



Earnings Update – Q1 FY07

Unaudited Results

July 20, 2006



The Board of Directors of Kotak Mahindra Bank Limited at their meeting held on July 20, 2006, took on record the unaudited financial results for the quarter ended June 30, 2006.

Highlights

- Consolidated total income up 70% to Rs 7,765.8 mn in Q1FY07 from Rs 4,555.1 in Q1FY06.
- Consolidated PAT up 125% to Rs 1,044.3 mn in Q1FY07 from Rs 464.7 mn in Q1FY06.
- Consolidated advances up 38% YoY to Rs 106.5 bn as on June 30, 2006, with retail loans comprising 86% of the portfolio. Consolidated NIM for Q1FY07 at 5.3%.
- The Group employee strength was around 7,800 as on June 30, 2006 (over 4,800 employees as on June 30, 2005).
- Net Interest Income (NII) of the Bank (Standalone) for Q1FY07 up 61% to Rs 1,114.1 mn.
- PAT of the Bank (Standalone) up 21% to Rs 239.1 mn in Q1FY07 from Rs 196.8 mn in Q1FY06. This is after considering a) additional standard provision of Rs 29.6 mn; b) provision for employee benefit as per revised AS 15 Rs 50.6 mn; c) royalty income of Rs Nil from Kotak Mahindra Prime (royalty income in Q1FY06 was Rs 115.7 mn) d) negative contribution from the stressed asset business during Q1FY06.
- Capital adequacy ratio of the Bank as on June 30, 2006 was 14.7% (12.5% as on June 30, 2005).
- In April 2006, Kotak Mahindra Bank raised approximately US\$ 100 million through issue of 15,000,000 Global Depository Shares (GDS). The GDS were placed at US\$ 6.66 per GDS (~ Rs 300).
- Other income of the Bank (Standalone) up 78% to Rs 642.9 mn in Q1FY07 from Rs 360.3 mn in Q1FY06. Of this fees from distribution of financial products were Rs 292.2 mn in Q1FY07 up from Rs 91.6 mn in Q1FY06.



- Deposits of the Bank grew by 57% to Rs 76.5 bn (including current and savings deposits of Rs 12.5 bn) as on June 30, 2006 from Rs 48.8 bn (including current and savings deposits of Rs 7.9 bn) as on June 30, 2005. Total number of deposit accounts were around 200,000 as on June 30, 2006 (86,300 as on June 30, 2005).
- Bank emerged winner in 33 categories in the Asiamoney Private Banking Poll 2006; including the Best Private Bank award in Southern Asia.
- Kotak Investment Bank was awarded "Best Investment Bank In India" for 2006 by FinanceAsia.
- Kotak Securities clocked average daily volumes of over Rs 40.4 bn during Q1FY07 (Rs 14.6 bn in Q1FY06).
- Total assets managed/ advised by the Group were Rs 182.3 bn (Rs 105.3 bn as on June 30, 2005).
- On May 31, 2006, Kotak Group completed the buy out of 25% stake held by Goldman Sachs Mauritius LLC (GS) in Kotak Mahindra Capital Company Limited (KMCC) and Kotak Securities Limited (KS) for Rs 3,330.0 mn. As a result, from May 31, 2006, KMCC and KS have become wholly owned subsidiaries of the Bank. The transaction has resulted in increase in the consolidated net worth by Rs. 281.5 mn.
- Trading and Principal Division (including Primary Dealership) of KMCC is proposed to be de-merged into the Bank subject to necessary approvals. It is envisaged that as a result of this proposed restructuring, net worth around Rs 1,750.0 mn will get consolidated into the Bank.
- Trading and clearing operations and strategic division of Kotak Mahindra Securities Limited (KMSL) is proposed to be de-merged into KMCC subject to necessary approvals. Subsequent to the de-merger, KMSL shall carry on fund management business for alternate asset classes.
- On account of adoption of the revised Accounting Standard 15 (AS 15) on Employee Benefits, the impact on opening networth is Rs. 102.3 mn for the Bank (Standalone) and Rs. 171.5 mn for the consolidated financials. The impact for Q1FY07 is Rs 50.6 mn for the Bank (Standalone) and Rs 81.5 mn for the consolidated financials.

Note :

On March 1, 2006, Kotak Group sold its entire effective economic interest of 3.2% (at the Bank shareholder level) in Hutchison Essar Limited (Hutch) resulting in a consolidated post tax profit of Rs 3.87 bn. In order to facilitate comparison, all numbers for Q4FY06 and FY06 in this document are excluding the profit on sale of stake in Hutch.

