



Earnings Update – FY07 Results

May 08, 2007



Performance Highlights*

- Consolidated total income up 51% to Rs 42,971 mn in FY07 from Rs 28,541 mn in FY06. For Q4FY07, total income was up 27% to Rs 14,264 mn from Rs 11,251 mn in Q4FY06.
- Consolidated PAT (excl Life Insurance) up 55% to Rs 5,814 mn in FY07 from Rs 3,745 mn in FY06. For Q4FY07, consolidated PAT (excl Life Insurance) was up 35% to Rs 1,778 mn from Rs 1,317 mn in Q4FY06. Including Life Insurance, consolidated PAT up 57% to Rs 5,382 mn in FY07 from Rs 3,425 mn in FY06. For Q4FY07, consolidated PAT (incl Life Insurance) up 30% to Rs 1,703 mn from Rs 1,308 mn in Q4FY06.
- Consolidated advances up 49% YoY to Rs 156 bn as on March 31, 2007, with retail and commercial loans comprising 85% of the portfolio. Consolidated NIM for FY07 at 5.2% (5.1% in FY06).
- The Group employee strength was over 10,800 as on March 31, 2007 (6,700 employees as on March 31, 2006).
- As on March 31, 2007, the Bank had 105 full-fledged bank branches (65 branches as on March 31, 2006) across 69 locations. The Bank targets to have a total of 200 branches by mid next year.
- Net Interest Income (NII) of the Bank (Standalone) for FY07 was up 72% YoY to Rs 6,549 mn from Rs 3,800 mn in FY06. For Q4FY07 NII of the Bank (Standalone) grew 75% to Rs 2,047 mn from Rs 1,169 mn in Q4FY06.
- PAT of the Bank (Standalone) up 20% to Rs 1,414 mn in FY07 from Rs 1,182 mn in FY06. For Q4FY07 PAT of the Bank grew 7% to Rs 373 mn from Rs 347 mn in Q4FY06. This is after considering a) provision on stressed assets portfolio of Rs 280 mn in FY07 and Rs 46 mn in Q4FY07; b) additional standard provision consequent to the change in RBI guidelines of Rs 448 mn in FY07 and Rs 312 mn in Q4FY07.
- Capital adequacy ratio of the Bank as on March 31, 2007 was 13.46% (11.27% as on March 31, 2006). Tier I ratio was 8.81%.
- Deposits of the Bank grew by 56% to Rs 103 bn² (including current and savings deposits of Rs 23 bn²) as on March 31, 2007 from Rs 66 bn² (including current and savings deposits of Rs 12 bn²) as on March 31, 2006. CASA deposits² comprised 22% of total deposits (19% as on March 31, 2006). Total number of deposit accounts was around 350,000 as on March 31, 2007 (168,200 as on March 31, 2006).
- Kotak Securities clocked average daily volumes of over Rs 37 bn during FY07 (9.0% of total daily average market volumes) (Rs 24 bn in FY06; 8.5% of total daily average market volumes). For Q4FY07, the average daily volumes were over Rs 42 bn (Rs 35 bn in Q4FY06).
- Total assets managed/ advised by the Group were Rs 224 bn (Rs 197 bn as on March 31, 2006).
- Impact in FY07 of revised Accounting Standard 15 on Employee Benefits - Rs 159 mn for the Group and Rs 68 mn for the Bank
- Consolidated Net NPA as at March 31, 2007 excluding stressed asset portfolio is 0.17% (0.21% as on March 31, 2006). Including the stressed asset portfolio, the consolidated net NPA is 1.91% as at March 31, 2007.
- During Q4FY07, the Trading and Principal Division (including Primary Dealership) of KMCC was de-merged into the Bank with effect from March 20, 2007 upon receiving requisite approvals from the court and the regulatory authorities. As a result of this restructuring, net worth of the Bank increased by Rs 2,168 mn..
- Voted the Most Popular Investor Relation Website for the Asia/Pacific Region conducted by IR Global Rankings 2007

*Consolidated numbers for FY 07 are unaudited, Bank stand-alone numbers are audited.

Note: 1. In order to facilitate comparison, all numbers for FY06 & Q4FY06 in this document are excluding non recurring items.

2. excluding monies held as collection bankers Rs 7,487 mn as on March 31, 2007 and Rs 104 mn as on March 31, 2006.

Consolidated Financials

Revenues

Rs million

	Q4FY07	Q4FY06	Q3FY07	FY07	FY06	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Financing activities	4,771.6	3,007.4	4,326.0	15,772.6	9,879.3	59.7%
Fee Income*	2,971.8	3,268.6	3,165.3	10,562.5	8,669.9	21.8%
Premium income	4,581.3	3,617.7	2,092.9	9,504.6	6,121.2	55.3%
Treasury/ Investments	1,905.9	1,287.6	2,305.8	6,820.6	3,699.7	84.4%
Others	33.9	70.1	15.9	310.9	171.1	81.7%
Total Revenues	14,264.4	11,251.3	11,905.9	42,971.2	28,541.1	50.6%

* Brokerage income is net of sub brokerage

Profits

Rs million

	Q4FY07	Q4FY06	Q3FY07	FY07	FY06	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Profit before tax excl. retail liabilities & branch banking and life insurance	2,615.8	2,087.4	2,645.2	8,767.0	6,557.9	33.7%
<i>Retail liabilities</i>	(219.2)	232.1	(82.6)	(423.3)	17.8	-
<i>Life insurance</i>	(96.1)	(1.2)	(161.2)	(556.3)	(413.4)	
Profit Before Tax	2,300.5	2,318.292	2,401.4	7,787.4	6,162.3	26.4%
PAT (after minority interest / associates)	1,703.3	1,308.1	1,695.8	5,382.4	3,424.6	57.2%
EPS (diluted) (Rs) (non annualised)	5.18	4.22	5.16	16.47	11.01	49.6%

Consolidated Financials

Assets

Rs million

	As on March 31, 2007	As on March 31, 2006	Growth (%) YOY
Advances			
• Commercial vehicles & Construction equipments	25,781	18,731	37.6%
• Auto loans	36,108	30,637	17.9%
• Personal loans	19,763	10,069	96.3%
• Home loans	17,533	9,707	80.6%
• Corporate Banking	23,785	13,357	78.1%
• Stressed Assets acquired	5,123	4,192	22.2%
• Others	27,642	17,506	57.9%
Total Advances	155,734	104,199	49.5%
Investments/ Treasury Assets	91,285	50,487	80.8%
Total Advances and Investments	247,019	154,686	59.7%

Liabilities

Rs million

	As on March 31, 2007	As on March 31, 2006	Growth (%) YOY
Deposits	96,610	56,167	72.0%
Deposits (net of monies held as collection bankers)	89,123	56,063	59.0%
Borrowings	99,372	57,979	71.4%



Consolidated Financials

Analytical Ratios

	As on March 31, 2007	As on March 31, 2006
Net-worth (Rs mn)	32,330	22,471
Book value per share (Rs)	99.12	72.65
Net Interest Margin (%)	5.2%	5.1%
Net NPAs (%) (excluding stressed assets portfolio)	0.17%	0.21%
Return on average Net-worth (%)	19.6%	20.6%

* Net NPA including stressed assets portfolio was 1.91%.

Company-wise Profit After Tax

Rs million

	Q4FY07	Q4FY06	Q3FY07	FY07	FY06	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Kotak Mahindra Bank (Standalone)	372.6	347.3	454.0	1,413.7	1,182.3	19.6%
Kotak Mahindra Prime	243.8	95.2	108.8	573.4	208.8	174.6%
Kotak Mahindra Capital Company	205.6	267.2	189.4	678.7	565.7	20.0%
Kotak Securities	750.7	804.1	804.1	2,557.1	2,155.4	18.6%
International subsidiaries	79.3	25.3	196.3	350.1	133.3	162.6%
Kotak Mahindra AMC & Trustee Co	12.4	10.2	23.3	114.7	76.3	50.4%
Kotak Mahindra Investments	152.3	82.1	33.0	262.5	278.0	-5.6%
Others	(0.4)	(2.6)	(0.8)	0.3	67.9	
Total consolidated profit after tax (excl Life Insurance)	1,816.2	1,628.8	1,808.0	5,950.5	4,667.7	27.5%
Equity Affiliates	39.5	14.3	21.1	149.3	22.5	-
Minority interest and other adjustments (excl Life Insurance)	(77.7)	(325.9)	(3.2)	(285.6)	(945.7)	-
PAT (after minority interest / adjustments) (excl Life Insurance)	1,778.1	1,317.2	1,825.9	5,814.2	3,744.6	55.3%
Kotak Mahindra Old Mutual Life Insurance (Group share)	(74.8)	(9.1)	(130.1)	(431.8)	(320.0)	34.9%
PAT (after minority interest / adjustments)	1,703.3	1,308.1	1,695.8	5,382.4	3,424.6	57.2%

