



Earnings Update – FY08 Results

May 09, 2008



Performance Highlights

- Consolidated PAT up 84% to Rs 9,912.3 mn in FY08 from Rs 5,382.4 mn in FY07. For Q4FY08, consolidated PAT up 41% to Rs 2,401.0 mn from Rs 1,703.3 mn in Q4FY07.
- Consolidated advances up 41 % YoY to Rs 220 bn as on March 31, 2008, with retail and commercial loans comprising 89% of the portfolio.
- Consolidated NIM for FY08 at 5.6% (5.2% in FY07).
- Consolidated fee income up 59% to Rs 16,763 mn in FY08 from Rs 10,528 mn in FY07. For Q4FY08, fee income was up 37% to Rs 4,072 mn from Rs 2,970 mn in Q4FY07.
- Group employee strength was around 20,000 as on March 31, 2008 (10,800 employees as on March 31, 2007).
- Kotak group has a network of more than 1,350 branches, franchisees, representative offices and satellite offices across 370 cities and towns in India, servicing around 4.4 million customer accounts.
- As on March 31, 2008, the Bank had 178 full-fledged bank branches (105 branches as on March 31, 2007) across 109 locations.
- Bank plans to open 100 branches in FY09.
- Net Interest Income (NII) of the Bank (Standalone) for FY08 was up 98% YoY to Rs 12,258 mn from Rs 6,199 mn in FY07. For Q4FY08 NII of the Bank (Standalone) grew 114% to Rs 8,350 mn from Rs 3,908 mn in Q4FY07.
- PAT of the Bank (Standalone) up 108% to Rs 2,939.3 mn in FY08 from Rs 1,413.7 mn in FY07. For Q4FY08 PAT of the Bank grew 86% to Rs 692.1 mn from Rs 372.6 mn in Q4FY07.
- Deposits of the Bank grew by 49 % to Rs 160 bn¹ (including current and savings deposits of Rs 43 bn¹) as on March 31, 2008 from Rs 103 bn¹ (including current and savings deposits of Rs 22 bn¹) as on March 31, 2007. CASA deposits¹ comprised 27% of total deposits (22% as on March 31, 2007).
- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 53 bn during FY08 as compared to around Rs 37 bn during FY07.
- Total assets managed/ advised by the Group (including alternate assets) as on March 31, 2008 were Rs 365 bn (Rs 236 bn as on March 31, 2007).
- Consolidated Net NPA as at March 31, 2008 excluding stressed asset portfolio is 0.33% (0.17% as on March 31, 2007).
- Kotak Mahindra Bank was in the Top 5 for Corporate Governance amongst companies by technical criteria by IR Global Rankings 2008 for the Asia Pacific / Africa region.
- Kotak's Investor Relation website was adjudged the most voted company in Asia Pacific / Africa by IR Global Rankings 2008 in five categories; Corporate Governance Practices, Financial Disclosure Procedures, IR Team, IR Program and IR Website.

Consolidated Financials

Revenues

Rs million

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Financing activities	7,867	4,541	6,974	26,048	14,820	76%
Fee Income*	4,072	2,970	5,275	16,763	10,528	59%
Premium income	7,978	4,581	4,103	16,620	9,505	75%
Insurance (Treasury – Policyholders)	(4,307)	(303)	3,085	1,535	553	178%
Treasury others	2,220	1,813	3,730	11,280	6,216	81%
Others	796	630	1,661	3,248	1,318	143%
Total Revenues	18,625	14,233	24,827	75,494	42,940	76%

* Brokerage income is net of sub brokerage

Profits

Rs million

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Profit before tax excl. retail liabilities & branch banking and life insurance	3,529	2,616	5,890	16,245	7,654	112%
<i>Retail liabilities</i>	(111)	(219)	(517)	(1,467)	(423)	-
<i>Life insurance</i>	21	(96)	(206)	(699)	(556)	-
Profit Before Tax	3,439	2,300	5,167	14,079	7,787	81%
PAT (after MI/ associates)	2,401	1,703	3,637	9,912	5,382	84%
EPS (diluted) (Rs) (non annualised)	6.9	5.2	10.5	29.2	16.5	77%

Consolidated Financials

Assets

Rs million

	As on March31, 2008	As on March31, 2007	Growth (%) YOY
Advances			
• Commercial vehicles & Construction equipments	36,285	25,781	41%
• Auto loans	47,354	36,108	31%
• Personal loans	31,127	19,763	58%
• Home loans	26,400	17,533	51%
• Corporate Banking	23,867	23,785	-
• Stressed Assets acquired	5,496	5,123	7%
• Others	49,318	27,642	78%
Total Advances	219,847	155,734	41%
Investments/ Treasury Assets	125,697	91,285	38%
Total Advances and Investments	345,544	247,019	40%