Consolidated Financials

Revenues

Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Financing activities	3,043.4	1,892.7	61%	2,852.0	9,404.1
Fee Income *	2,464.6	1,397.2	76%	3,243.6	8,595.5
Premium income	1,213.9	569.6	113%	3,617.7	6,121.2
Treasury / Investments	724.9	535.6	35%	1,287.6	3,699.7
Others	319.0	160.0	99%	250.5	720.6
Total Revenues	7,765.8	4,555.1	70%	11,251.3	28,541.1

* Brokerage income is net of sub brokerage

Profits

Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Profit before tax excl. retail liabilities & branch banking and life insurance	1,912.6	1,151.5	66%	2,087.4	6,557.9
<i>Retail liabilities</i>	(27.5)	(136.2)	-	232.1	17.8
<i>Life insurance</i>	(133.0)	(149.0)	-	(1.2)	(413.4)
Profit Before Tax	1,752.1	866.4	102%	2,318.3	6,162.3
PAT (after MI/ associates)	1,044.3	464.7	125%	1,308.1	3,424.6
EPS (diluted) (Rs) *	3.24	1.50	116%	4.22	11.01

* Adjusted for 3:2 bonus issued in August 2005

Consolidated Financials

Assets

Rs million

	As on June 30, 2006	As on June 30, 2005	Growth (%) YOY	As on March 31, 2006
Advances *				
• Commercial vehicles	19,943	17,521	14%	18,731
• Auto loans	29,466	27,178	8%	30,637
• Personal loans	11,691	6,396	83%	10,069
• Home loans	11,639	5,219	123%	9,707
• Corporate Banking	15,127	9,510	59%	13,357
• Others	18,661	11,382	64%	21,698
Total Advances	106,526	77,207	38%	104,199
Investments / Treasury Assets	49,764	30,378	64%	50,487
Total Assets	156,290	107,585	45%	154,686

* Assets securitised in Q1FY07: Commercial vehicles – Rs 996.8 mn, Corporate Banking – Rs 500.0 mn, Auto loans – Rs 970.0 mn

Liabilities

Rs million

	As on June 30, 2006	As on June 30, 2005	Growth (%) YOY	As on March 31, 2006
Deposits	59,307	43,390	37%	56,167
Borrowings	59,158	40,014	48%	57,979



Consolidated Financials

Analytical Ratios

	As on June 30, 2006	As on June 30, 2005	As on March 31, 2006
Net-worth before minority interest (Rs mn)	28,411	18,810	25,402
Net-worth after minority interest (Rs mn)	28,158	15,138	22,471
Book value per share (Rs) *	86.71	49.10	72.65
Net Interest Margin (%)	5.3%	5.1%	5.1%
Gross NPAs (Rs mn)	662	492	520
Net NPAs (Rs mn)	275	255	235
Net NPAs (%)	0.26%	0.30%	0.23%
Return on average Net-worth (%)	16.5%	12.5%	20.6%
Pre-Tax Return on average net-worth (%) (before retail liabilities and life insurance businesses)	30.2%	31.1%	39.5%

* Adjusted for 3:2 bonus issued in August 2005

Company-wise Profit After Tax

Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Kotak Mahindra Bank (Standalone)	239.1	196.8	21%	347.3	1,182.3
Kotak Mahindra Capital Company	129.5	34.4	276%	267.2	565.7
Kotak Securities	688.0	340.0	102%	804.1	2,155.4
Kotak Mahindra Prime	111.7	13.3	740%	95.2	208.8
Kotak Mahindra AMC & Trustee Co	33.4	19.3	73%	10.2	76.3
Kotak Mahindra Old Mutual Life Insurance	(137.5)	(150.5)	-	(12.3)	(432.4)
Kotak Mahindra Investments	55.5	48.1	15%	82.1	278.0
International subsidiaries	49.7	0.7	-	25.3	133.3
Others	0.8	34.0	-98%	(2.6)	67.9
Total consolidated profit after tax	1,170.2	536.2	118%	1,616.7	4,235.3
Equity Affiliates	42.8	1.2	-	14.3	22.5
Minority interest- Goldman JVs #	(158.4)	(102.7)	54%	(272.9)	(730.7)
Balance MI and other adjustments	(10.3)	30.1	-	(50.1)	(102.6)
PAT (after minority interest / adjustments)	1,044.3	464.7	125%	1,308.1	3,424.6

For Q1FY07, Minority interest – Goldman JV's has been considered upto May 30, 2006 as KMCC and KS have become wholly owned subsidiaries of the Bank from May 31, 2006



Kotak Mahindra Bank – Standalone

Rs million

Segmental Revenue	Q1 FY07	Q1 FY06	Q4 FY06	FY06
	(3 months)	(3 months)	(3 months)	(12 months)
Lending	1,624.0	1,006.9	1,492.6	4,928.0
Corporate Banking	833.1	315.1	633.3	1,817.0
Retail liabilities	736.9	206.2	957.8	2,019.8
Treasury and Investments	652.0	480.1	339.6	1,884.1
Venture Fund Management	44.2	20.0	44.2	176.8
Corporate Centre	-	139.3	101.0	547.8
<i>Inter-segment revenue</i>	(825.1)	(400.3)	(636.3)	(2,006.3)
<i>Un-allocable revenue(net)</i>	-	-	2.3	2.3
Total Revenue	3,065.2	1,767.3	2,934.5	9,369.5
Profit before tax	371.6	307.3	513.9	1,736.0
Provision for tax	132.5	110.5	166.6	553.7
Profit after tax	239.1	196.8	347.3	1,182.3