Kotak Mahindra Bank – Standalone
Rs million

Revenues	Q4FY07	Q4FY06	Q3FY07	FY07	FY06	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Lending	3,204.4	1,492.6	2,371.3	9,164.4	4,928.0	86.0%
Corporate Banking	1,048.1	633.3	1,053.2	3,741.9	1,817.0	105.9%
Retail Liabilities	1,093.8	957.8	1,047.9	3,621.7	2,019.8	79.3%
Treasury and Investments	1,265.4	339.6	1,175.0	4,084.9	1,884.1	116.8%
Venture Fund Management	45.4	44.2	38.1	178.4	176.8	0.9%
Corporate Centre	-	101.0	-	-	547.8	-
<i>Inter-segment revenue</i>	(1,446.6)	(636.2)	(1,160.2)	(4,413.9)	(2,006.3)	-
<i>Un-allocable revenue(net)</i>	0.3	2.3	-	0.3	2.3	-
Total Revenue	5,210.7	2,934.5	4,525.3	16,377.6	9,369.5	74.8%

Rs million

Profits	Q4FY07	Q4FY06	Q3FY07	FY07	FY06	Growth (%)
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)	
Lending	476.2	320.3	191.3	1,124.1	1,146.1	-1.9%
Corporate Banking	193.7	122.5	426.0	1,016.5	386.6	162.9%
Retail Liabilities	(219.2)	232.1	(82.6)	(423.3)	17.8	-
Treasury and Investments	(13.0)	(163.9)	139.0	236.1	(173.9)	-
Venture Fund Management	17.4	(2.5)	19.0	78.8	86.4	-8.8%
Corporate Centre	-	3.1	-	-	270.6	-
<i>Un-allocable revenue(net)</i>	0.3	2.3	-	0.3	2.3	-
Total Profit before tax	455.4	513.9	692.7	2,032.5	1,736.0	17.1%
Provision for tax	82.8	166.6	238.7	618.8	553.7	-
Profit after tax	372.6	347.3	454.0	1,413.7	1,182.3	19.6%

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 March 31, 2007	As on March 31, 2006	Growth (%) YOY
Advances			
• Commercial vehicles & Construction equipments	25,781	18,731	37.6%
• Personal loans	19,553	10,069	94.2%
• Home loans	17,533	9,707	80.6%
• Corporate Banking	23,825	13,358	78.4%
• Others	22,548	11,620	94.0%
Total Advances	109,240	63,485	72.1%
Investment / Treasury Assets	68,620	28,555	140.3%
Total Assets	177,860	92,041	93.2%

Liabilities
Rs million

	As on March 31, 2007	As on March 31, 2006	Growth (%) YOY
Deposits	110,001	65,659	67.5%
Deposits (net of monies held as collection bankers)	102,514	65,555	56.4%
Borrowings	50,998	16,092	216.9%

Bank Performance Highlights

- As on March 31, 2007, the Bank had 105 full-fledged bank branches (65 branches as on March 31, 2006) across 69 locations. The Bank targets to have a total of 200 branches by mid next year.
- Net Interest Income (NII) of the Bank for FY07 was up 72% YoY to Rs 6,549 mn from Rs 3,800 mn in FY06. For Q4FY07 NII of the Bank grew 75% to Rs 2,047 mn from Rs 1,169 mn in Q4FY06.
- PAT of the Bank up 20% to Rs 1,414 mn in FY07 from Rs 1,182 mn in FY06. For Q4FY07 PAT of the Bank grew 7% to Rs 373 mn from Rs 347 mn in Q4FY06. This is after considering a) provision on stressed assets portfolio of Rs 280 mn in FY07 and Rs 46 mn in Q4FY07;b) additional standard provision consequent to the change in RBI guidelines of Rs 448 mn in FY07 and Rs 312 mn in Q4FY07.
- Advances up 72% to Rs 109 bn as on March 31, 2007 from Rs 64 bn as on March 31, 2006.
- Deposits of the Bank grew by 56% to Rs 103 bn* (including current and savings deposits of Rs 23 bn*) as on March 31, 2007 from Rs 66 bn* (including current and savings deposits of Rs 12 bn*) as on March 31, 2006. CASA deposits* comprised 22% of total deposits (19% as on March 31, 2006). Total number of deposit accounts was around 350,000 as on March 31, 2007 (168,200 as on March 31, 2006).
- Fees from distribution of financial products were Rs 1,101 mn in FY07 (Rs 1,178 mn in FY06) and Rs 275 mn in Q4FY07 (Rs 625 mn in Q4FY06)
- Capital adequacy ratio of the Bank as on March 31, 2007 was 13.46% (11.27% as on March 31, 2006). Tier I ratio was 8.81%.
- Subordinated debt outstanding as on 31st March, 2007 was Rs. 4, 299 mn.
- Awarded the IT Team of the Year award at the Annual Banking Technology Awards 2006 (Indian Banks Association).
- Adjudged the 10th Best Employer in India by Hewitt Best Employer Survey.
- During Q4FY07, the Trading and Principal Division (including Primary Dealership) of KMCC was de-merged into the Bank with effect from March 20, 2007 upon receiving requisite approvals from the court and the regulatory authorities. As a result of this restructuring, net worth of the Bank increased by Rs 2,168 mn.

**excluding monies held as collection bankers Rs 7,487 mn as on March 31, 2007 and Rs 104 mn as on March 31, 2006.*

Key Subsidiaries – Highlights

Kotak Mahindra Prime – car finance, other lending

Rs million

	Q4 FY07	Q4 FY06	Q3 FY07	FY07	FY06
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	1,367.6	907.1	1,149.5	4,436.3	3,032.0
Profit before royalty & taxes	367.2	137.9	154.6	842.5	546.2
Profit after royalty before taxes	367.2	137.9	154.6	842.5	311.1
Profit after tax	243.8	95.2	108.8	573.4	208.8

- Auto Loan advances were Rs 36 bn as on March 31, 2007 up 18% YOY.
- Other advances were Rs 5 bn as on March 31, 2007.
- Awarded Best Passenger Vehicle Finance Company in India 2006 by Frost & Sullivan.
- In addition to car finance, KMP carries on other lending activities.

Kotak Mahindra Capital Company – investment banking
Rs million

	Q4 FY07	Q4 FY06	Q3 FY07	FY07	FY06
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	612.7	689.0	529.0	2,051.7	1,542.4
Profit before tax	292.3	350.6	271.3	939.0	764.9
Profit after tax	205.6	267.2	189.4	678.7	565.7

- Kotak Investment Banking acted as exclusive financial advisor to
 - IFFCO for the sale of its holding in Godavari Fertilisers and Chemicals to Coromandel Fertilisers
 - Divyasree Group for Rs. 5 billion private equity funding by TPG-Axon
 - INX group in raising finance for its entertainment and news media company
 - Mahindra & Mahindra for their acquisition of controlling stake in Punjab Tractors Ltd
 - Kingston Properties Private Limited for US\$150 mn private equity funding by Morgan Stanley
 - Blackstone Group and Ushodaya Enterprises in US\$ 275 million financing for Ushodaya
- Kotak Investment Banking is one of the advisors to Hutchison Telecom for US\$ 19 bn sale of its Indian operations to Vodafone.
- Advising Pioneer Global Asset Management, a US\$ 370 bn asset management subsidiary of Unicredit Group of Italy, in a majority joint venture with Bank of Baroda for mutual funds in India.
- Acted as the BRLM for the IPOs of Rs. 10 bn Power Finance Corporation, Rs. 8 bn Indian Bank, Rs 2 bn Mindtree and Rs 851 mn ICRA.
- Announced in April 2007
 - Exclusive financial advisor to Bombay Stock Exchange Ltd (“BSE”) in its demutualization. Private placement of 51% of BSE to strategic investors – Deutsche Borse and Singapore Exchange, and about 20 financial investors totaling ~ Rs 21 bn.
 - Exclusive financial advisor to Anchor Electricals for the sale of promoter holding to Matsushita Electric Works of ~ Rs. 20 bn,
- Ranked #4 for entire Asia (ex Japan) deals by value for Q4 FY07 by Mergermarket.
- Ranked #1 in lead managing GDRs and QIPs for FY07 based on the value of deals (Prime Database).
- Segmental PBT for Trading and Principal Investments including long term investments stood at Rs 292 mn for FY07.

