	4,185.5	13,070.0

Kotak Mahindra Bank – Standalone

Rs. million

Revenues	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Treasury & BMU*	3,241	2,527	3,057	11,262
Corporate/Wholesale Banking	3,149	2,266	4,251	11,564
Retail Banking	6,655	6,739	6,324	25,580
Sub-total	13,044	11,532	13,632	48,407
<i>Unallocated income & inter-segment revenue</i>	(2,465)	(2,590)	(2,312)	(9,570)
Total	10,579	8,942	11,323	38,839

Rs. million

Segmental PBT	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Treasury & BMU*	859	885	1,019	3,675
Corporate/Wholesale Banking	1,049	570	1,575	3,855
Retail Banking	684	(186)	515	611
Lending	1,457	467	1,354	3,775
Branch banking	(576)	(388)	(561)	(1,890)
Credit cards	(197)	(266)	(278)	(1,274)
Sub-total	2,592	1,269	3,109	8,140
<i>Unallocated income & inter-segment revenue</i>	-	-	(29)	(29)
Total	2,592	1,269	3,080	8,111

* Balance Sheet Management Unit

Kotak Mahindra Bank – Standalone

Assets

Rs. million

	As on June 30, 2010	As on June 30, 2009	As on Mar 31, 2010
Advances – Product wise			
Commercial vehicles & Construction equipments	40,301	32,314	36,935
Personal loans	11,695	19,177	13,150
Mortgage loans	52,469	32,523	47,116
Agriculture Finance	29,246	21,233	30,886
Corporate Banking	83,244	51,240	64,761
Others	14,931	15,841	14,902
Total Advances	231,885	172,328	207,751
Advances – as per segmental classification			
Retail	136,044	114,435	132,912
Corporate	95,877	56,898	73,645
Others	966	995	1,194
Total Advances	231,885	172,328	207,751
Investment / Treasury Assets	156,130	116,192	140,750
Total Advances and Investments	388,015	288,520	348,501

Liabilities

Rs. million

	As on June 30, 2010	As on June 30, 2009	As on Mar 31, 2010
CASA	66,573	50,033	74,631
Term Deposit	125,368	107,010	120,373
Certificate of Deposit	48,637	17,542	43,860
Total Deposits	240,578	174,585	238,865
Total Borrowings	111,264	80,847	77,029

Bank Performance Highlights

- Bank (Standalone) PAT for Q1 FY11 up 107% to Rs. 1,869 mn from Rs. 903 mn in Q1FY10.
- Net Interest Income (NII) of the Bank (Standalone) for Q1FY11 up 24% yoy to Rs. 5,082 mn vs. Rs. 4,090 mn in Q1FY10.
- Fee income of the Bank for Q1FY11 Rs. 631 mn (Rs. 573 mn in Q1FY10).
- Advances up 35% to Rs. 232 bn as on June 30, 2010 from Rs. 172 bn as on June 30, 2009. (March 31, 2010 Rs. 208 bn)
- Deposits as on June 30, 2010 were up 38% to Rs.241 bn (Rs. 175 bn as on June 30, 2009, Rs. 239 bn as on March 31, 2010).
- CASA deposits comprised 28% of total deposits as on June 30, 2010 (June 30, 2009 – 28%, March 31, 2010 – 31%).
- Capital adequacy ratio of the Bank as per Basel II as on June 30, 2010 is 16.8%. Tier 1 is 14.2%.
- Gross non performing assets (excluding acquired stressed assets) at Rs. 5,141 mn; 2.20% of advances (March 31 2010 Rs. 4,983 mn; 2.38% and June 30, 2009 Rs. 5,305 mn; 3.09%) while net non performing assets at Rs. 2,277 mn; 0.99% of advances (March 31 2010 Rs. 2,572 mn; 1.25% and June 30, 2009 Rs. 3,364 mn; 1.98%).
- As at June 30, 2010, the provision coverage ratio is 65%. (March 31, 2010 – 58%)
- The Bank as on June 30, 2010 carries on its balance sheet, a provision on standard advances amounting to Rs. 1,472 mn (0.63% of advances). The standard provision is in excess of RBI guidelines by Rs. 470 mn.
- As on June 30, 2010, the Bank had 262 bank branches (March 31, 2010 - 249, June 30, 2009 - 217) across 151 locations and 552 ATMs.