Liabilities

Rs million

	As on March 31, 2008	As on March31, 2007	Growth (%) YOY
Deposits	136,919	96,610	42%
Borrowings	127,728	99,859	28%

Consolidated Financials
Analytical Ratios

	As on March 31, 2008	As on March 31, 2007
Net-worth (Rs mn)	58,239	32,330
Book value per share (Rs)	169.0	99.1
Net Interest Margin (%)	5.6%	5.2%
Net NPAs (%) (excluding stressed assets portfolio)	0.33%	0.17%
Consolidated capital adequacy ratio (%)	20.2%	15.6%
Return on average Net-worth (%) (annualised)	22.3%	19.6%

Company-wise Profit After Tax

Rs million

	Q4FY08	Q4FY07	Growth (%)	Q3 FY08	FY08	FY07
	(3 months)	(3 months)		(3 months)	(12 months)	(12 months)
Kotak Mahindra Bank (Standalone)	692.1	372.6	86%	1,016.7	2,939.3	1,413.7
Kotak Mahindra Prime	302.8	243.8	24%	373.7	1,006.2	573.4
Kotak Mahindra Capital Company	253.6	205.6	23%	215.8	1,153.1	678.7
Kotak Securities	1,010.6	750.7	35%	1,467.3	4,086.9	2,557.1
International subsidiaries	177.5	79.3	124%	336.0	645.0	350.1
Kotak Mahindra AMC & Trustee Co	(24.9)	12.4	-	33.6	79.1	114.7
Kotak Investment Advisors Limited	76.6	1.3	-	54.5	134.7	3.4
Kotak Mahindra Investments	48.4	152.3	-	238.6	426.0	262.5
Others	1.3	(0.7)	-	(0.5)	(1.0)	(3.2)
Total consolidated profit after tax	2,538.0	1,816.2	40%	3,735.7	10,469.4	5,950.5
Equity Affiliates	(0.7)	39.5	-	57.1	138.1	144.3
Minority interest and other adjustments	(148.7)	(77.7)	-	4.3	(163.4)	(280.6)
PAT (after minority interest / adjustments) (excl Life Insurance)	2,388.6	1,778.1	34%	3,797.1	10,444.1	5,814.2
Kotak Mahindra Old Mutual Life Insurance*	12.4	(74.8)	-	(159.8)	(531.8)	(431.8)
PAT (after minority interest / adjustments)	2,401.0	1,703.3	41%	3,637.3	9,912.3	5,382.4

* Kotak Bank Share

Kotak Mahindra Bank – Standalone
Rs million

Revenues	Q4FY08	Q4FY07	Q3FY08	FY08	FY07	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Lending	5,214	3,204	5,128	17,435	9,164	88%
Corporate Banking	1,731	1,048	2,018	6,702	3,742	78%
Retail Liabilities	1,931	1,094	1,708	6,451	4,085	78%
Treasury and Investments	1,347	1,265	2,204	7,436	3,622	84%
Venture Fund Management	-	45	-	91	178	-
Inter-segment revenue	(2,202)	(1,447)	(2,194)	(8,174)	(4,414)	-
Un-allocable revenue(net)	9	0	10	48	-	-
Total Revenue	8,030	5,211	8,872	29,988	16,378	83%

Rs million

Profits	Q4FY08	Q4FY07	Q3FY08	FY08	FY07	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Lending	1,201	476	1,163	3,400	1,124	202%
Corporate Banking	546	194	528	2,026	1,017	99%
Retail Liabilities	(111)	(219)	(517)	(1,467)	(423)	-
Treasury and Investments	(829)	(13)	230	(58)	236	-
Venture Fund Management*	-	17	-	29	79	-
Un-allocable revenue(net)	9	-	10	48	-	-
Total Profit before tax	816	455	1,413	3,978	2,033	96%
Provision for tax	124	83	396	1,038	619	-
Profit after tax	692	372	1,017	2,939	1,414	108%

* With effect from October 1, 2007 the investment management function for private equity funds has been assigned to Kotak Investment Advisors Limited (erstwhile Kotak Mahindra Securities Limited), which is 100% beneficially owned by Bank.