Kotak Securities – stock broking
Rs million

	Q4 FY07	Q4 FY06	Q3 FY07	FY07	FY06
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	2,332.5	2,227.9	2,386.0	8,339.3	6,207.3
Profit before tax	1,039.7	1,225.4	1,119.3	3,651.2	3,204.8
Profit after tax	750.7	804.1	804.1	2,557.1	2,155.4

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 42 bn during Q4FY07 as compared to around Rs 36 bn during Q4FY06. Average daily volumes for FY07 were Rs.37 bn (Rs 24 bn in FY06).
- Kotak Securities accounted for 9.0% of total average daily market volumes in FY07 (8.5% in FY06).
- AUM in Portfolio Management Services was Rs 23 bn as on March 31, 2007 (Rs 26 bn as on March 31, 2006).
- Kotak Institutional Equities is one of the top 5 institutional brokers in India and the only Indian broker in the top 5 list. Kotak Institutional Equities has a strong research team with wide research coverage of over 130 companies. Its clientele includes Foreign Institutional Investors, Financial Institutions, Banks, Mutual Funds and Insurance companies. It has a leading position in the Futures & Options segment.
- Kotak Securities has a network of over 813 offices (own & franchisees) across 277 cities and towns and services around 320,000 secondary market customers.
- Kotak Securities was adjudged the most customer responsive company for 2006 (category: financial services) by Avaya Global Connect.

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

	Q4 FY07	Q4 FY06	Q3 FY07	FY07	FY06
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Total income	138.4	108.0	137.5	544.3	393.1
Profit before tax (AMC)	1.5	4.2	18.0	106.0	78.3
Profit after tax (AMC)	0.8	2.5	12.0	68.3	50.6
Profit before tax (Trustee Company)	16.9	11.0	16.6	67.4	37.7
Profit after tax (Trustee Company)	11.7	7.7	11.2	46.4	25.7

- Total AUM as on March 31, 2007 was Rs 121 bn (Rs 104 bn as on March 31, 2006). Equity AUM as on March 31, 2007 was Rs 27 bn (Rs 31 bn as on March 31, 2006).
- KMAMC has 58 branches and satellite offices servicing over 536,000 investors.
- Kotak Bond Regular Plan (Growth) was adjudged the Best Fund (over past 5 years) in the Bond Indian Rupees General category by Lipper.
- Kotak Flexi Debt Fund was ranked ICRA - MFR 1 and awarded the Gold Award for 'Best Performance' in the category of 'Open Ended Debt - Short Term'.
- Kotak Bond Short Term Plan was ranked ICRA - MFR 1 and awarded the Gold Award for 'Best Performance' in the category of 'Open Ended Debt - Short Term'.

Kotak Mahindra Old Mutual Life Insurance - life insurance
Rs million

	Q4 FY07	Q4 FY06	Q3 FY07	FY07	FY06
	(3 months)	(3 months)	(3 months)	(12 months)	(12 months)
Gross premium income	4,667.5	3,639.8	2,132.6	9,715.1	6,218.5
Loss	(101.1)	(12.3)	(175.7)	(583.5)	(432.4)

- Kotak Life Insurance (KLI) premium income grew 56% to Rs 9,715 mn in FY07 from Rs 6,219 mn in FY06. For Q4FY07 the premium income grew 28 % to Rs 4,668 mn from Rs 3,640 mn in Q4FY06.
- KLI has a network of 74 branches in 49 cities (44 branches in FY06).
- As on March 31, 2007, KLI had around 318,800 individual policies on books representing a basic sum assured of ~ Rs 162 bn (excluding riders). Additionally, KLI had around 245 group policies covering 456,200 lives with an aggregate sum assured of ~ Rs 132 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.

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

Jaimin Bhatt / Naozad Sirwalla
Kotak Mahindra Bank Limited

Tel: +91 22 6658 1100

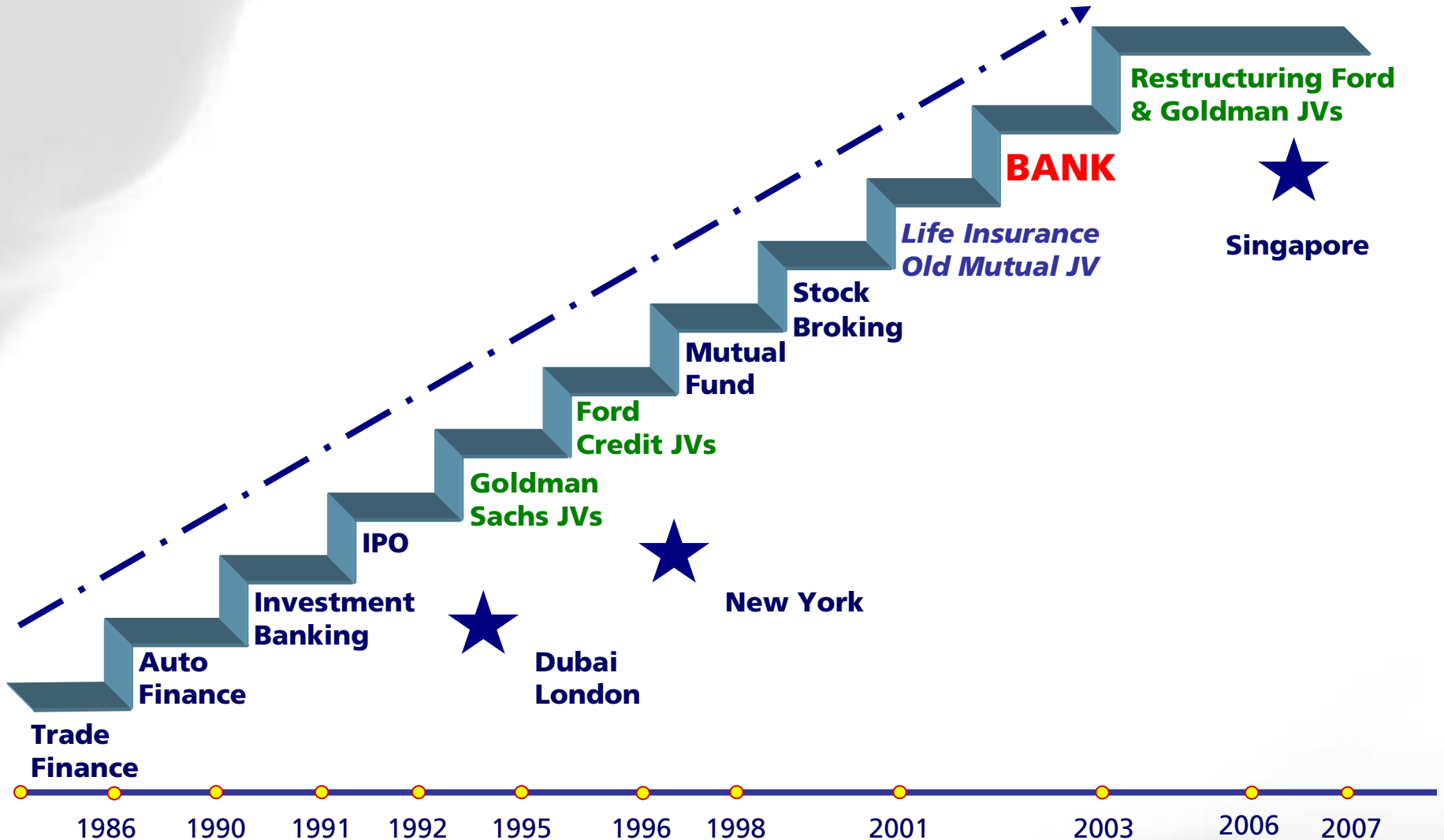
Fax: +91 22 2285 5577

E-mail: jaimin.bhatt@kotak.com / naozad.sirwalla@kotak.com / investor.relations@kotak.com

May 2007



Journey so far...



