



PRESS RELEASE

KOTAK MAHINDRA BANK ANNOUNCES RESULTS FOR Q1FY07

Consolidated net profit up 125% to Rs. 104.43 crore

Proposes de-merger of Trading & Principal (including Primary Dealership) business into the Bank

Mumbai, July 20, 2006: The Board of Directors of Kotak Mahindra Bank took on record the unaudited consolidated and stand-alone results for Q1FY07, at a board meeting held in Mumbai, today.

Unaudited consolidated results

Consolidated profit after tax (PAT) for Q1FY07 was up 125% to Rs. 104.43 crore as compared to Rs. 46.47 crore (quarter ended June 30, 2005).

Consolidated total income for Q1FY06 was up 70% to Rs. 776.58 crore as compared to Rs. 455.51 crore in Q1FY06.

During Q1FY07, consolidated fee income (including life insurance premium) increased 87% to Rs. 367.85 crore from Rs. 196.68 crore in Q1FY06. Significant contributors to the growth in fee income were securities broking income, fees from investment banking, fees on distribution of financial products and premium income from life insurance business.

Consolidated advances were up 38% to Rs. 10,652.65 crore as on June 30, 2006 (Rs. 7,204.27 crore as on June 30, 2005) with retail loans comprising 86% of the portfolio. Consolidated net NPAs as on June 30, 2006 were 0.26% of consolidated net advances (0.33% as on June 30, 2005).

Consolidated net interest margins for Q1FY07 were 5.3% (5.1% in Q1FY06).

Consolidated book value per share as on June 30, 2006 was Rs. 86.71 (Rs. 49.10 as on June 30, 2005).

In April 2006, the Bank raised Rs. 450 crore (approximately US\$ 100 million) through issue of 1,50,00,000 Global Depository Shares (GDS). Each GDS represents one underlying equity share of Rs. 10 each.

Unaudited Bank stand-alone results

The PAT of Kotak Mahindra Bank on a stand-alone basis for Q1FY07 grew by 21% to Rs. 23.91 crore as compared to Rs. 19.68 crore in Q1FY06. The above PAT is after considering additional provision of Rs. 2.96 crore on standard assets and a provision of Rs. 5.06 crore on account of liability for employee benefits in accordance with AS 15.



Net Interest Income (NII) of the Bank for Q1FY07 was Rs. 111.41 crore, up 61% from Rs. 69.30 crore in Q1FY06. Other income of the Bank for Q1FY07 increased by 78% YoY to Rs. 64.29 crore.

The Bank had 65 full-fledged branches across 43 towns and cities in India as on June 30, 2006. The Bank proposes to have around 110 branches by March 2007 across 65 towns and cities.

As on June 30, 2006, the deposits of the Bank were Rs. 7,648.93 crore up 57% as compared to Rs. 4,881.86 crore as on June 30, 2005. The Bank had around 200,000 deposit accounts as on June 30, 2006 (86,300 deposit accounts as on June 30, 2005).

Advances of the Bank grew by 67% YoY to Rs. 7,251.53 crore as on June 30, 2006.

Capital adequacy ratio of the Bank as on June 30, 2006 was 14.66% (12.52% as on June 30, 2005).

Business highlights

- Kotak Mahindra Bank emerged winner in 33 categories in the Asiamoney Private Banking Poll 2006; including the Best Private Bank award in Southern Asia.
- Kotak Investment Bank was awarded "Best Investment Bank In India" for 2006 by FinanceAsia.
- Kotak Securities clocked average daily volumes of over Rs. 4,040 crore during Q1FY07 (Rs. 1,460 crore in Q1FY06).
- Total assets managed/ advised by the Group as on June 30, 2006 were Rs. 18,230 crore (Rs. 10,530 crore as on June 30, 2005).
- Kotak Life Insurance total premium income was Rs. 123.66 crore in Q1FY07 (Rs. 59.2 crore in Q1FY06).
- The group employee strength was around 7,800 as on June 30, 2006 (around 4,800 employees as on June 30, 2005).
- On May 31, 2006, Kotak Mahindra Group completed the buy-out of 25% stake held by Goldman Sachs Mauritius LLC in Kotak Mahindra Capital Company Limited (KMCC) and Kotak Securities Limited (KS) for an aggregate consideration of Rs. 333 crore. The transaction has resulted in an increase in consolidated net worth by Rs. 28.15 crore.



Proposed internal restructuring

The Board of Directors of the Bank have granted an 'in-principle' approval for the restructuring of its subsidiaries of the Bank, subject to necessary approvals, as follows:

1. De-merger of the Trading and Principal (including Primary Dealership) division of KMCC into the Bank.
2. De-merger of the Trading and Clearing operations and strategic investments division of Kotak Mahindra Securities Limited (KMSL) into KMCC. Post the restructuring, KMSL shall carry on fund management business for alternate asset classes.
3. Making the five indirect subsidiaries as direct subsidiaries of the bank.

As a result of the abovementioned restructuring, it is envisaged that net worth of around Rs. 175 crore will get consolidated into the Bank.

ABOUT KOTAK MAHINDRA

Kotak Mahindra is one of India's leading financial institutions, offering complete financial solutions that encompass every sphere of life. From commercial banking, to stock broking, to mutual funds, to life insurance, to investment banking, the group caters to the financial needs of individuals and corporates.

The group has a net worth of over Rs. 2,840 crore, employs around 7,800 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 264 cities and towns in India and offices in New York, London, Dubai and Mauritius.

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