Rs million

Segmental PBT	Q1 FY07	Q1 FY06	Q4 FY06	FY06
	(3 months)	(3 months)	(3 months)	(12 months)
Lending	158.7	277.3	320.3	1,146.1
Corporate Banking	194.2	60.2	122.5	386.6
Retail liabilities	(27.5)	(136.2)	232.1	17.8
Treasury	22.8	(16.3)	(163.9)	(173.9)
Venture Fund Management	23.4	11.2	15.7	86.4
Corporate Centre	-	111.1	(15.1)	270.6
<i>Un-allocable revenue(net)</i>	-	-	2.3	2.3
Total PBT	371.6	307.3	513.9	1,736.0

As a result of cessation of a significant part of revenues in the corporate centre segment, effective April 1, 2006, corporate centre ceases to be a segment. Hence, the segment results are not comparable.

Kotak Mahindra Bank – Standalone
Assets
Rs million

	As on June 30, 2006	As on June 30, 2005	Growth (%) YOY	As on March 31, 2006
Advances *				
• Commercial vehicles	19,943	17,521	13.8%	18,731
• Personal loans	11,691	6,396	82.8%	10,069
• Home loans	11,639	5,219	123.0%	9,707
• Corporate Banking	15,128	9,510	59.1%	13,358
• Others	14,114	4,916	187.1%	11,620
Total Advances	72,515	43,562	66.5%	63,485
Investment / Treasury Assets	28,210	20,862	35.2%	28,555
Total Assets	100,725	64,424	56.3%	92,041

- *Assets securitised in Q1FY07: Commercial vehicles – Rs 996.8 mn, Corporate Banking – Rs 500.0 mn*

Liabilities
Rs million

	As on June 30, 2006	As on June 30, 2005	Growth (%) YOY	As on March 31, 2006
Deposits	76,489	48,819	56.7%	65,659
Borrowings	13,418	7,937	69.0%	16,092

Bank Performance Highlights

- As on June 30, 2006, the Bank had 65 full-fledged bank branches across 43 towns and cities in India. The Bank proposes to have a total of around 110 full-fledged branches by March 2007 across 65 towns and cities.
- Net Interest Income (NII) of the Bank for Q1 FY07 was up 61% YoY to Rs 1,114.1 mn (Rs 693.0 mn in Q1FY06).
- PAT of the Bank (Standalone) up 21% to Rs 239.1 mn in Q1FY07 from Rs 196.8 mn in Q1FY06. This is after considering a) additional standard provision of Rs 29.6 mn; b) provision for employee benefit as per revised AS 15 Rs 50.6 mn; c) royalty income of Rs Nil from Kotak Mahindra Prime (royalty income in Q1FY06 was Rs 115.7 mn) d) negative contribution from the stressed asset business during Q1FY06.
- Advances up 67% YoY to Rs 72.5 bn. Personal loans up 83% to Rs 11.7 bn.
- Deposits of the Bank grew by 57% to Rs 76.5 bn (including current and savings deposits of Rs 12.5 bn) as on June 30, 2006 from Rs 48.8 bn (including current and savings deposits of Rs 7.9 bn) as on June 30, 2005. Total number of deposit accounts were around 200,000 as on June 30, 2006 (86,300 as on June 30, 2005).
- Bank emerged winner in 33 categories in the Asiamoney Private Banking Poll 2006; including the Best Private Bank award in Southern Asia.
- Fees from distribution of financial products were Rs 292.2 mn in Q1FY07 up from Rs 91.6 mn in Q1FY06.
- Capital adequacy ratio of the Bank as on June 30, 2006 was 14.7% (12.5% as on June 30, 2005).
- During Q1FY07 the Bank issued Rs 329.0 mn of Bonds eligible to be classified as Tier II Capital. As on June 30, 2006, the Bank had issued Rs 2,729.0 mn of such Bonds.
- Following the circulars issued by RBI, during Q1FY07, the Bank has increased its provision on standard assets from 0.50% to 0.63% in respect of personal loans and from 0.40% to 0.55% in respect of loans and advances qualifying as capital market exposure, residential housing loans beyond Rs 2.0 mn and commercial real estate loans. This has resulted in an increase in provision on standard assets by Rs. 29.6 mn in Q1FY07.