Kotak Mahindra Bank– Standalone
Assets
Rs million

	As on March 31, 2008	As on March 31, 2007	Growth (%) YOY
Advances			
• Commercial vehicles & Construction equipments	36,285	25,781	41%
• Personal loans	28,962	19,553	48%
• Home loans	26,400	17,533	51%
• Corporate Banking	23,867	23,825	-
• Others	40,008	22,548	77%
Total Advances	155,522	109,240	42%
Investment / Treasury Assets	91,420	68,620	33%
Total Assets	246,942	177,860	39%

Liabilities
Rs million

	As on March 31, 2008	As on March 31, 2007	Growth (%) YOY
Deposits	164,236	110,001	49%
Borrowings	51,193	50,998	-

Bank Performance Highlights

- As on March 31, 2008, the Bank had 178 full-fledged bank branches (105 branches as on March 31, 2007) across 109 locations and 313 ATMs.
- Bank plans to open 100 branches in FY09
- Net Interest Income (NII) of the Bank (Standalone) for FY08 was up 98% YoY to Rs 12,258 mn from Rs 6,199 mn in FY07. For Q4FY08 NII of the Bank (Standalone) grew 114% to Rs 8,350 mn from Rs 3,908 mn in Q4FY07
- PAT of the Bank (Standalone) up 108% to Rs 2,939 mn in FY08 from Rs 1,414 mn in FY07. For Q4FY08 PAT of the Bank grew 86% to Rs 692 mn from Rs 373 mn in Q4FY07.
- Advances up 42% to Rs 155 bn as on March 31, 2008 from Rs 109 bn as on March 31, 2007.
- Deposits of the Bank grew by 49 % to Rs 160 bn¹ (including current and savings deposits of Rs 43 bn¹) as on March 31, 2008 from Rs 110 bn¹ (including current and savings deposits of Rs 22 bn¹) as on March 31, 2007. CASA deposits¹ comprised 27% of total deposits (22% as on March 31, 2007). Total numbers of deposit accounts have more than doubled at 749,000 as on March 31, 2008 (350,000 as on March 31, 2007).
- Housing Finance Division of the Bank won the award for “Best in Customer Information and Responsiveness” among all HFI’s and Banks in the award hosted by Maharashtra Chamber of Housing Industry (MCHI).
- Fees from distribution of financial products were Rs 835 mn in FY08.
- Capital adequacy ratio of the Bank (before dividend for FY08) as on March 31, 2008 was 18.7% (13.5% as on March 31, 2007). Tier I ratio was 14.5%.
- As on May 8, 2008 customers of the Bank had negative MTM exposures aggregating Rs 6.12 bn on account of forex derivatives transactions. As on March 31, 2008, Bank carries a provision of Rs 860 mn towards stressed cases. In this regard, Bank has no exposure to SME clients.

Key Subsidiaries – Highlights

Kotak Mahindra Prime – car finance, other lending

Rs million

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total Income	2072	1368	2169	7400	4436
Profit before tax	514	367	545	1,546	843
Profit after tax	303	244	374	1,006	573

- Auto advances up 31% YoY to Rs 47 bn as on March 31, 2008 from Rs 36 bn as on March 31, 2007.
- Other advances were Rs 12 bn as on March 31, 2008.
- PAT up 76% YoY to Rs 1,006 mn in FY08 from Rs 573 mn in FY07. in Q4FY08 , PAT up 24% YoY to Rs 303 mn from Rs 244 mn in Q4FY07

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

Rs million

	Q4FY08	Q4FY07	Q3 FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total Income	214	7	158	378	27
Profit before tax	116	1	86	207	6
Profit after tax	77	1	55	135	3

- Effective October 1, 2007, the investment management of real estate and private equity funds of the group have been assigned to Kotak Investment Advisors Limited (erstwhile Kotak Mahindra Securities Limited), which is 100% beneficially owned by Bank.
- KIAL manages / advises private equity and realty funds aggregating to an AUM of Rs 56 bn (US\$ 1.4 bn). During FY08, the group has raised funds to the tune of US\$ 1.1 bn for alternate assets.
- In Q4FY08, closed Kotak India Growth Fund II with commitments of around Rs 17,500 mn (US\$ 437 mn) was raised primarily from the group's customer base.
- Currently raising an offshore private equity fund and second round of offshore realty fund.
- Plans to launch an infrastructure fund in FY09.

Kotak Mahindra Capital Company – investment banking
Rs million

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	720	613	613	2,856	2,052
Profit before tax	385	292	331	1,752	939
Profit after tax	254	206	216	1,153	679

The numbers are not comparable as, the Trading and Principal Division (including Primary Dealership) of KMCC was de-merged into the Bank with effect from March 20, 2007.

