

Kotak Mahindra Bank posts ₹945-cr profit in Q3

Our Bureau



Jaimin Bhatt, President and Group CFO



Expects pain from NPAs this year

Mumbai, Jan 18:

Kotak Mahindra Bank reported a net profit of ₹945 crore on a consolidated basis for the third quarter of the current fiscal. The profit in the year ago quarter was ₹717 crore.

The numbers are not comparable with the previous year's performance as the bank merged ING Vysya Bank with itself effective from April 1, 2015.

Of the net profit, ₹635 crore was contributed by the Kotak Mahindra Bank (merged entity), ₹126 crore by Kotak Mahindra Prime, ₹60 crore by Kotak Life Insurance, ₹55 crore by Kotak Securities, ₹39 crore by Kotak Mahindra Investments and the remaining came from its other subsidiaries.

The bank's loan book stood at ₹1,41,136 crore. The pre-merger loan book during Q3 of FY15 was at ₹86,058 crore.

Of this, bad loans on a net basis (net NPAs) was 85 basis points, up two basis points over the third quarter of the last fiscal.

Outlining the bank's philosophy of recognising NPAs, providing for them and moving on, Dipak Gupta, Joint MD, Kotak Mahindra Bank, said that much of the pain will be felt this year.

Provision for advances

The bank made a provision for advances of ₹261 crore for the quarter and ₹779.58 crore for nine months.

Jaimin Bhatt, President and Group CFO, said: “We are for no CDR participation, no transfers to asset reconstruction company, no conversion to off-balance sheet, no 5/25 loans and no rectification post-merger.”

The bank has considered re-structured loans worth ₹346 crore as standard. Of this, ₹202 crore is from the ING Vysya Bank portfolio.

Net interest margin was 4.3 per cent down from 4.7 per cent recorded during the third quarter of last year due to increase in interest expended as Kotak Bank gives higher interest rates for savings bank accounts, Bhatt observed.

Of the total loan book, the bank lent 28 per cent to corporates, 16 per cent to business banking, 16 per cent to home loans and loans against property, 12 per cent each to agri-lending and auto loans, 6 per cent to small business/personal loans and credit cards, 5 per cent to CV/CE and 5 per cent to others.

As of December-end 2015, the bank had 1,298 branches and 1,987 ATMs and had a CASA (current account and savings account) ratio of 35 per cent out of its total deposit base of ₹1,30,939 crore.

Capital adequacy ratio of the bank stood at 15.54 per cent according to Basel-III norms.

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