Key Subsidiaries – Highlights

Kotak Mahindra Capital Company – investment banking and primary dealer

Rs million

	Q1 FY07	Q1 FY06	Growth (%)	Q4 FY06	FY06
	(3 months)	(3 months)	YOY	(3 months)	(12 months)
Total income	442.2	188.9	134%	689.1	1,542.4
Profit before tax	170.7	42.2	305%	350.6	764.9
Profit after tax	129.5	34.4	276%	267.2	565.7

- Kotak Investment Bank was awarded “Best Investment Bank In India” for 2006 by FinanceAsia.
- Kotak Investment Banking acted as sole financial advisor to Mahindra Group on acquisition of the Chakan unit of Amforge.
- Kotak Investment Banking through its International subsidiaries acted as Joint Global Co-ordinator and Joint Book runner to two GDR issues aggregating to US\$ 270 mn.
- Kotak Investment Banking also completed the domestic equity offering of Sun TV of Rs 6.0 bn.
- Mandated by the Bombay Stock Exchange to find a strategic partner
- Segmental profit before tax for Trading and Principal Investments stood at Rs 84.5 mn for Q1FY07 as compared to a loss of Rs 53.3 mn for Q1FY06.
- Trading and Principal Division (including Primary Dealership) of KMCC is proposed to be demerged into the Bank subject to necessary approvals.

Kotak Securities – stock broking
Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Total income	2,141.4	1,033.3	107%	2,227.9	6,207.3
Profit before tax	1,010.4	493.5	105%	1,225.4	3,204.8
Profit after tax	688.0	340.0	102%	804.1	2,155.4

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 40.4 bn during Q1FY07 as compared to around Rs 14.6 bn during Q1FY06. Average daily volumes for FY 06 were Rs 24.4 bn.
- Average daily volumes on www.kotaksecurities.com (online) during Q1FY07 increased to Rs 4.7 bn from Rs 1.4 bn during Q1FY06. Average daily volumes for FY 06 were around Rs 2.5 bn.
- AUM in Portfolio Management Services (PMS) was Rs 20.9 bn as on June 30, 2006 (Rs 20.8 bn as on June 30, 2005).
- Kotak Institutional Equities continues to maintain the fast pace of growth in revenues. Q1FY07 has seen the division increase its institutional client base, reach and research coverage. The division has also achieved record growth in volumes and market share in the F&O segment.
- Kotak Securities has a network of over 746 offices (own & franchisees) across 249 cities and towns and services over 245,000 secondary market customers.

Kotak Mahindra Prime – car finance, other lending
Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Total income	962.0	670.9	43%	907.1	3,032.0
Profit before royalty & taxes	162.9	135.9	20%	137.8	546.2
Profit after royalty before taxes	162.9	20.2	706%	137.8	311.1
Profit after tax	111.7	13.3	740%	95.2	208.8

- Receivables for car finance were Rs 28.9 bn as on June 30, 2006. During Q1FY07, KMP has securitised receivables of Rs 970.0 mn.

Kotak Mahindra Asset Management Company and Trustee Company – asset management
Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Total income	136.2	79.8	71%	108.0	393.1
Profit before tax (AMC)	33.7	21.8	55%	4.3	78.3
Profit after tax (AMC)	21.0	14.2	48%	2.5	50.6
Profit before tax (Trustee Company)	17.4	7.5	131%	11.0	37.7
Profit after tax (Trustee Company)	12.4	5.1	144%	7.7	25.7

- Total AUM as on June 30, 2006 was Rs 110.1 bn (Rs 65.0 bn as on June 30, 2005). Equity AUM as on June 30, 2006 was Rs 27.0 bn (Rs 10.6 bn as on June 30, 2005).
- KMAMC has 48 branches and satellite offices servicing over 461,000 investors.

Kotak Mahindra Old Mutual Life Insurance - life insurance
Rs million

	Q1 FY07	Q1 FY06	Growth (%) YOY	Q4 FY06	FY06
	(3 months)	(3 months)		(3 months)	(12 months)
Premium income	1,236.6	592.0	109%	3,639.8	6,218.5
Loss	(137.5)	(150.5)	-	(12.3)	(432.4)

- Kotak Life Insurance (KLI) premium income grew to Rs 1,236.6 mn in Q1 FY07 from Rs 592.0 mn in Q1 FY06.
- KLI has a network of 51 branches in 39 cities (45 branches in FY06).
- As on June 30, 2006, KLI had over 198,000 individual policies on books representing a basic sum assured of approximately Rs 91.9 bn (excluding riders). Additionally, KLI had around 143 group policies covering 173,900 lives with an aggregate sum assured of approximately Rs 53.9 bn.

Safe Harbor

This document contains certain forward-looking statements based on current expectations of Kotak Mahindra management. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Kotak Mahindra Group as well as its ability to implement the strategy. Kotak Mahindra does not undertake to update these statements.

This document does not constitute an offer or recommendation to buy or sell any securities of Kotak Mahindra Bank or any of its subsidiaries and associate companies. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by Kotak Mahindra, including but not limited to units of its mutual fund and life insurance policies.

This document is not an offer of securities for sale in the United States of America. Securities may not be offered or sold in the United States of America unless they are registered or exempt from registration. Any public offering of securities to be made in the United States of America will be made by means of a prospectus that will contain detailed information about the Kotak Mahindra Group and management, as well as financial statements.

