



Earnings Update – FY09 Results

May 12, 2009



Performance Highlights

- Consolidated PAT in Q4FY09 Rs. 2,107 mn (Q3FY09 – Rs 1,309 mn; Q4FY08 – Rs 2,401 mn). Consolidated PAT Rs 6,524 mn in FY09. (FY08 - Rs 9,912 mn).
- Consolidated capital adequacy ratio as on March 31, 2009 was 22.8%. (March 31, 2008 – 20.2%).
- Consolidated advances as on March 31, 2009 was Rs 225 bn (Rs 220 bn in March 31, 2008; December 31, 2008 – Rs 239 bn).
- Consolidated NIM for FY09 at 6 % (FY08 - 5.6%).
- PAT of the Bank (Standalone) for Q4FY09 up 44 % to Rs 1,026 mn from Rs 711 mn in Q3FY09 and 48% from Rs 692 mn in Q4FY08.
- CASA deposits¹ comprised 32% of total deposits as on March 31, 2009 (March 31, 2008 – 27% and December 31, 2008 – 26%).
- Loans restructured and considered standard as at 31 March, 2009 was Rs 559 mn.
- As on March 31, 2009, the Bank had 217 full-fledged bank branches across 126 locations and 387 ATMs (178 branches and 313 ATMs as on March 31, 2008).
- Kotak Old Mutual Life Insurance Company reported a PAT of Rs. 143 mn for FY09 (FY08 loss of Rs.719 mn). Q4FY09 profits were Rs. 397 mn (Q3FY09 - Rs 94 mn; Q4 FY08 - Rs.17 mn).
- Life Insurance premium income up to Rs. 23,432 mn in FY09 (Rs 16,911 mn in FY08) and Rs. 9,059 mn in Q4FY09 (Q4 FY08 - Rs 8,056 mn)
- During the quarter, the Group has taken possession of a property at Bandra Kurla Complex, Mumbai for setting up its corporate office. This is consequent to resolution of an account which was acquired from other Banks.
- Total assets managed/ advised by the Group (including alternate assets) as on March 31, 2009 were Rs 339 bn (December 30, 2008 – Rs 320 bn and March 31,2008 - Rs 365 bn).
- Kotak Mahindra adjudged India’s overall the “Best Private Banking Services” award by Euromoney 2009
- Kotak Mahindra Bank awarded Hewitt Best Employers in India 2009
- Kotak Mahindra Bank ranked in the top 5 of companies with “Best Corporate Governance Practices” in Asia/Pacific – IR Global Rankings 2009

1. excluding monies held as collection bankers to IPOs

Consolidated Financials

Revenues

Rs million

	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Financing activities	8,931	7,867	9,144	35,065	26,048
Fee Income*	2,123	4,072	2,362	10,339	16,763
Premium income	8,977	7,978	5,026	23,071	16,620
Insurance (Treasury – Policyholders)	(383)	(4,307)	(1,658)	(5,181)	1,535
Treasury Core	2,052	2,220	1,523	6,788	11,280
Others	677	796	449	2,410	3,248
Total Revenues	22,377	18,625	16,847	72,492	75,494

* Brokerage income is net of sub brokerage

Profits

Rs million

	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Profit before tax excl. branch banking & credit cards	3,921	3,599	2,707	13,114	15,623
Branch Banking	(407)	(111)	(532)	(2,254)	(1,467)
Credit Cards	(211)	(49)	(147)	(698)	(77)
Profit Before Tax	3,303	3,439	2,028	10,162	14,079
PAT (after MI/ associates)	2,107	2,401	1,309	6,524	9,912
EPS (diluted) (Rs) (non annualised)	6.1	6.9	3.7	18.9	29.2

Consolidated Financials

Assets

Rs million

	As on March31, 2009	As on December 31, 2008	As on March31, 2008
Advances			
• Commercial vehicles & Construction equipments	33,345	34,997	36,285
• Auto loans	47,742	47,712	47,354
• Personal loans	23,948	27,570	31,127
• Home loans	31,664	32,635	26,400
• Corporate Banking	27,735	38,302	23,867
• Stressed Assets	3,594	5,350	5,496
• Agriculture Finance	23,650	17,662	16,643
• Others	33,298	34,425	32,675
Total Advances	224,976	238,652	219,847
Investments/ Treasury Assets	133,130	119,283	125,697
Total Advances and Investments	358,106	357,935	345,544

