



June 29, 2010

Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza,
5th Floor, Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai-400 051.

Dear Sirs,

Re: Preferential Issue of 1,64,00,000 equity shares of the Bank to Sumitomo Mitsui Banking Corporation, Japan

At the meeting of the Board of Directors of Kotak Mahindra Bank Limited ("the Bank") held today, the Board of Directors of the Bank has approved, subject to the consent of the shareholders at a general meeting and such other requisite statutory/regulatory approvals, preferential issue of 1,64,00,000 equity shares of Rs.10/- each of the Bank at a price of Rs. 833/- per share aggregating to Rs. 1,366 crores to Sumitomo Mitsui Banking Corporation, a public limited company registered under the laws of Japan ("SMBC"). Upon the proposed preferential issue and allotment of equity shares to SMBC, the shareholding of SMBC in the Bank shall be approximately 4.5% of the emerging share capital.

In May 2010 the Board of Directors of the Bank has approved a sub-division of its shares and the same is pending necessary approvals. In the event of the proposed sub-division of shares becoming effective prior to the allotment of shares to SMBC, the number of shares to be allotted to SMBC will double and the price per share will be halved.

The Bank and SMBC have entered into an Investment Agreement for SMBC to subscribe to the aforesaid shares.

The Bank and SMBC have also entered into a Memorandum of Understanding for Business Co-operation with an intent to cooperate in various businesses of mutual interest including asset management, alternate assets, investment banking and wholesale banking such as infrastructure finance and external commercial borrowings, subject to relevant regulations.

Yours faithfully,
For Kotak Mahindra Bank Limited

B.R. Chandarana
Bina Chandarana
Company Secretary &
Executive Vice President