All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending upon the factors and forces affecting the securities market. The performance of the sponsor, Kotak Mahindra Bank Limited, has no bearing on the expected performance of Kotak Mahindra Mutual Fund or any schemes thereunder.

Figures for the previous period/year have been regrouped wherever necessary to conform to current period's/year's presentation.

Totals in some columns / rows may not agree due to rounding off.

Contact

Biswadeep Gupta Genesis Burson-Marsteller Tel: +91 22 66607681 Fax: +91 22 24911788 E-mail: biswadeep.gupta@bm.com	Jaimin Bhatt / Naozad Sirwalla Kotak Mahindra Bank Limited Tel: +91 22 66581100 Fax: +91 22 22855577 E-mail: jaimin.bhatt@kotak.com / naozad.sirwalla@kotak.com
---	---



KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)

Registered Office: 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai 400 021

UNAUDITED FINANCIAL RESULTS FOR THE PERIOD APRIL TO JUNE 2006

Rs Lakhs

Sr No	Particulars	Quarter Ended		Year ended
		June-06 (Unaudited)	June-05 (Unaudited)	Mar-06 (Audited)
1	Interest earned (a+b+c+d)	39,761.12	24,396.49	118,447.68
	(a) Interest/discount on advances/ bills	29,787.83	18,904.16	90,969.30
	(b) Income on investments	7,717.82	4,910.05	22,951.23
	(c) Interest on balances with RBI & other banks	781.68	281.37	2,004.06
	(d) Others	1,473.79	300.91	2,523.09
2	(a) Other income {other than non recurring} (see Notes 2 and 11)	37,897.30	21,154.76	166,963.72
	(b) Other income {non recurring}	-	-	12,659.41
3	Total income (1+2)	77,658.42	45,551.25	298,070.81
4	Interest expended	18,758.99	10,705.70	51,956.74
5	Operating expenses (a+b)	39,100.73	25,471.49	166,707.30
	(a) Payments to and Provisions for employees (see Note 9)	15,451.11	8,304.17	43,845.13
	(b) Other operating expenses	23,649.62	17,167.32	122,862.17
6	Total expenditure (4+5)	57,859.72	36,177.19	218,664.04
7	Operating Profit (3-6)	19,798.70	9,374.06	79,406.77
8	Other provisions & contingencies (see Notes 1, 10 and 15)	2,277.50	710.35	5,124.15
9	(a) Profit before tax {before non recurring income} (7-8-2b)	17,521.20	8,663.71	61,623.21
	(b) Profit before tax {non recurring income}	-	-	12,659.41
10	Provision for taxes (see Note 14)	6,279.75	3,339.49	21,300.19
11	(a) Profit after tax before Minority Interest {before non recurring} (9a - 10)	11,241.45	5,324.22	40,323.02
	(b) Profit after tax before Minority Interest (non recurring)	-	-	12,659.41
12	(a) Less: Share of Minority Interest (other than non recurring)	1,225.94	689.15	6,302.09
	(b) Less : Share of Minority Interest {non recurring}	-	-	3,166.12
13	(a) Add: Share in Profit of associates (other than non recurring)	427.86	12.35	225.01
	(b) Add : Share in Profit of associates {non recurring}	-	-	29,235.67
14	Consolidated Profit after tax attributable to the Group {other than non recurring} (11a- 12a+13a)	10,443.37	4,647.42	34,245.94

Sr No	Particulars	Quarter Ended		Year ended
		June-06 (Unaudited)	June-05 (Unaudited)	Mar-06 (Audited)
15	Consolidated Profit after tax attributable to the Group {non recurring} (11b-12b+13b)	-	-	38,728.96
16	Consolidated Profit after tax attributable to the Group {including non recurring} (14+15)	10,443.37	4,647.42	72,974.90
17	Paid Up Equity Capital - (Face Value Rs. 10 per share)	32,473.02	12,332.35	30,929.46
18	Group Reserves (excluding Minority Interest)			193,781.29
19	Minority Interest			27,086.50
20	Analytical Ratios			
	(i) Earnings per Share Basic Rs. (See Note 5)			
	Before non recurring income	3.26	1.51	11.09
	Non recurring income	-	-	12.55
	Earnings per Share Basic Rs. Total	3.26	1.51	23.64
	(ii) Earnings per Share Diluted Rs. (See Note 5)			
	Before non recurring income	3.24	1.50	11.01
	Non recurring income	-	-	12.46
	Earnings per Share Diluted Rs. Total	3.24	1.50	23.47



KOTAK MAHINDRA BANK LIMITED (STANDALONE)

Registered Office: 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai 400 021