Liabilities

Rs million

	As on March 31, 2009	As on December 31, 2008	As on March31, 2008
Deposits	138,228	133,130	136,919
Borrowings	110,600	127,132	127,728

Consolidated Financials

Analytical Ratios

	As on March 31, 2009	As on December 31, 2008	As on March 31, 2008
Net-worth (Rs mn)	65,226	63,266	58,239
Book value per share (Rs)	188.7	183.1	169.0
Net Interest Margin (%)	6.0%	6.0%	5.6%
Net NPAs (%) (excluding stressed assets portfolio)	1.18%	1.01%	0.33%
Consolidated capital adequacy ratio (%)	22.8%	20.4%	20.2%
Return on average Net-worth (%) (annualised)	10.5%	9.7%	22.3%

Company-wise Profit After Tax

Rs million

	Q4FY09 (3 months)	Q4FY08 (3 months)	Q3 FY09 (3 months)	FY09 (12 months)	FY08 (12 months)
Kotak Mahindra Bank (Standalone)	1,025.7	692.1	711.3	2,761.0	2,939.3
Kotak Mahindra Prime	469.7	302.8	333.2	1,570.0	1,006.2
Kotak Mahindra Capital Company	(38.4)	253.6	(19.0)	128.1	1,153.1
Kotak Securities	180.3	1,010.6	39.7	1,064.8	4,086.9
Kotak Mahindra Old Mutual Life Insurance	396.6	16.8	93.6	143.4	(718.7)
International subsidiaries	18.5	177.5	73.6	242.9	645.0
Kotak Mahindra AMC & Trustee Co	82.4	(24.9)	60.0	161.3	79.1
Kotak Investment Advisors Limited	101.5	76.6	132.5	480.4	134.7
Kotak Mahindra Investments	54.8	48.4	(34.2)	137.2	426.0
Others	0.1	1.3	0.1	4.1	(1.0)
Total consolidated profit after tax	2,291.4	2,554.8	1,390.8	6,693.2	9,750.6
Equity Affiliates	1.1	(0.7)	20.4	34.4	138.1
Minority interest and other adjustments	(185.8)	(153.1)	(102.2)	(203.7)	23.5
PAT (after minority interest / adjustments)	2,106.6	2,401.0	1,309.0	6,523.9	9,912.3

Kotak Mahindra Bank – Standalone
Rs million

Revenues	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Lending	5,771	5,214	5,666	22,457	17,435
Corporate Banking	1,582	1,731	1,590	6,097	6,702
Retail Liabilities	2,489	1,931	2,108	7,847	6,451
Treasury and Investments	2,097	1,347	2,875	9,175	7,436
Venture Fund Management	-	-	-	-	91
Inter-segment revenue	(2,759)	(2,202)	(3,113)	(11,347)	(8,174)
Un-allocable revenue(net)	1	9	-	1	48
Total Revenue	9,181	8,030	9,125	34,300	29,988

Rs million

Profits	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Lending	1,123	1,201	442	3,569	3,400
Corporate Banking	399	546	508	1,650	2,026
Branch Banking	(406)	(111)	(532)	(2,253)	(1,467)
Treasury and Investments	485	(829)	676	1,293	(58)
Venture Fund Management	-	-	-	-	29
Un-allocable revenue(net)	1	9	-	1	48
Total Profit before tax	1,602	816	1,093	4261	3,978
Provision for tax	576	124	382	1,499	1,038
Profit after tax	1,026	692	711	2,761	2,939

As per the revised RBI guidelines on segment reporting, the segmental results are as under:

Rs million

Segmental PBT	Q4 FY09	Q4 FY08	Q3 FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Treasury & BMU*	485	(829)	676	1,293	(58)
Corporate/Wholesale Banking	606	919	399	2,253	3,336
Retail Banking					
(i) Lending	1127	828	698	3,664	2,166
(ii) Branch Banking	(406)	(111)	(532)	(2,253)	(1,467)
(iii) Credit Cards	(210)	-	(147)	(698)	(77)
Sub-total	510	717	19	713	623
Other Banking business	-		-	-	29
Sub-total	1601	807	1,093	4,259	3,930
<i>Unallocated income</i>	1	9	-	2	48
Total	1602	816	1,093	4,261	3,978