- Kotak Investment Banking was ranked No. 1 for FY08 by Prime Database for two league tables (a) India Domestic IPOs, (b) Qualified Institutional Placements including Government Divestments.
- Kotak Investment Banking was ranked No. 1 in the India M&A league table by India Advisory Partners.
- Kotak Investment Banking acted as Exclusive Financial Advisor to three major M&A deals
 - Rs. 18.20 bn – Acquisition by CRH plc of 50% stake in MyHome Industries
 - Rs. 15.40 bn – Acquisition by Thomas Cook Group of controlling stake in Thomas Cook (I) Ltd; and Egypt and Middle East businesses.
- Kotak Investment Banking was Joint Global Co-ordinator and Book Running Lead Manager to the following Qualified Institutional Placements
 - Rs 13.60 bn Bank of India and Rs. 12.00 bn PTC India Ltd.
- Kotak Investment Banking was Book running Lead Manager to the following major Public Offers
 - Rs. 101.23 bn Reliance Power Ltd – the largest IPO in India till date
 - Rs. 9.45 bn IRB Infrastructure Ltd
 - Rs. 4.91 bn Future Capital Holdings Ltd.
- Kotak Investment Banking was Lead Manager to the Rs. 167.36 bn rights issue of State Bank of India.

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	3,823	2,333	4,209	13,300	8,339
Profit before tax	1,465	1,040	2,123	5,802	3,651
Profit after tax	1,011	751	1,467	4,087	2,557

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 53 bn during FY08 as compared to around Rs 37 bn during FY07.
- Kotak Securities accounted for 7.3% of total average daily market volumes in FY08.
- AUM in Portfolio Management Services was Rs 34 bn as on March 31, 2008 (Rs 23 bn as on March 31, 2007).
- Kotak Institutional Equities growth momentum continues and we expect this momentum to be sustained. To this end, Kotak institutional equities is focused on client coverage, relationship and is investing in and recruiting quality professionals to help sustain this growth.
- Kotak Securities has a network of over 877 offices (own & franchisees) across 309 cities and towns and services more than 434,000 secondary market customers
- Kotak Securities was awarded the following during the quarter
 - Best Performing Equity Broker in India – CNBC Financial Advisor Awards 2008
 - Avaya Customer Responsiveness Awards (2007) in Financial Services Sector
 - Best Brokerage Firm in India by Asiamoney in 2007
 - The leading Equity House in India in Thomson Excel Surveys Awards for the year 2007

International Subsidiaries
Rs million

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Profit before taxes	226	113	457	878	467
Profit after tax	178	79	336	645	350

- As on March 31, 2008, assets managed / advised by international subsidiaries were USD 2.1 bn (USD 1.4 bn as on March 31, 2007).

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

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	162	138	190	681	544
Profit before tax (AMC)	(64)	2	21	22	106
Profit after tax (AMC)	(44)	1	14	10	68
Profit before tax (Trustee Company)	28	17	28	101	67
Profit after tax (Trustee Company)	19	12	19	69	46

- Total AUM as on March 31, 2008 was Rs 161.3 bn (Rs 121.3 bn as on March 31, 2007). Equity AUM as on March 31, 2008 was Rs 50.7 bn (Rs 26.5 bn as on March 31, 2007).
- KMAMC has 78 branches and satellite offices servicing around 940,000 investors.
- Three equity schemes (Kotak 30, Kotak Opportunities and Kotak Balance) have been ranked CPR 1 by CRISIL for Q4 FY08.

Kotak Mahindra Old Mutual Life Insurance - life insurance
Rs million

	Q4FY08	Q4FY07	Q3FY08	FY08	FY07
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Gross premium income	8,056	4,668	4,179	16,911	9,715
Profit / (Loss) after tax	17	(101)	(206)	(719)	(584)

- Kotak Life Insurance (KLI) premium income grew 74% to Rs. 16,911.4 mn in FY08 from Rs. 9,715.1 mn in FY07. For Q4FY08, premium income grew 73% to Rs. 8,056.0 mn from Rs. 4,667.5 mn in Q4FY07
 - First year regular premium grew 89% to Rs 10,455.7 mn in FY08 from Rs 5,530.4 mn in FY07. For Q4FY08 first year regular premium grew 103% to Rs. 5,222.0 mn from Rs 2,570.7 mn in Q4FY07.
- Kotak Life has a network of 150 branches in 109 cities (74 branches as on 31st March 2007).
- As on March 31, 2008, KLI had over 570,700 individual policies on books representing a basic sum assured of ~ Rs 211 bn (excluding riders). Additionally, Kotak Life had around 376 group policies covering over 747,700 lives with an aggregate sum assured of ~ Rs 246 bn.

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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