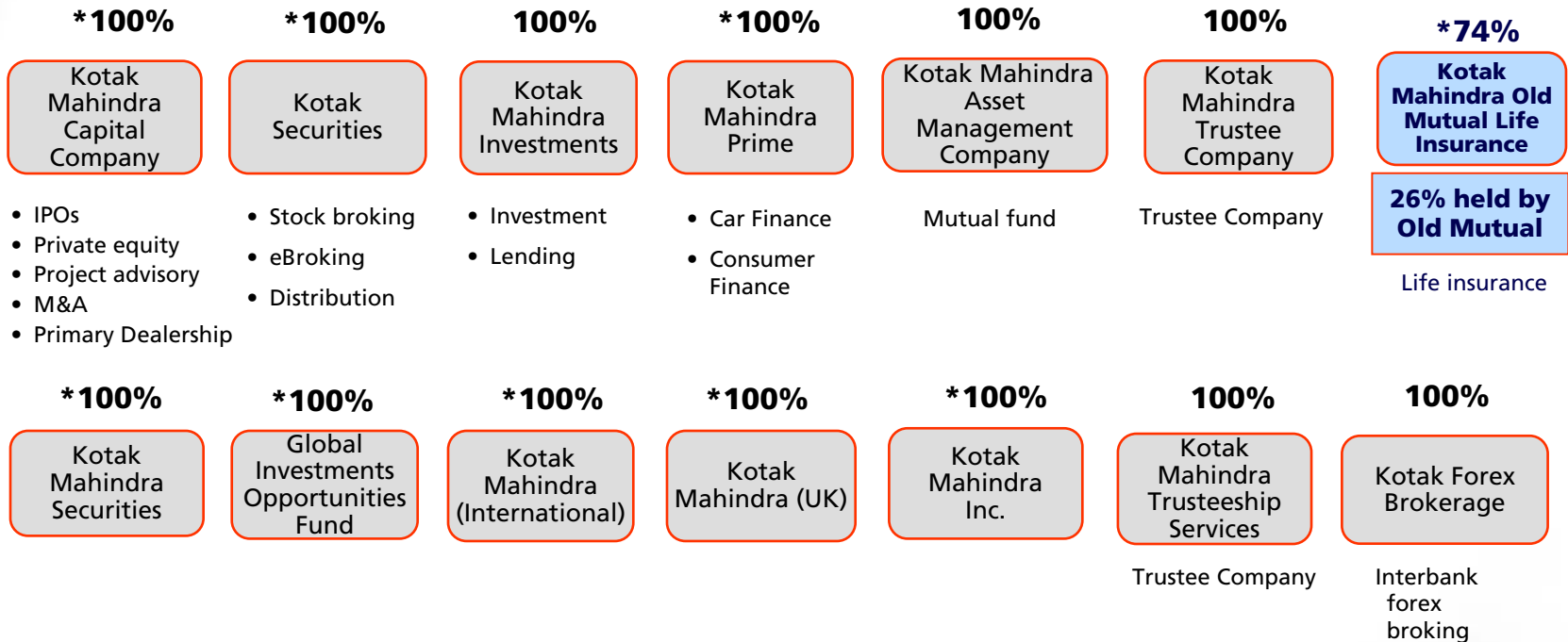
In October 2005, Kotak Group acquired the 40% stake in Kotak Prime held by Ford Credit International (FCI) and FCI acquired the stake in Ford Credit Kotak Mahindra (FCKM) held by Kotak Group.

In May 2006, Kotak Group bought 25% stake held by Goldman Sachs in Kotak Mahindra Capital Company and Kotak Securities

Group Structure



Wealth Management
Retail Branch Banking
Retail Lending
Corporate Banking
Treasury



***Includes direct and indirect holdings**

Highlights

FY07 Highlights



- Consolidated FY07 PAT up 57% YoY to Rs 5,382.4 mn
 - Consolidated Q4FY07 PAT up 30% YoY to Rs 1,703.3 mn
- 105 full-fledged bank branches across 69 locations (65 branches March 06)
 - Target 200 bank branches by mid next year
- Consolidated advances up 49% YoY to Rs 155.7 bn
 - Bank standalone advances crossed Rs 100 bn – up 72% YoY
- Consolidated NIM 5.2% (5.1% March 06)
- CASA deposits¹ grew 82% YoY to Rs 22.5 bn
 - CASA ratio¹ 22% (19% March 06)
- Consolidated net NPAs² 0.17% (0.21% March 06)

1 excluding monies held as collection bankers

2 excluding stressed assets portfolio

FY07 Highlights

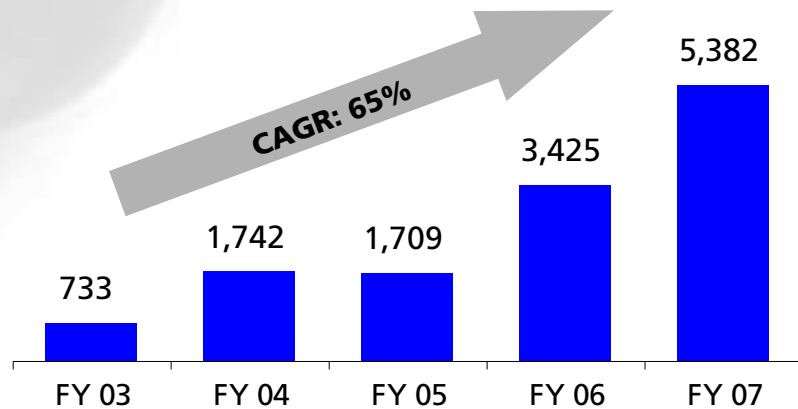


- Kotak Securities – India’s leading stock broking house
 - Over 9% of total average daily volumes in FY07 (8.5% FY06)
 - Average daily volumes in FY07 - Rs 37.1 bn (Rs 24.4 bn FY06)
- Kotak Investment Banking
 - #4 for Asia (ex Japan) deals by value by Mergermarket
 - #1 lead manager of QIPs & GDRs by value – PRIME database
- Assets managed/advised by the group US\$ 5.1 bn (US\$ 4.4 bn Mar 06)
- Kotak Life Insurance premium income up 56% YoY to Rs 9,715.1 mn
- Bank adjudged the 10th Best Employer in India by Hewitt Best Employer Survey
- Voted the Most Popular Investor Relations Website for the Asia/ Pacific Region by IR Global Rankings 2007
- Total group headcount 10,800
 - Added 4,100 employees in FY07

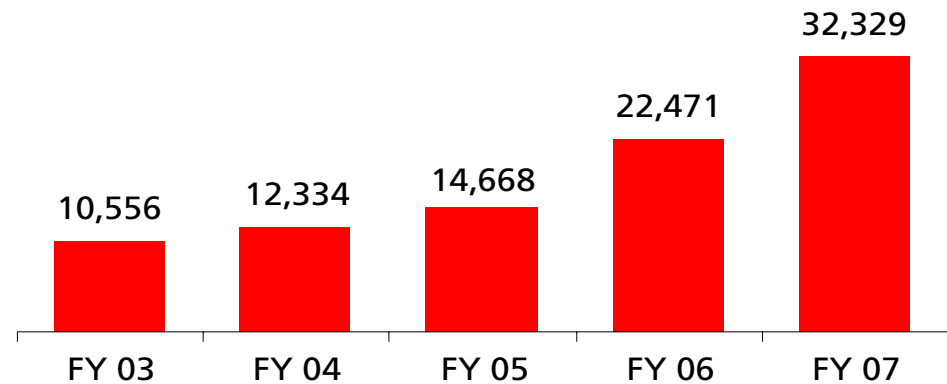
Highlights – 5 year Snapshot



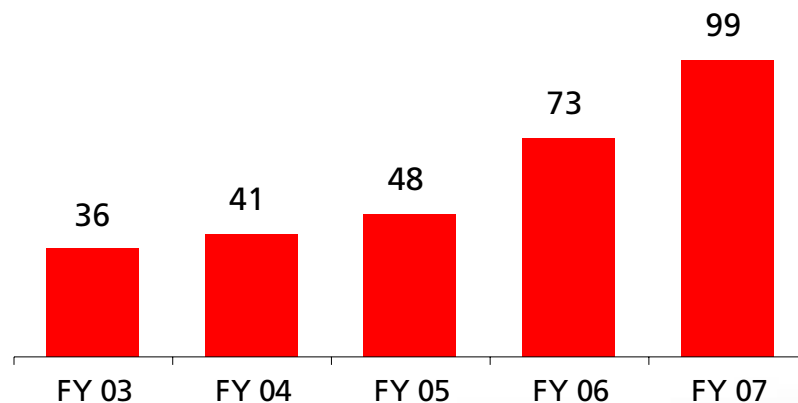
Consolidated Net Profit (Rs mn)



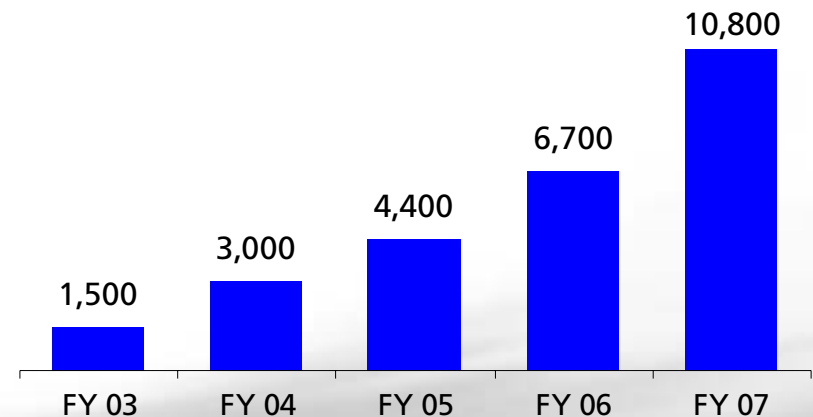
Consolidated Net Worth (Rs mn)