* Balance Sheet Management Unit

Kotak Mahindra Bank– Standalone
Assets
Rs million

	As on March 31, 2009	As on December 31, 2008	As on March 31, 2008
Advances			
• Commercial vehicles & construction equipments	33,345	34,997	36,285
• Personal loans	22,616	25,965	28,962
• Home loans	31,664	32,635	26,400
• Corporate banking	27,735	38,302	23,867
• Agriculture finance	23,650	17,662	16,643
• Others	27,242	27,232	23,365
Total Advances	166,253	176,794	155,522
Investment / Treasury Assets	91,102	80,751	91,420
Total Assets	257,355	257,545	246,942

Liabilities
Rs million

	As on March 31, 2009	As on December 31, 2008	As on March 31, 2008
CASA & Term	138,771	124,388	133,700
Certificate of Deposit	17,678	24,202	30,536
Total Deposits	156,449	148,590	164,236
Total Borrowings	59,041	70,771	51,193

Bank Performance Highlights

- PAT of the Bank (Standalone) for Q4FY09 up 44 % to Rs 1,026 mn from Rs 711 mn in Q3FY09 and 48% from Rs 692 mn in Q4FY08 .
- Net Interest Income (NII) of the Bank (Standalone) for FY09 was up 24% to Rs 15,185 mn from Rs 12,258 mn in FY08.
- Advances as on March 31, 2009 was Rs 166 bn (December 31, 2008 – Rs 177 bn and March 31, 2008 - Rs 156 bn).
- CASA deposits¹ comprised 32% of total deposits as on March 31, 2009 (March 31, 2008 – 27% and December 31, 2008 – 26%).
- Capital adequacy ratio of the Bank as on March 31, 2009 was 19.86% (March 31, 2008 – 18.65%). Tier I ratio was 16.01%. As per BASEL II Capital adequacy ratio of the Bank as on March 31, 2009 was 20.01%.
- Loans restructured and considered standard as at 31 March, 2009 was Rs 559 mn.
- As at March 31,2009, excluding the acquired stressed assets, the gross non performing assets of the Bank stood at Rs 4,475 mn (2.70% of advances) while the net non performing assets stood at Rs 2,055 mn (1.26% of advances). The Bank as on March 31, 2009 carries on its balance sheet, a provision on standard assets amounting to Rs 1,523 mn. (0.9% of advances).
- As on March 31, 2009, the Bank had 217 full-fledged bank branches (178 branches as on March 31, 2008) across 126 locations and 387 ATMs.
- Branches of the Bank have been approved by PFRDA to function as Points of Presence (POP) for the New Pension Scheme under PFRDA.

1. excluding monies held as collection bankers to IPOs

Key Subsidiaries – Highlights

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

Rs million

	Q4 FY09	Q4 FY08	Q3 FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	2,546	2,072	2,361	9,822	7,400
Profit before tax	725	514	518	2,432	1,546
Profit after tax	470	303	333	1,570	1,006

KMP continued to focus on maintaining margins in the retail car finance business, fee based income, controlling costs and credit losses, while maintaining its positioning in the car finance market.

Kotak Mahindra Old Mutual Life Insurance - life insurance

Rs million

	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Gross premium income	9,059	8,056	5,116	23,432	16,911
Profit / (Loss) after tax	397	17	94	143	(719)

- First year regular premium grew 23 % to Rs 12,874 mn in FY09 from Rs 10,456 mn in FY08. For Q4FY09 first year regular was Rs. 4,570 mn (Q3 FY09 – Rs 2,670 mn; Q4FY08 Rs 5,222 mn)
- Kotak Life Insurance solvency ratio is 2.69 as at March 31, 2009 (2.41 as at March 31, 2009).
- Kotak Life has a network of 197 branches in 142 cities (150 branches as on March 31, 2009).
- During the year KLI has underwritten 4,94,900 individual policies in FY09 on books representing a basic sum assured of Rs 1,353 bn (excluding riders). Similarly during the year Kotak Life has issued 440 group policies covering over 7,22,800 lives with an aggregate sum assured of Rs 3,968 bn.
- The total number of Individual active policies as on March 31, 2009 stands at over 9,48,200 with an aggregate sum Assured of 3413 bn. Similarly the number of active Group policies as on March 31, 2009 stands at 500 covering over 11,03,600 lives with an aggregate sum Assured of 4,551 bn.