UNAUDITED FINANCIAL RESULTS FOR THE PERIOD APRIL TO JUNE 2006

Rs Lakhs

Sr No	Particulars	Quarter Ended		Year ended
		June-06 (Reviewed)	June-05 (Reviewed)	Mar-06 (Audited)
1	Interest earned (a+b+c+d)	24,223.27	14,070.56	69,402.26
	(a) Interest/discount on advances/ bills	18,805.13	11,230.18	53,904.79
	(b) Income on investments	5,044.41	2,727.75	14,354.95
	(c) Interest on balances with RBI & other banks	343.93	106.27	1,053.03
	(d) Others	29.80	6.36	89.49
2	Other income	6,428.77	3,602.83	24,293.15
3	Total income (1+2)	30,652.04	17,673.39	93,695.41
4	Interest expended	13,082.72	7,140.95	33,908.86
5	Operating expenses (a+b)	12,383.76	7,014.76	38,730.24
	(a) Payments to and Provisions for employees (see Note 9)	5,808.83	2,561.37	15,382.33
	(b) Other operating expenses	6,574.93	4,453.39	23,347.91
6	Total expenditure (4+5)	25,466.48	14,155.71	72,639.10
7	Operating Profit (3-6)	5,185.56	3,517.68	21,056.31
8	Other provisions & contingencies (see Note 1, 10 and 15)	1,469.87	444.73	3,696.76
9	Profit before tax	3,715.69	3,072.95	17,359.55
10	Provision for taxes (see Note 14)	1,325.00	1,105.00	5,536.50
11	Profit after tax (9 - 10)	2,390.69	1,967.95	11,823.05
12	Paid Up Equity Capital - (Face Value Rs. 10 per share)	32,473.02	12,332.35	30,929.46
13	Reserves excluding revaluation reserves			54,345.21
14	Analytical Ratios			
	(i) % of shares held by Govt. of India	NIL	NIL	Nil
	(ii) % Capital adequacy ratio (see Note 16 and 17)	14.66%	12.52%	11.27%
	(iii) Earnings per Share Basic Rs. *	0.75	0.64	3.83
	(iv) Earnings per Share Diluted Rs. *	0.74	0.63	3.80
	* See Note 5			
15	Non Promoter Shareholding			
	(i) No. of shares	143,761,747	50,877,004	128,216,169
	(ii) % of shareholding	44.27%	41.25%	41.45%


KOTAK MAHINDRA BANK LIMITED (STANDALONE)

Registered Office: 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai 400 021

SEGMENT RESULTS
Rs Lakhs

Sr No	Particulars	Quarter Ended		Year ended
		June-06 (Reviewed)	June-05 (Reviewed)	Mar-06 (Audited)
1	Segment Revenue (see Note 6)			
	Corporate Banking	8,331.14	3,151.46	18,169.89
	Lending	16,240.19	10,069.07	49,280.26
	Retail Liabilities	7,369.47	2,062.40	20,198.39
	Treasury and Investments	6,519.91	4,801.02	18,841.34
	Venture Fund Management	441.90	199.61	1,767.59
	Corporate Centre	-	1,393.22	5,478.05
	Total	38,902.61	21,676.78	113,735.52
	Less: Inter segment revenue	8,250.57	4,003.39	20,062.82
	Add: Unallocable revenue	-	-	22.71
	Total Revenue	30,652.04	17,673.39	93,695.41
2	Segment Results (see Note 6)			
	Corporate Banking	1,942.30	601.95	3,866.03
	Lending	1,586.52	2,773.08	11,461.36
	Retail Liabilities	(275.26)	(1,361.65)	178.42
	Treasury and Investments	227.83	(163.23)	(1,738.56)
	Venture Fund Management	234.30	111.51	863.77
	Corporate Centre	-	1,111.29	2,705.82
	Total	3,715.69	3,072.95	17,336.84
	Add: Unallocable revenue	-	-	22.71
	Profit Before Tax	3,715.69	3,072.95	17,359.55
3	Segment Assets (see Note 6)			
	Corporate Banking	311,092.01	184,815.11	283,622.61
	Lending	572,456.59	341,990.71	496,089.22
	Retail Liabilities	301,197.31	103,022.82	255,993.09
	Treasury and Investments	452,683.03	313,080.74	361,271.68
	Venture Fund Management	-	-	-
	Corporate Centre	-	48,170.26	35,117.57
	Total	1,637,428.94	991,079.64	1,432,094.17
	Less: Inter segment assets	484,760.23	285,788.48	417,111.76
	Total Assets	1,152,668.71	705,291.16	1,014,982.41
4	Segment Liabilities (See Note 6)			
	Corporate Banking	292,549.72	171,414.36	261,269.35
	Lending	511,722.84	303,404.60	438,634.63
	Retail Liabilities	301,753.38	106,056.54	258,063.10
	Treasury and Investments	399,362.17	309,116.44	356,429.02
	Venture Fund Management	-	-	-
	Corporate Centre	-	21,996.65	31,549.25
	Total	1,505,388.11	911,988.59	1,345,945.35
	Less: Inter segment liabilities	484,760.23	285,788.48	417,111.76
	Total Liabilities	1,020,627.88	626,200.11	928,833.59
5	Unallocated Assets/ (Liabilities) – (net)	(761.99)	(2,035.70)	(874.15)

NOTES:

- Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous year/s.
- Details of other income forming part of the Consolidated unaudited results are as follows:

