



PRESS RELEASE

KOTAK MAHINDRA BANK ANNOUNCES RESULTS FOR FY06

Consolidated net profit (before extraordinary item) up 100% to Rs. 342.5 crore

Mumbai, May 15, 2006: The Board of Directors of Kotak Mahindra Bank took on record the unaudited consolidated and audited stand-alone results for FY06, at a board meeting held in Mumbai, today.

Unaudited consolidated results

Consolidated profit after tax (PAT) for Q4FY06 was up 104% to Rs. 130.8 crore as compared to Rs. 64.3 crore (quarter ended March 31, 2005).

The above PAT excludes the Bank's consolidated share of profit after tax of Rs. 387.3 crore on sale of 3.2% effective economic interest in Hutchison Essar Limited (Hutch) by the Bank's subsidiaries and associates in March 2006. Consolidated PAT (including stake sale in Hutch) for Q4FY06 was Rs. 518.1 crore.

Consolidated PAT (excluding stake sale in Hutch) for FY06 was up 100% to Rs. 342.5 crore vis-à-vis Rs. 170.9 crore for FY05. Consolidated PAT (including stake sale in Hutch) for FY06 was Rs. 729.8 crore.

Consolidated total income for FY06 (excluding stake sale in Hutch) was up 67% to Rs. 2,854.1 crore as compared to Rs. 1,711.5 crore in FY05. Consolidated total income for FY06 (including stake sale in Hutch) was Rs. 2,980.7 crore.

During FY06, consolidated fee income (including life insurance premium) increased 71% to Rs. 1,471.7 crore from Rs. 859.0 crore in FY05. Significant contributors to the growth in revenues 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 46% to Rs. 10,421.4 crore as on March 31, 2006 (Rs. 7,144.7 crore as on March 31, 2005) with retail loans comprising 87% of the portfolio. Consolidated net NPAs as on March 31, 2006 were 0.23% of consolidated net advances (0.28% as on March 31, 2005).

Consolidated net interest margins for FY06 were 5.1% (5.3% in FY05).

Consolidated book value per share as on March 31, 2006 was Rs. 72.7 (Rs. 47.6 as on March 31, 2005) after adjusting for the 3:2 bonus issue in August 2005.



In April 2006, the Bank successfully raised Rs. 450.0 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. The GDS issue will increase the consolidated book value per share by Rs. 10.5 to Rs. 83.2.

Announcing the results, **Uday Kotak, Executive Vice Chairman & Managing Director, Kotak Mahindra Bank** said, "We have completed three years as a commercial bank. Our results reflect the strength of an integrated business model. Strong foundations are in place to build a world class financial institution from India."

Audited Bank stand-alone results

The PAT of Kotak Mahindra Bank on a stand-alone basis for Q4FY06 grew by 50% to Rs 34.7 crore as compared to Rs. 23.1 crore in Q4FY05. PAT for FY06 was Rs. 118.2 crore, up 39% from Rs. 84.9 crore in FY05.

Net Interest Income (NII) of the Bank for Q4FY06 was Rs. 108.2 crore, up 61% from Rs. 67.3 crore in Q4FY05. Other income of the Bank for Q4FY06 increased by 75% YoY to Rs. 85.1 crore.

NII of the Bank for FY06 was Rs. 354.9 crore, up 57% from Rs. 225.5 crore in FY05. Other income of the Bank for FY06 was Rs. 242.9 crore as compared to Rs. 132.4 crore in FY05.

The Bank had 65 full-fledged branches across 43 towns and cities in India as on March 31, 2006. The Bank proposes to have around 110 branches by March 2007 across 65 towns and cities.

As on March 31, 2006, the deposits of the Bank were Rs. 6,565.9 crore up 53% as compared to Rs. 4,299.5 crore as on March 31, 2005. The Bank had around 1,68,200 deposit accounts as on March 31, 2006 (66,400 deposit accounts as on March 31, 2005).

Advances of the Bank grew by 58% YoY to Rs. 6,348.5 crore as on March 31, 2006.

Capital adequacy ratio of the Bank as on March 31, 2006 was 11.27% (12.80% as on March 31, 2005).

The Board has declared a dividend of 6% for 2005-06 on the expanded capital post the 3:2 bonus issue in August 2005 and the GDS issue in April 2006 (equivalent to 5% in the previous year after adjusting for the bonus issue in August 2005).

Business highlights

- Kotak Investment Banking was ranked no. 1 in the league tables for Book Runners/ Lead Managers in public equity offerings on the basis of value of transactions during 2005-06 as per PRIME Database. It also topped the Bloomberg M&A league tables for calendar year 2005.



- Kotak Securities with a market share of 8.5% in FY06 (6.3% in FY05), clocked average daily volumes of over Rs. 2,400 crore during FY06 (Rs. 1,060 crore in FY05).
- Total assets managed/ advised by the Group were Rs. 18,650 crore (Rs. 9,740 crore as on March 31, 2005).
- Kotak Life Insurance total premium income was Rs. 621.9 crore in FY06 (Rs. 466.2 crore in FY05). First year premium income adjusted for single premium at 1/10th up 82% to Rs. 351.0 crore.
- The group employee strength was over 6,700 as on March 31, 2006 (around 4,400 employees as on March 31, 2005).
- On March 15, 2006, Kotak Mahindra Group agreed to buy 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.

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. 2,500 crore, employs over 6,700 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 250 cities and towns in India and offices in New York, London, Dubai and Mauritius.

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