



PRESS RELEASE

KOTAK MAHINDRA BANK ANNOUNCES RESULTS FOR Q2 FY06

Consolidated net profit up 156% to Rs. 83.4 crore

Mumbai, October 27, 2005: The Board of Directors of Kotak Mahindra Bank took on record the unaudited (consolidated and stand-alone) results for the quarter and half year ended September 30, 2005, at a board meeting held in Mumbai, today.

Consolidated results

Consolidated profit after tax (PAT) for Q2FY06 was up 156% to Rs. 83.4 crore as compared to Rs. 32.5 crore (quarter ended September 30, 2004). Consolidated PAT for H1FY06 was up 96% to Rs. 129.8 crore vis-à-vis Rs. 63.2 crore in H1FY05.

Consolidated total income for the quarter was up 95% to Rs. 619.9 crore as compared to Rs. 317.8 crore in Q2FY05.

During Q2FY06, consolidated fee income (including life insurance premium) increased 118% to Rs. 265.0 crore from Rs. 121.9 crore in Q2FY05. Significant contributors to the growth in revenues were the 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. 8,133 crore as on September 30, 2005 (Rs. 5,569 crore as on September 30, 2004) with retail loans comprising 89% of the portfolio. Consolidated net NPAs as on September 30, 2005 were 0.2% of net advances.

Consolidated book value per share as on September 30, 2005 was Rs. 51.83 (Rs 43.38 as on September 30, 2004) after adjusting for the 3:2 bonus issue in August 2005.

Announcing the results, ***Uday Kotak, Executive Vice Chairman & Managing Director, Kotak Mahindra Bank*** said, "We are seeing elements of scale coming into our different businesses. Our results are beginning to reflect the strength of our business model."

Bank stand-alone results

Net Interest Income (NII) of Kotak Mahindra Bank on a stand-alone basis for Q2FY06 was Rs. 86.1 crore, up 57% from Rs. 54.7 crore in Q2FY05. Other income of the Bank for Q2FY06 increased by 183% YoY to Rs 72.7 crore.

Profit before tax for the quarter was Rs. 47.3 crore up 61% from Rs. 29.3 crore in Q2FY05. PAT for Q2FY06 grew by 51% to Rs 31.2 crore as compared to Rs. 20.7 crore in Q2FY05.



The Bank had 44 full-fledged branches across 27 cities in India as on September 30, 2005 (23 branches as on September 30, 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 September 30, 2005, the deposits of the Bank were Rs. 5,498 crore up 63% as compared to Rs. 3,375 crore as on September 30, 2004. The Bank had around 113,200 deposit accounts as on September 30, 2005 (30,500 deposit accounts as on September 30, 2004).

Advances of the Bank grew by 74% YoY to Rs. 4,698 crore as on September 30, 2005,

Capital adequacy ratio of the Bank as on September 30, 2005 was 11.16%.

Business highlights

- Kotak Investment Banking topped the Bloomberg India IPO Underwriter and M&A Financial Advisory (India announced deals) league tables for the nine month period ended September 30, 2005.
- Kotak Securities clocked average daily volumes of around Rs. 2,300 crore during Q2FY06 (around Rs. 750 crore in Q2FY05). PAT up 203% YoY to Rs. 52.1 crore in Q2FY06.
- Kotak Life Insurance recorded 63% growth in premium income to Rs. 77.7 crore in Q2FY06 from Rs. 47.7 crore in Q2FY05.
- Equity assets managed by the group in mutual fund, portfolio management and offshore funds was over Rs. 5,950 crore as on September 30, 2005 (around Rs 2,490 crore as on September 30, 2004).
- Kotak Private Equity had the final closing of India Growth Fund with commitments in excess of Rs. 700 crore. The Fund has made four investments aggregating to around Rs 90 crore across sectors.
- On October 4, 2005, the Kotak Mahindra Group ownership in Kotak Mahindra Primus (KMP) has gone up to 100% following the acquisition of 40% stake held by Ford Credit International (FCI). Simultaneously, Kotak Mahindra Group has sold its entire holding in Ford Credit Kotak Mahindra to FCI. The transaction will increase the consolidated book value per share by Rs 2.33. The royalty payments from KMP to Kotak Mahindra Bank have since been terminated.



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 around Rs. 1,980 crore, employs over 5,000 people in its various businesses and has a presence in 83 cities in India and offices in New York, London, Dubai and Mauritius.

For further information, please contact:

Arijit De / Sudhir Shetty
Genesis Public Relations
Tel: +91 22 5660 7681
ade@genesispr.com /
sushetty@genesispr.com

Jaimin Bhatt / Naozad Sirwalla
Kotak Mahindra Bank
Tel: +91 22 5658 1100
jaimin.bhatt@kotak.com/
naozad.sirwalla@kotak.com