

**Kotak Mahindra Bank consolidated net profits
grow 79% in Q2 and 114% in first half of FY 03-04**

(Mumbai, October 22, 2003)

Kotak Mahindra Bank announced the consolidated unaudited Q2 results for FY 03-04, at a board meeting held in Mumbai, today.

	Q2 FY 03-04	Q2 FY 02-03	Growth %
Total income	261.80	178.81	46%
Profit before tax	75.41	39.86	89%
Profit after tax	38.94	21.78	79%
EPS Basic (Rs)	6.50	3.68	77%

Consolidated profit after tax for the quarter was up by 79% at Rs. 38.94 crore as against Rs. 21.78 crore in the corresponding quarter during the previous year (quarter ended September 30, 2002). The Group is in the process of building up its Banking and Life Insurance businesses. Before taking into account the losses on retail liabilities and branch banking (Rs. 9.30 crore) and life insurance (Rs. 13.88 crore), the consolidated profit before tax before minority interest for the Group for the quarter was Rs. 98.59 crore as against Rs. 54.12 crore in the corresponding quarter during the previous year (quarter ended September 30, 2002).

Strong growth in treasury and broking earnings contributed to the rise in current quarter profits.

Consolidated total income was higher by 46% at Rs. 261.80 crore for the quarter ended September 30, 2003 (Rs. 178.81 crore for quarter ended September 30, 2002).

Proportion of fee based income to total income increased to 30% this quarter compared to 26% in the corresponding quarter during the previous year (for quarter ended September 30, 2002).

Announcing the results, Uday Kotak, Executive Vice Chairman and Managing Director, Kotak Mahindra Bank said, "As the India story continues to unfold on the global stage, the Indian financial sector is moving ahead. A nation of savers is becoming a nation of investors and we at Kotak Mahindra are committed to serve both the savers and the investors in this new paradigm."

On a stand-alone basis, profit after tax was up 67% at Rs. 19.84 crore against Rs. 11.88 crore for the corresponding quarter in the previous year (for quarter ended September 30, 2002). Total income at Rs. 93.81 crore was higher by 50% against Rs. 62.50 crore during the corresponding quarter in the previous year (for quarter ended September 30, 2002).

Consolidated Financial Highlights - H1 FY04:

- Consolidated revenues for H1 FY04 at Rs. 475.64 crore were higher by 50% (YoY). The growth is driven by higher treasury income (including income from primary dealership) and broking income.
- Consolidated operating profits before retail liabilities and life insurance losses were up by 124% from Rs. 78.40 crore in H1 FY03 to Rs. 175.51 in H1 FY04.
- Consolidated total advances portfolio grew by 70% in H1 FY04 to Rs. 2,597 crore as compared to same period H1 FY03.
- Consolidated net NPAs were at Rs. 76 mn constituting 0.2% of net advances.
- Consolidated book value per share as on September 30, 2003 was Rs. 190.
- Consolidated earnings per share (diluted) for H1 FY04 was Rs. 11.35 (non-annualised) as against Rs. 5.36 for H1 FY03. Consolidated earnings per share (diluted) for FY03 was Rs. 12.38.

Corporate Developments:

- The Bank currently operates with 8 full-fledged branches across 6 cities. It plans to open 4 additional full-fledged branches in the current quarter i.e. Q3 FY04 and set-up a total of 15 - 18 branches by March 2004.
- During the quarter, Goldman Sachs renewed its eight-year-old joint venture with Kotak Mahindra Capital Company (investment banking) and Kotak Securities (stock broking) for a further period of 2 years.
- Kotak Mahindra Capital Company was awarded
 - § "The Best Equity House in India" for the year 2002-2003 by Asiamoney.
 - § "The Best Equity House in India" for the Year 2002-2003 by Euromoney.
 - § "The Best Investment Bank" by Financeasia for the year 2002-2003.
- Kotak Mahindra Mutual Fund was awarded the CRISIL Best Fund Award 2003 in the category of "Best Performing Open-end Income Fund" for Kotak Bond (wholesale plan).