



PRESS RELEASE

KOTAK MAHINDRA BANK ANNOUNCES RESULTS FOR FY05

***Bank net profit for FY05 up 8% to Rs. 85 crore
Declares 3:2 Bonus***

Mumbai, June 7, 2005: The Board of Directors of Kotak Mahindra Bank took on record the audited consolidated and stand-alone FY05 results, at a board meeting held in Mumbai, today.

Consolidated results

Consolidated total income for the quarter was up 82% to Rs. 715.52 crore as compared to Rs. 392.38 crore (quarter ended March 31, 2004). Consolidated total income for FY05 was Rs. 1,711.15 crore as against Rs 1,164.70 crore, up 47%.

During FY05, consolidated fee income (including life insurance premium) increased 106% to Rs. 860.67 crore from Rs. 416.84 crore in FY04. Significant contributors to the growth in revenues were the securities broking business and premium income from life insurance business.

Consolidated PBT for FY05 was Rs. 309.56 crore as compared to Rs. 330.71 crore during FY04. This decline in consolidated PBT was primarily due to lower treasury earnings during FY05 due to the rising interest rate scenario. The consolidated treasury PBT for FY05 was Rs. 10.30 crore as compared to Rs. 99.36 crore in FY04.

The group continues to invest in retail liabilities & branch banking and life insurance businesses. The consolidated PBT for FY05 mentioned above is after taking into account loss of Rs. 46.43 crore (Rs. 41.92 crore in FY04) in retail liabilities & branch banking and loss of Rs. 45.80 crore (Rs. 49.12 crore in FY04) in life insurance.

Consolidated profit after tax (PAT) for the quarter was Rs. 64.28 crore as compared to Rs. 61.92 crore (quarter ended March 31, 2004). Consolidated PAT for FY05 was Rs. 170.91 crore as compared to Rs. 174.16 crore in FY04.

Consolidated advances were up 54% to Rs. 7,145 crore as on March 31, 2005 (Rs. 4,651 crore as on March 31, 2004).

Consolidated book value per share as on March 31, 2005 was Rs. 119 (Rs 104 as on March 31, 2004).

Announcing the results, ***Uday Kotak, Executive Vice Chairman & Managing Director, Kotak Mahindra Bank*** said, "We are now a twenty year company which converted into a Bank about two years ago. We have successfully implemented the transition and are geared for growth. Sound foundations are in place to build a world-class and world-scale financial institution from India."

Bank stand-alone results

Net Interest Income (NII) of Kotak Mahindra Bank on a stand-alone basis was Rs. 225.48 crore, up 32% from Rs. 170.87 crore in FY04.



The PAT of the Bank for the quarter was up 12% at Rs. 23.08 crore as compared to Rs. 20.59 crore (quarter ended March 31, 2004). The PAT for FY05 was Rs. 84.89 crore as compared to Rs. 78.73 crore in FY04, up 8%.

The Bank had 38 full-fledged branches across 25 cities in India as on March 31, 2005 (17 branches as on March 31, 2004). It plans to have 65 - 70 branches by March 2006 and 90 - 100 branches by March 2007 across 45 - 50 towns and cities.

As on March 31, 2005, the deposits of the Bank net of monies received as collection banker to public issues were Rs. 4,258 crore as compared to Rs. 2,008 crore as on March 31, 2004.

As on March 31, 2005, total deposits comprised of Rs. 389 crore of demand deposits, Rs. 147 crore of savings deposits and Rs. 3,764 crore of term deposits. The Bank had around 66,400 deposit accounts (20,800 as on March 31, 2004).

Capital adequacy of the Bank as on March 31, 2005 was 12.8% (15.25% as on March 31, 2004).

Dividend, Bonus and other announcements

The Board has declared a dividend of 12.5% for the year 2004-05 on the expanded capital post the 1:1 bonus issue in August 2004 (24% in the previous year).

The Board has recommended a bonus issue in the ratio of three shares for two shares held. This will take the paid up equity of the Bank to over Rs. 300 crore. This satisfies the licence condition of the Reserve Bank of India.

Mr. Ajay Sondhi, a director of the Bank, has resigned from the Board of the Bank and its subsidiaries – Kotak Mahindra Capital Company Ltd (KMCC) and Kotak Securities Ltd (KS) on account of personal reasons and is relocating to Singapore. Ms. Falguni Nayar, currently Managing Director – Institutional Equities, KS has been appointed Managing Director, KMCC. Mr. Alroy Lobo, currently Co-Head, Institutional Equities – KS, has been appointed as Managing Director – Institutional Equities - KS. Ms. Shanti Ekambaram, Group Head – Corporate & Institutional Banking, will take an enlarged responsibility as group relationship head for all wholesale products.

Business highlights

- Kotak Investment Banking topped the league tables for having book run the maximum amount by value of Indian equity offerings for FY05.
- Kotak Securities continued to grow; clocked average daily volumes of around Rs. 1,100 crore during FY05. (against Rs 700 crore during FY04)
- Equity Assets Under Management (AUM) managed by the group in the mutual fund, portfolio management and offshore funds was over Rs. 3,800 crore as on March 31, 2005 (Rs. 2,000 crore as on March 31, 2004).
- AUM of various mutual funds distributed by Kotak Mahindra Bank and Kotak Securities stood at over Rs. 4,000 crore as on March 31, 2005 (Rs. 3,600 crore as on March 31, 2004).
- Premium income of Kotak Life Insurance grew 209% during FY05 to Rs 466.16 crore. Ranked No. 6 among private players.



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. 1,800 crore, employs over 4,400 people in its various businesses and has a presence in 82 cities in India and offices in New York, London, Dubai and Mauritius.

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