Kotak Securities – stock broking

Rs million

	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	1,952	3,823	1,045	7,199	13,300
Profit before tax	294	1,465	66	1,668	5,802
Profit after tax	180	1,011	40	1,065	4,087

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 33 bn during FY09 as compared to around Rs 53 bn during FY08. (Q4 FY09 Rs 26 bn; Q4FY08 Rs 43 bn)
- Kotak Securities accounted for 5.3% of total average daily market volumes in FY09. (Q4 FY09 4.7%; Q4FY08 5.8%)
- AUM in Portfolio Management Services was Rs 23 bn as on March 31, 2009 (Rs 23 bn on December 31, 2008; Rs 34 bn as on March 31, 2008)
- Kotak Securities has a network of over 780 offices (own & franchisees) across 315 cities and towns and services more than 491,900 secondary market customers
- The company has issued Structured Liabilities, the return on which is linked to Equity / Equity Indices; the same is managed through equity/ equity derivative contracts. As per prudent accounting principles, realized losses and the net unrealised losses are recognised in the Profit and Loss Account. The company ignores net unrealized gains on the equity derivative contracts and the changes in the option value underlying these structured liabilities. The same amounted to Rs 370.41 million as on March 31, 2009

Kotak Mahindra Capital Company – investment banking

Rs million

	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	90	727	144	978	2,863
Profit before tax	(53)	385	(21)	216	1,752
Profit after tax	(38)	254	(19)	128	1,153

- Kotak Investment Banking was the lead financial advisor and underwriter to Tech Mahindra Limited for its acquisition of controlling stake in Satyam Computers Limited and is Manager to the Open Offer to be made to Satyam shareholders
- Kotak Investment Banking was financial advisor to Reliance Industries on merger of Reliance Petroleum with Reliance Industries Limited


Kotak Investment Advisors Limited (KIAL) – alternate assets management/advisory
Rs million

	Q4FY09	Q4FY08	Q3 FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total Income	299	210	295	1,148	378
Profit before tax	170	116	204	748	207
Profit after tax	102	77	134	480	135

- KIAL manages / advises private equity and realty funds with commitments aggregating to Rs 66 bn (USD 1.31 bn) (March 31, 2008 – Rs 56 bn).
- Announced final closing of offshore realty fund with commitments of USD 281 mn.
- In January 2009, completed initial closing of the offshore private equity fund with commitments of USD 72 mn.

Kotak Mahindra Asset Management Company and Trustee Company – asset management
Rs million

	Q4 FY09	Q4 FY08	Q3 FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income (AMC)	254	162	236	853	681
Profit before tax (AMC)	109	(64)	63	159	22
Profit after tax (AMC)	71	(44)	47	103	10
Total income (Trustee Company)	19	29	22	99	110
Profit before tax (Trustee Company)	17	28	20	87	101
Profit after tax (Trustee Company)	11	19	13	58	69

- Total AUM as on March 31, 2009 was Rs 159 bn Rs (161 bn as on March 31, 2008). Equity AUM as on March 31, 2009 was Rs 26. bn (Rs 47 bn as on March 31, 2008). In the month of April, 2009, the AUM touched Rs 250 bn.
- KMAMC has 85 branches and satellite offices servicing over 1,000,000 investors.
- During the year KMAMC has set up a subsidiary named as 'Kotak Mahindra Pension Fund Limited'. This company is one of the six players selected to manage pension funds under the National Pension Scheme.

International Subsidiaries
Rs million

	Q4FY09	Q4FY08	Q3FY09	FY09	FY08
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Profit before taxes	31	226	112	348	878
Profit after tax	19	178	74	243	645

- As on March 31, 2009, assets managed / advised by international subsidiaries were USD 1 bn (USD 1.3 bn as on December 31, 2008).

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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