Rs. lakhs

Particulars	Quarter Ended June 06 (Unaudited)	Quarter Ended June 05 (Unaudited)	For the period April 05 to March 06 (Audited)
Commission, Fees, Exchange and brokerage	24,775.62	14,077.69	86,699.42
Premium on insurance business	12,138.77	5,696.41	61,212.21
Profit on sale of investments incl. revaluation (insurance business)	(3,869.24)	602.33	8,955.01
Profit on sale of investments incl. revaluation others	1,719.24	(522.35)	3,155.29
Others	3,132.91	1,300.68	6,941.79
Total – Other income (Other than non recurring)	37,897.30	21,154.76	166,963.72
Profit on sale of investments (non recurring)	-	-	12,659.41
Total – Other income	37,897.30	21,154.76	179,623.13

- Details of other expenditure forming part of Consolidated unaudited results are as follows:

Rs. lakhs

Particulars	Quarter Ended June 06 (Unaudited)	Quarter Ended June 05 (Unaudited)	For the period April 05 to March 06 (Audited)
Policy holders' reserves, surrender expenses and claims	6,199.91	5,297.58	59,162.93
Brokerage	3,327.54	2,227.70	13,083.46
Depreciation	1,658.15	1,327.04	6,071.17
Rent, taxes and lighting	1,786.43	1,239.13	5,716.73
Others	10,677.59	7,075.87	38,827.88
Total – Other operating expenses	23,649.62	17,167.32	122,862.17

- The Board of Directors of the Bank at its meeting held on 15th May, 2006, approved the dividend @ 6.0% for the year ended 31st March, 2006, subject to the approval of the shareholders at the Annual General Meeting (AGM) to be held later today. Subsequent to 31st March, 2006 the Bank has issued 15,000,000 Global Depository Shares (GDS) representing 15,000,000 underlying equity shares and allotted 435,578 equity shares pursuant to exercise of employee stock options. Out of the above, the audited results for the year ended 31st March, 2006 include dividend proposed on 15,005,625 equity shares allotted upto the date of completion of audit. The Bank is required to pay dividend on the remaining 429,953 equity shares as they rank pari-passu with existing equity shares for dividend. The dividend will be paid after the approval of shareholders at the AGM.
- During the quarter, the Bank granted 2,546,600 equity shares to employees of the Bank and its subsidiaries under employee stock options scheme. 435,578 options were exercised by the employees during the quarter. The stock options outstanding as at 30th June, 2006 are 5,812,272.
- Till 31st March, 2006, the Bank had classified Corporate Centre, whose principal activity consisted of strategic and portfolio investments and group activities as a separate segment. Consequent to cessation of a significant part of revenues in the aforesaid segment, effective 1st April, 2006, Corporate Centre ceases to be a segment. Accordingly, the Bank has changed its business segments. Consequent to the same, the segment results for the reporting period are strictly not comparable. The revised business segments and their principal activities are as under :

Segment	Principal activity
Corporate Banking	Wholesale borrowings and lendings and services to corporate sector
Lending	Commercial vehicle finance, personal loans, home loans, agriculture finance and other loans/services.
Retail liabilities	Retail borrowings covering savings and current accounts and banking branch network and services.
Treasury and Investments	Money market, forex market, derivatives and investments
Venture Fund Management	Management of venture capital and private equity fund

The above segments have been identified based on the organization structure, the customer segment, products and services offered and its relation to risk and reward, and the internal reporting process.

A transfer pricing mechanism between all the above segments has been established to arrive at interest cost on the borrowings of the segments.

7. Status of shareholder complaints received during the quarter ended 30th June 2006 :

Total complaints pending as at 31 st March 2006	Nil
Total complaints received during the quarter ended 30 th June 2006	36
Total complaints resolved during the quarter ended 30 th June 2006	36
Total complaints pending as at 30 th June 2006	Nil