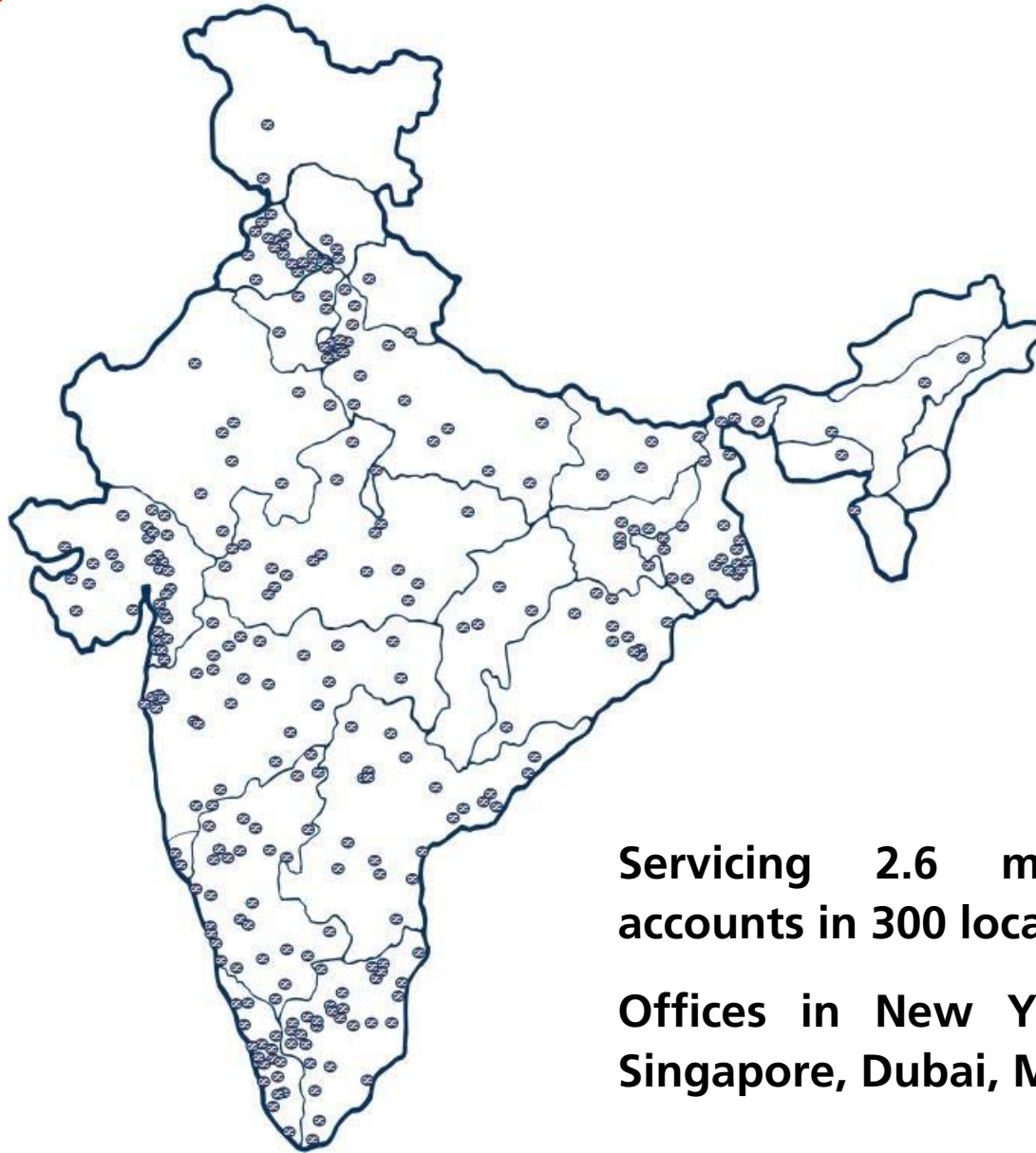


Consolidated Book Value per share (Rs)



