



September 21, 2010

ICRA upgrades the Long term ratings of Kotak Mahindra Investments Limited; reaffirms short term rating

ICRA has upgraded the LAA- (pronounced L double A minus) rating on Kotak Mahindra Investments Limited's (KMIL) Rs. 50 crore¹ long term debentures to LAA (pronounced as L double A) with stable outlook. ICRA has also upgraded the LAA- pp (pronounced as L double A minus Principal Protected) rating on KMIL's Rs 200 crore principal protected equity linked long term debenture to LAA pp (pronounced as L double A Principal Protected) with stable outlook. The letters 'pp' suffixed to a rating symbol stand for 'principal protected'. ICRA has also reaffirmed A1+ rating on KMIL's Rs. 1000 crore short term debt programme[†].

The ratings upgrade factor in KMIL's strong parentage in the form of Kotak Mahindra Bank Limited (rated at LAA+ by ICRA), Kotak groups' favorable experience in capital market related activities, KMIL's comfortable liquidity, adequate capitalisation and sound risk management systems. The rating upgrade also factors in the KMIL's improved financial performance in FY09-10 on account of improvement in the capital market. The credit strengths are offset by the cyclical nature of KMIL's business which is prone to the vagaries of the capital market.

About the company

KMIL is a wholly owned subsidiary of Kotak Mahindra Bank Limited (KMBL) with primary interest in capital market related activities. It is engaged in activities such as loans and overdrafts against shares and mutual funds. During FY09-10, KMIL reported net profits of Rs. 34.66 crore on a total income base of 82.35 crore as compared with a net profit of Rs 13.72 crore on a total income of Rs 58.95 crore in FY08-09.

Recent Results

During the quarter ended June 30, 2010, KMIL reported a net profit after tax of Rs 7.56 crore on a total income of Rs. 24.10 crore.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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