8. On 15th March, 2006, Kotak Group agreed to buy 25.01% stake held by Goldman Sachs Mauritius LLC (GS) in Kotak Mahindra Capital Limited (KMCC) and Kotak Securities Limited (KS). The consideration for the acquisition of 25.01% stake of GS is Rs. 333.00 crores. The transaction was consummated on 31st May, 2006. KS bought the stake held by GS in KMCC while KMCC bought the stake held by GS in KS. Subsequent to this KMCC and KS have become wholly owned subsidiaries of the Bank. Consequent to the above, the consolidated results for the quarter April to June 2006 include 100% share of profits with effect from 31st May, 2006 (74.99% till 30th May, 2006) of KMCC, its subsidiaries and KS with effect from 31st May, 2006 and incremental share in profits of associate. The excess of the book value of the net assets acquired over purchase consideration amounting to Rs. 28.15 crores has been accounted as capital reserve.
9. Effective 1st April, 2006, the Bank adopted the revised Accounting Standard 15 (AS 15) on Employee Benefits. Pursuant to its adoption, the additional obligations of the Bank for the period up to 31st March, 2006 amounted to Rs. 1,023.28 lakhs (standalone) and Rs. 1,714.74 lakhs (consolidated) (net of deferred tax) for the period up to 31st March, 2006 and in accordance with AS 15, the said additional obligation has been charged to the opening reserves as at 1st April, 2006. The figures for the previous periods have not been recast. The payments to and provisions for employees for the quarter ended 30th June, 2006 include provision for employee benefits of Rs. 506.06 lakhs (standalone) and Rs. 814.61 lakhs (consolidated).
10. Upto 31st May, 2006, in accordance with the RBI guidelines on purchase of non-performing assets, the Bank was recognising income at individual asset level. The Bank had also created a floating provision towards such assets, equivalent to the income recognised on individual accounts under a portfolio, wherever, the total collection was less than the cost paid for that portfolio. Vide circular dated 22nd June, 2006, the RBI has mandated specific conditions for creation and utilisation of floating provisions. Consequent to the same, the Bank has discontinued its policy of creating floating provisions for a portfolio and continues to recognise income at the asset level. In respect of the existing floating provision held, the Bank is in correspondence with the RBI for approval related to its utilisation.
11. Other income in the consolidated results for the reporting periods is net of sub-brokerage paid in the broking subsidiary amounting to Rs. 1,512.32 lakhs for the quarter ended 30th June, 2006 (Quarter ended 30th June, 2005 Rs. 863.27 lakhs), for the year ended 31st March, 2006 Rs. 5,406.17 lakhs.



12. During the quarter, the Bank raised Rs. 450.05 crores on issue of 15,000,000 GDS representing 15,000,000 underlying equity shares of Rs. 10/- each. The net issue expenses of Rs. 9.27 crores related to the aforesaid issue have been charged to the securities premium account as allowed under Section 78 of the Companies Act, 1956.
13. During the quarter ended 30th June, 2006, the Bank (standalone) has subscribed to the rights issue of equity shares of its subsidiary, Kotak Mahindra Old Mutual Life Insurance Limited (Kotak Life) amounting to Rs. 10.39 crores. The total investment made by the Bank (standalone) in Kotak Life as on 30th June, 2006 is Rs. 135.13 crores. In addition Kotak Mahindra Prime Limited has invested Rs. 60.94 crores.
14. Provision for taxes for the quarter April to June 06 include Rs. 75.00 lakhs (standalone) and Rs. 208.17 lakhs (consolidated) of provision for fringe benefit tax (for the quarter ended April to June 2005 Rs. 45.00 lakhs (standalone), Rs. 111.40 lakhs (consolidated) and for the year ended 31st March, 2006 Rs. 250.00 lakhs (standalone), Rs. 645.84 lakhs (consolidated)).
15. During the quarter ended 30th June, 2006, the RBI vide circular DBODNo.BP.BC.21/21.04.085/2005-2006 has increased provisioning requirements on standard assets in respect of personal loans, loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 20 lakhs and commercial real estate loans from 0.40% to 1.00%. Further, vide its circular DBODNo. BP.BC.21/21.04.048/2006-2007, the RBI has permitted the Banks to phase out the provisioning requirement over four quarters. The Bank has increased its provision on standard assets from 0.50% to 0.63% in respect of personal loans and from 0.40% to 0.55% in respect of loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 20 lakhs and commercial real estate loans. This has resulted in increase in provisions and contingencies by Rs. 295.55 lakhs during the quarter.
16. The capital adequacy as on 30th June, 2006 is after considering the audited financial results up to 31st March, 2006, and also the increased capital on account of GDS issue (Note 12 above) in line with the RBI guidelines. The capital adequacy ratio has also been adjusted for the impact on reserves consequent to implementation of AS 15 (Note 9 above),.
17. During the quarter April to June 2006, the Bank has raised Rs. 3,290.00 lakhs of Bonds eligible to be classified as Tier II Capital. As on 30th June, 2006, the Bank has raised Rs. 27,290.00 lakhs of Bonds eligible to be classified as Tier II Capital and the same has been considered for arriving at the capital adequacy as on 30th June, 2006.
18. The Board has in principle approved the merger of the Trading and Principal (including primary dealership) division of Kotak Mahindra Capital Company Ltd. (KMCC) into the Bank. The boards of KMCC and Kotak Mahindra Securities Ltd (KMSL) have also in principle approved the merger of the strategic investment division and trading and clearing operations of the NSE of KMSL into KMCC. Further, in order to meet a license condition of the Reserve Bank, the Bank proposes to invest additional capital in five indirect subsidiaries so as to take a 51% stake in these companies and make them direct subsidiaries of the Bank. The above is subject to necessary approvals.
19. Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's presentation.
20. The above results were taken on record at the Audit Committee meeting and at the meeting of the Board of Directors held on 20th July, 2006.

By order of the Board of Directors
For Kotak Mahindra Bank Limited

Dipak Gupta
Executive Director

Mumbai, 20th July 2006