Group Employees

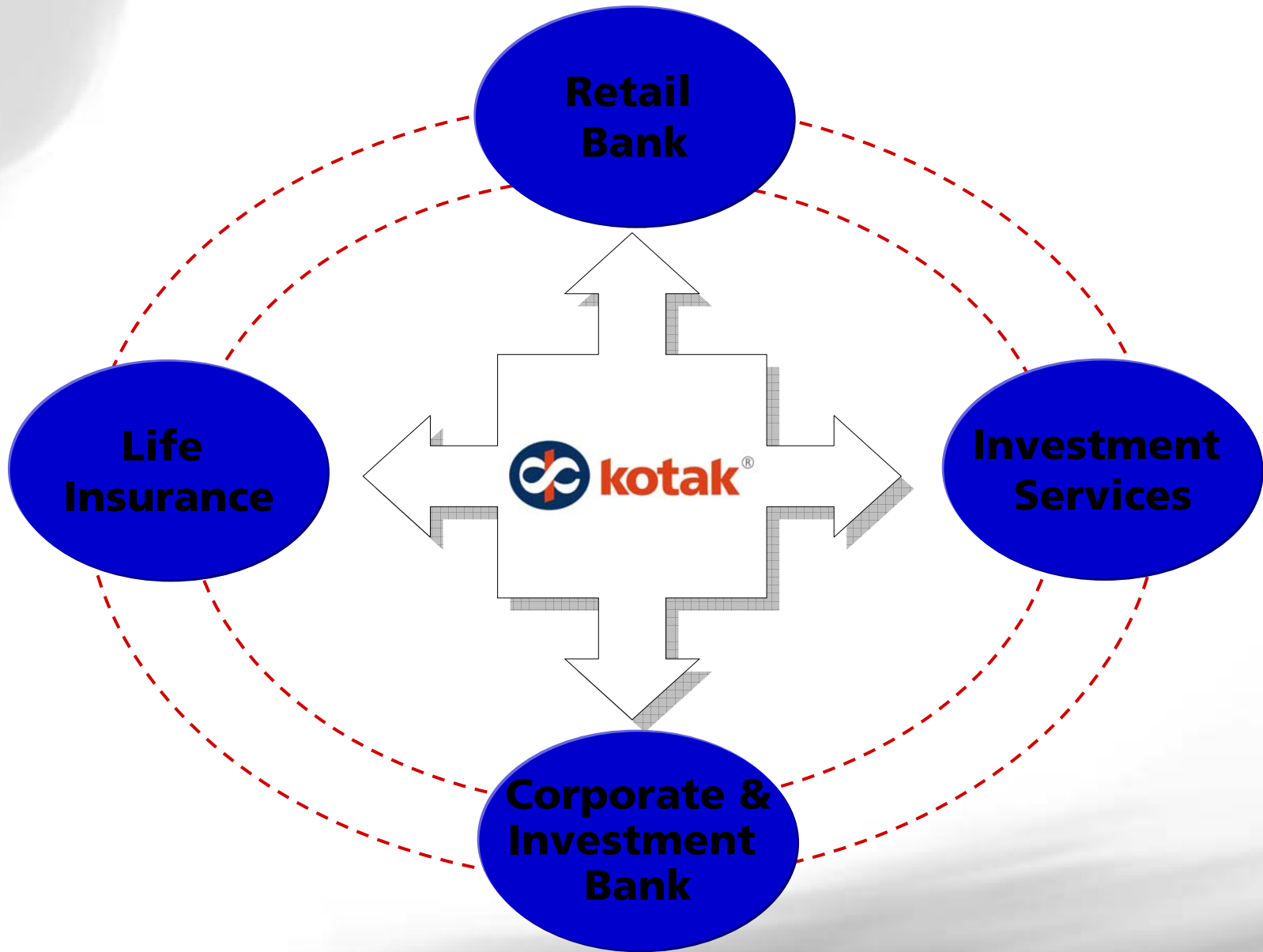




Servicing 2.6 mn customer accounts in 300 locations in India

Offices in New York, London, Singapore, Dubai, Mauritius

Integrated Financial Institution



Businesses

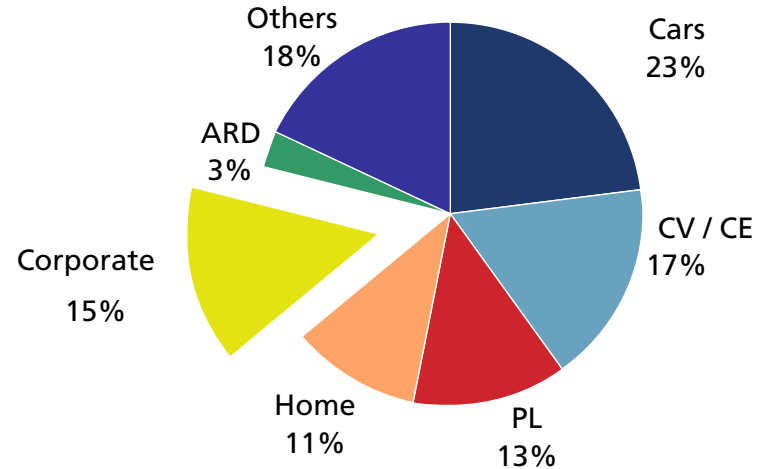
Retail Bank

Consolidated Advances

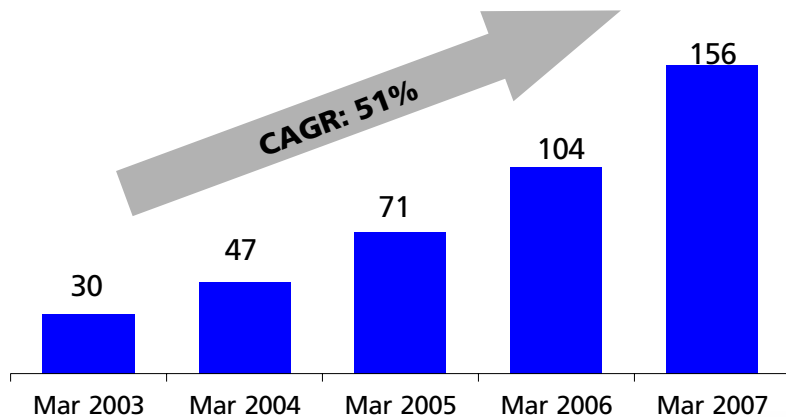


- Retail & commercial lending
 - 85% of advances
- Stressed assets portfolio Rs 5.1 bn; Principal outstanding Rs 33 bn – potential for significant returns

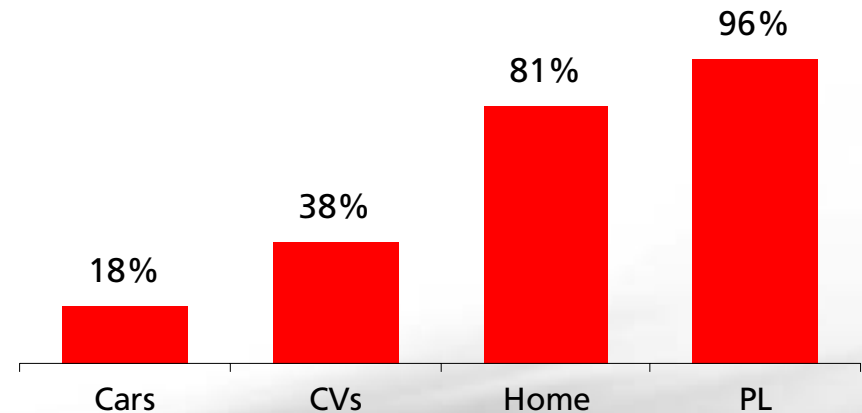
Advances Rs 155.7 bn (Mar 07)



Total Advances Growth (Rs bn)



Growth in Advances - Mar 07 v/s Mar 06

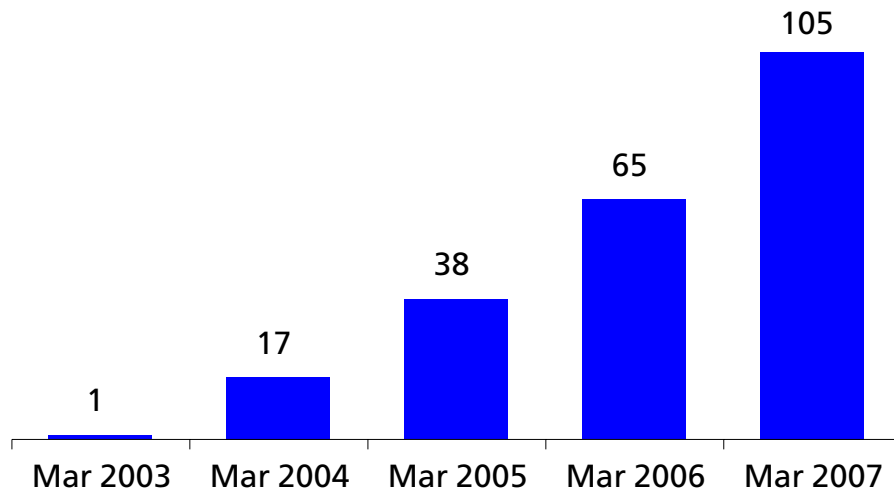


Retail Liabilities

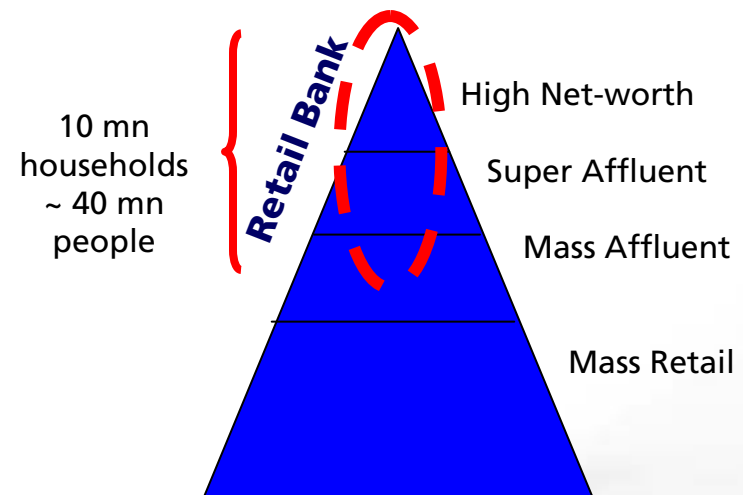


- High focus on HNI and mass affluent population
 - Convenience and solutions led strategy
- Significant contribution from distribution of financial products
- No of Deposit Accounts – 350,000 (168,200 March 06)

No. of full fledged Bank branches



Customer Focus

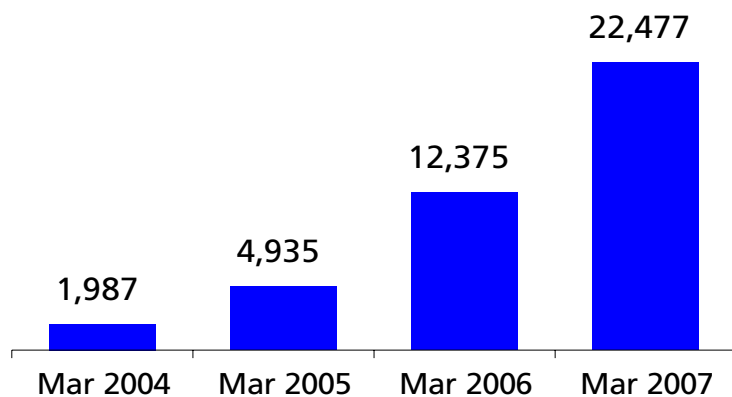


Bank Deposits

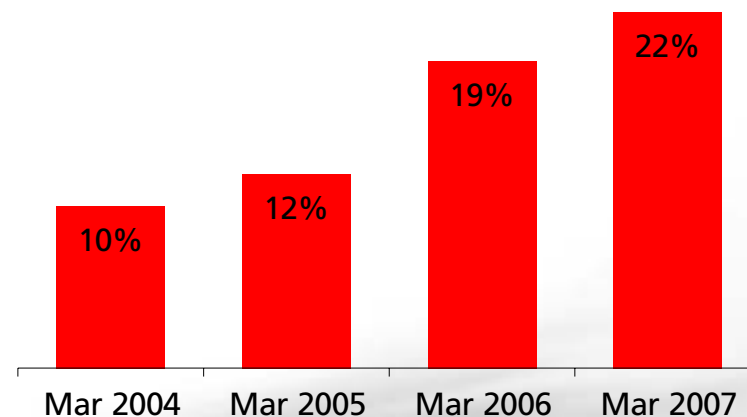


Rs mn	Mar 07	Mar 06	Growth %
Current ¹	13,600	7,482	82%
Savings	8,877	4,893	81%
CASA Deposits¹	22,477	12,375	82%
Term Deposits	80,037	53,179	51%
Total Deposits¹	102,514	65,554	56%

CASA¹ (Rs mn)