Key Subsidiaries – Highlights

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

Rs. million

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total income	2,999	2,239	2,735	9,921
Operating Profit	1,210	714	958	3,372
Provisions	57	414	50	783
Profit before tax	1,152	299	909	2,589
Profit after tax	760	189	586	1,664

- Total advances as on June 30, 2010 up 56% yoy to Rs. 90,526 mn (June 30, 2009 Rs. 58,043 mn, March 31, 2010 is 83,110 mn).
- Car business net NPA ratio 0.3% as on June 30, 2010 (June 30, 2009 0.6%, March 31, 2010 0.4%).

Kotak Securities – stock broking

Rs. million

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total income	1,744	2,234	1,872	8,379
Profit before tax	674	1,128	841	4,039
Profit after tax	474	743	508	2,601

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of around Rs. 40 bn during Q1FY11 as compared to around Rs. 41 bn during Q1FY10.
- Kotak Securities accounted for 3.7% of total average daily market volumes for Q1FY11 (4.1% in FY10; 4.5% in Q1 FY10).
- Portfolio Management Services AUM was around Rs. 23 bn as on June 30, 2010 (June 30 2009 Rs. 26 bn; March 31, 2010 Rs. 23 bn).
- Kotak Securities has a network of over 1,210 offices (own & franchisees) across 424 cities and towns and services more than 575,000 secondary market customers.

Kotak Mahindra Investments Limited (KMIL)

Rs. million

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total Income	241	263	252	940
Profit before tax	116	140	115	484
Profit after tax	76	130	68	347

Kotak Mahindra Capital Company (KMCC) – investment banking

Rs. million

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total income	339	221	382	1,014
Profit before tax	98	77	192	346
Profit after tax	69	48	133	239

Amongst the notable capital market deals that Kotak Investment Banking was involved in were

- 1) Standard Chartered IDR Rs. 25 bn first ever IDR issuance
- 2) Jaypee Infratech IPO Rs. 23 bn
- 3) Godrej Consumer Products QIP Rs. 5 bn
- 4) Nitesh Estates IPO Rs. 4 bn
- 5) Hindustan Media Ventures IPO Rs. 3 bn

Kotak Investment Banking was exclusive financial advisor and arranger to Monnet Power Company Limited for Private placement of shares to Blackstone for a transaction value of Rs 3 bn.

Kotak was named Best Investment Bank in India and Best Equity House in India by FinanceAsia (fifth year in a row) and Best Domestic Equity House by Asiamoney in 2010 (third year in a row)

International Subsidiaries

	Rs. million			
	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total Income	323	407	350	1,591
Profit before tax	192	261	130	875
Profit after tax	157	231	139	803

- As on June 30, 2010 assets managed / advised by international subsidiaries were USD 1.6 bn

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

	Rs. million			
	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total Income	248	255	244	991
Profit before tax	158	178	116	598
Profit after tax	108	118	70	398

- KIAL manages / advises private equity and realty funds with commitments aggregating to Rs. 54 bn.

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

	Rs. million			
	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
First year	1,914	1,351	4,457	10,838
Renewal	3,303	2,889	5,220	15,340
Single	361	94	1,694	2,502
Gross premium income	5,577	4,334	11,371	28,680
Individual	4,958	4,133	10,130	26,467
Group	619	201	1,241	2,213
Profit/ (Loss)	(69)	11	444	692

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

	As on June 30, 2010	As on June 30, 2009	As on Mar 31, 2010
AUM (Rs. bn)	68	44	65
Sum assured - Individual – (Rs. bn)	356	296	344
Sum assured - Group – (Rs. bn)	675	419	571
Solvency ratio	2.69	3.02	2.80
Individual policies – nos	1,088,926	943,500	1,081,268
Group policies – nos	681	536	656
Branches	214	203	214
Cities covered	152	142	152

Kotak Mahindra Asset Management Company and Trustee Company – asset management

	Rs. million			
	Q1 FY11	Q1 FY10	Q4 FY10	FY10
	(3 months)	(3 months)	(3 months)	(12 months)
Total income (AMC)	375	373	395	1,755
Profit before tax (AMC)	107	210	198	991
Profit after tax (AMC)	74	139	130	655
Total income (Trustee Company)	28	23	29	114
Profit before tax (Trustee Company)	23	21	27	105
Profit after tax (Trustee Company)	15	14	18	69
Average AUM (Rs bn) *	285	307	348	348
Average AUM - Equity (Rs bn) *	45	48	49	49

* Average for the last month of the period

- KMAMC has 82 branches servicing approximately 1 mn investors.

Safe Harbor

This document contains certain forward- looking statements based on current expectations of Kotak Mahindra management. Actual results may vary significantly from the forward- looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Kotak Mahindra Group as well as its ability to implement the strategy. Kotak Mahindra does not undertake to update these statements.

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Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's / year's presentation. Totals in some columns/ rows may not agree due to rounding off.

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