CASA Ratio¹



¹ excluding monies held as collection bankers

Businesses

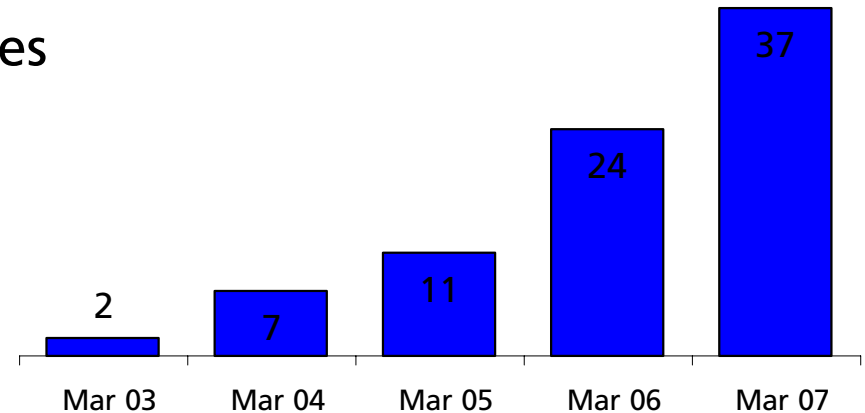
Investment Services

India's leading securities brokerage firm

9% of total average daily volumes FY07 (8.5% in FY06)

- Strong presence in retail and institutional segments
- Network of 813 offices in 277 cities
 - added 153 offices in FY07
- Plan to leverage network significantly for distribution of financial products

KS Average Daily Volumes (Rs bn)



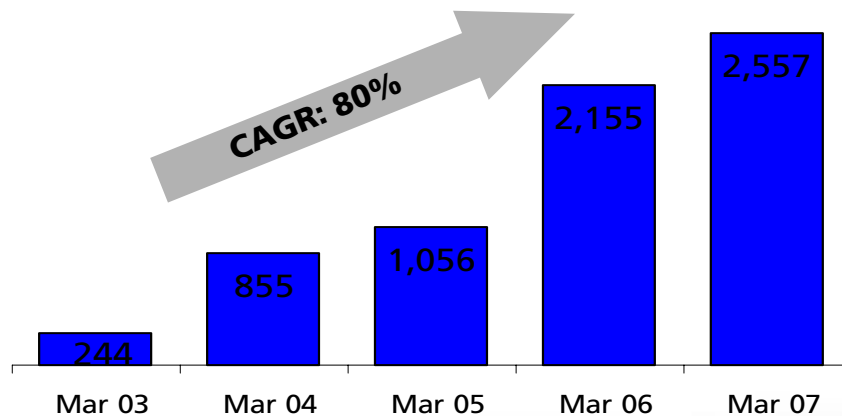
- Topped the Asiamoney 2006 Brokers Poll as the Best Local Broker
- Adjudged the most customer responsive company for 2006 (category: financial services) by Avaya Global Connect

Securities

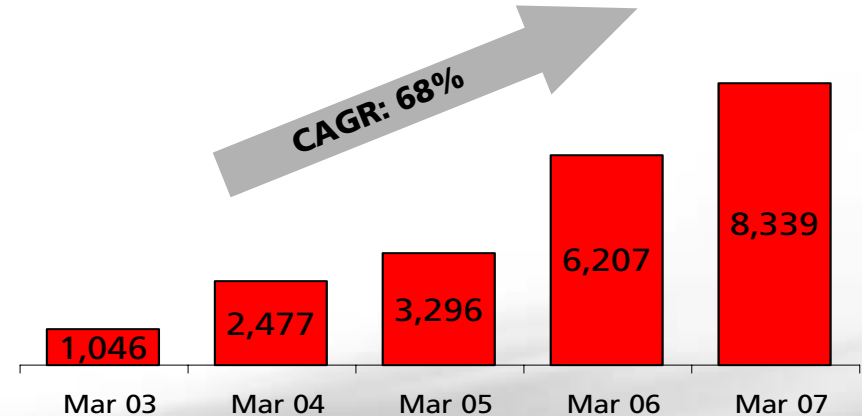


- Strong research team
- Wide coverage
 - Institutional research 130 companies
 - Retail research 135 companies
- PMS AUM Rs 23.0 bn of which > 50% on profit sharing
 - Awarded Best Provider of Equity Portfolio Management – Equities by Euromoney Private Banking Poll 2007
- 320,000 secondary market customers - added 100,000 in FY07

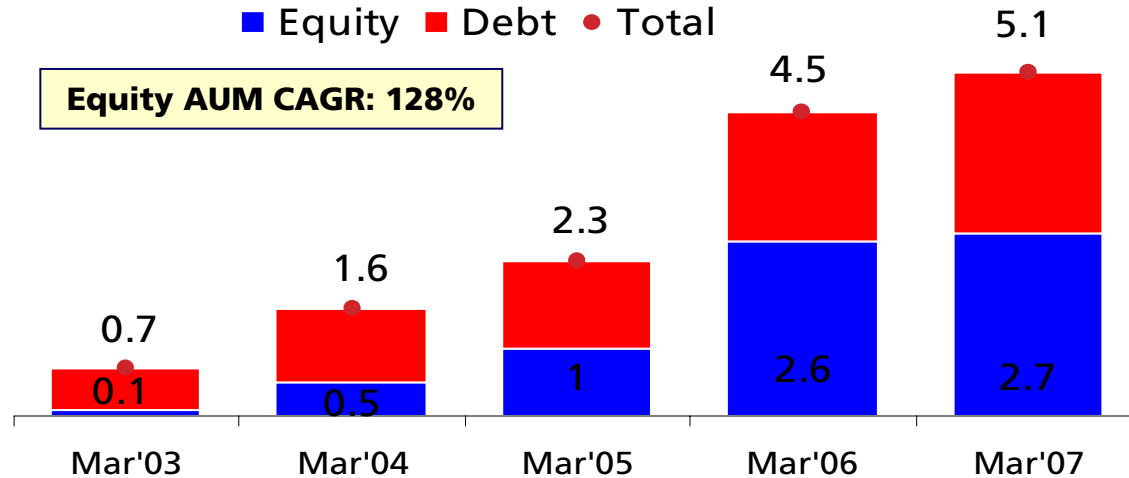
KS PAT (Rs mn)



KS Total Income (Rs mn)



Group AUM (US\$ bn)



- Manage /advise assets under
 - Domestic mutual funds; PMS; Offshore funds; Life insurance
- Kotak Mutual Fund has tied up with T. Rowe Price for resident Indians to invest in a global fund
 - T. Rowe Price Funds SICAV – Global Emerging Markets Equity Fund

Alternate Assets



Private equity

- India Growth Fund with commitments of US\$ 170 mn
 - 2/3rd committed
 - Invested in 10 companies
- Invest in companies in knowledge-based and other high growth sectors
 - Back entrepreneurs who can be potential leaders of tomorrow – amongst the top 3 in their segment
- Select Investments
 - Sabare International
 - Home Solutions Retail (Pantaloon subsidiary)
 - Metahelix Life Sciences
 - Bharat Fritz Werner
 - DRS Logistics
- Plan to launch new fund in FY08

Alternate Assets



Realty Fund

- Domestic commitments of over US\$ 100 mn
 - 90% committed
 - Invested in 6 companies
- Select Investments
 - IT Park, Mumbai
 - Sobha Developers
 - Lemon Tree – mid segment business hotel
 - Clover Golf Community, Bangalore
- Raising international fund

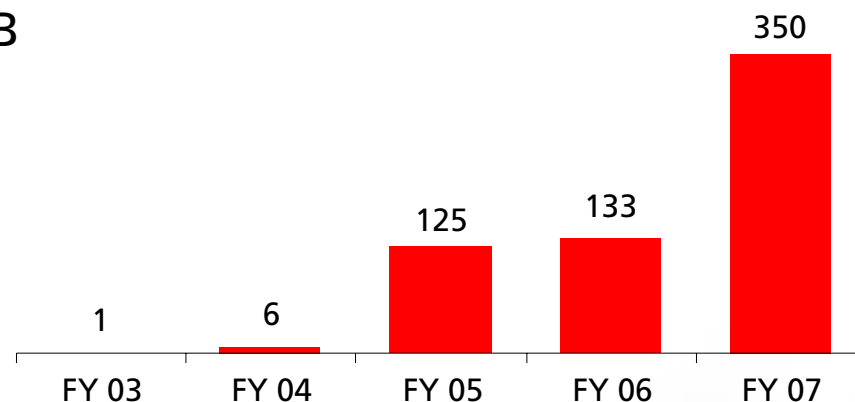
International Subsidiaries



International Subsidiaries	Registered with		
- Kotak Mahindra (UK)	- FSA, SEBI, DFSA, MAS	▶	- Investment Management
- Kotak Mahindra Inc	- NASD, SEC		- International Offerings
- Kotak Mahindra (International)	- FSC, Central Bank of UAE		

- Business
 - Investment management / advisory
 - Financial intermediary
 - Management of GDR, ADR and FCCB issuances
- Equity assets managed/ advised US\$ 1.4 bn (US\$ 1.1 bn March 06)
- Raised A\$ 75 mn India Equities Fund on the Australian SE to invest in listed Indian companies
- Propose to launch a Shariah compliant fund
- Presence in London, New York, Dubai, Mauritius & Singapore

PAT Rs mn



Wealth Management

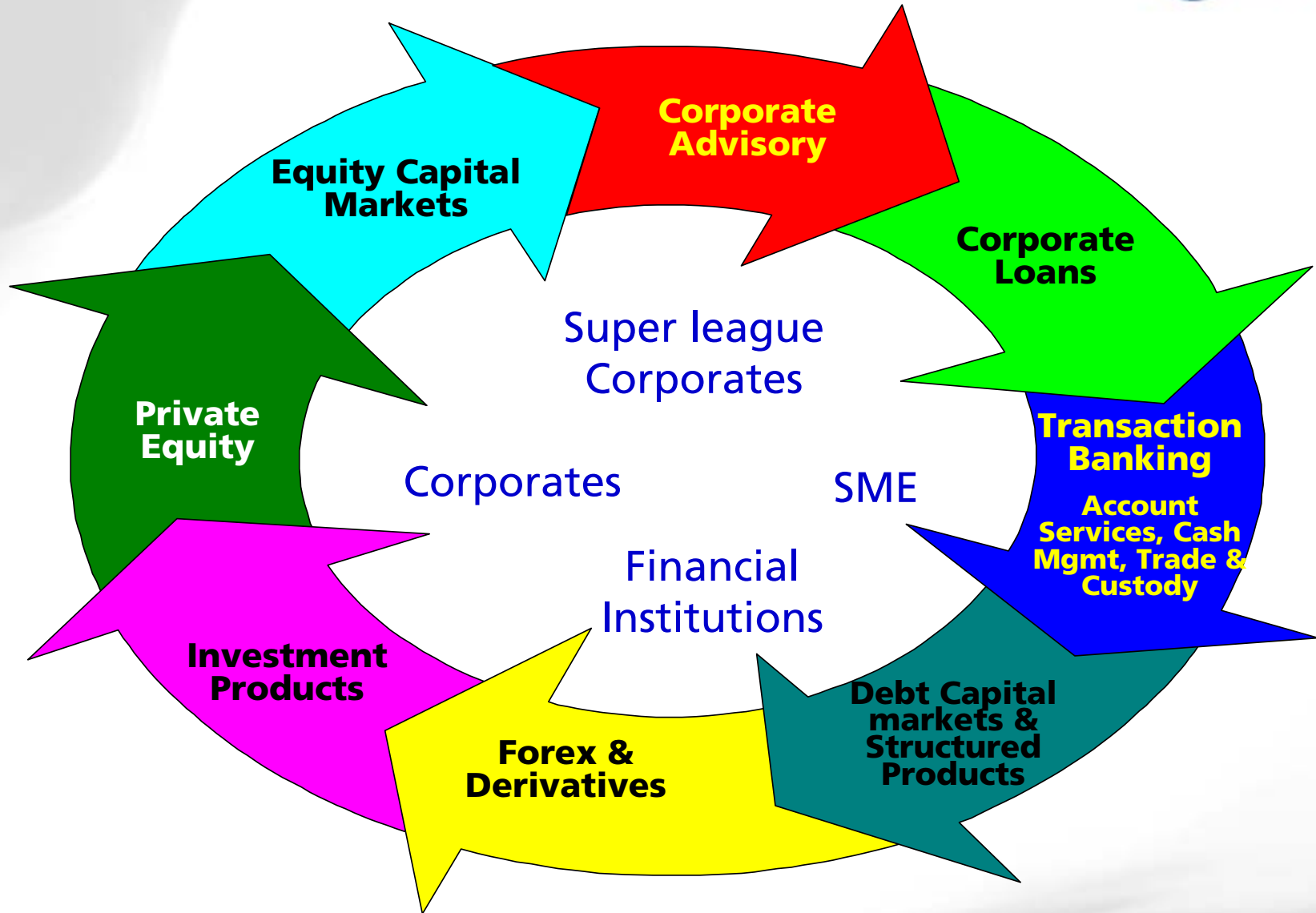


- Focus on HNI customers (investible surplus > US\$ 1 mn)
 - Manage /advise wealth of over 3,700 families
 - Around 30% of the top 300 wealthy families in India
- Presence in 14 cities with over 110 relationship managers
- Amongst top 3 distributors of equity products in India
- Thrust on structured products
- Awards in 16 categories in Euromoney Private Banking Poll 2006
 - Including Best local Private Bank
- Awards in 33 categories in Asiamoney Private Banking Poll 2006
 - Including Best Private Bank award in Southern Asia

Businesses

Corporate & Investment Bank

Integrated Client Relationship/Products model

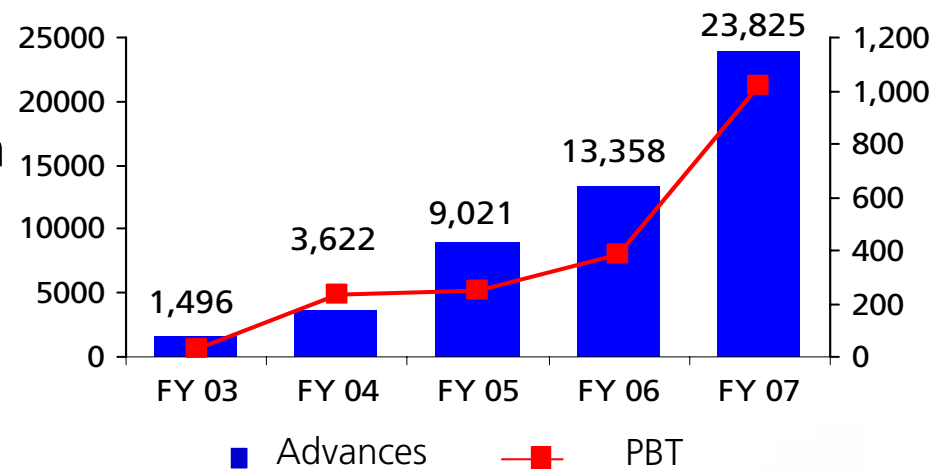


Corporate Banking



- CIB – “Integrated” strategy for top group customers
 - Leverage existing IB relationships to offer other products
 - Leverage banking relationships to offer IB products
- Comprehensive client coverage across spectrum of small, medium and large corporates
- Mix of NII & fee income
- Key products focus
 - Debt Capital markets
 - Fx & Derivatives
 - Transaction Banking
 - Other structured products

Corporate Advances (Rs mn)

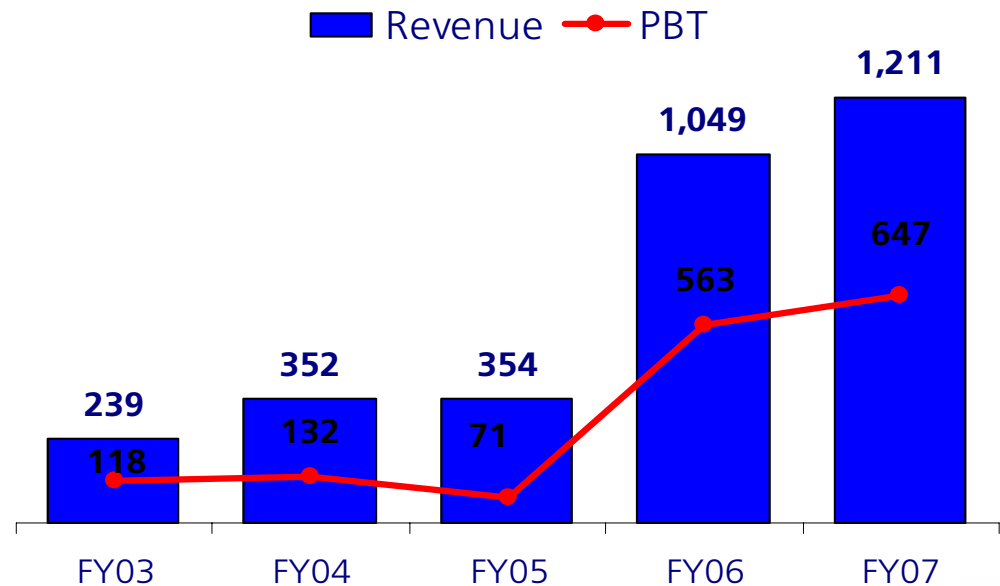


Investment Banking



- Awarded the Best Investment Bank In India for 2006 by FinanceAsia
- Managed a number of deals in IPOs, QIPs, GDRs, Private equity placements, M&A & Advisory
- #1 Lead Manager QIPs and GDRs in terms of value of deals (PRIME Database)
- #4 for entire Asia (ex Japan) deals by value for Q4 FY07 by Mergermarket

KMCC - Investment Banking Rs mn



IPOs / QIPs / GDRs



Major offerings managed in FY07

Rs 10.7 bn




LANCO
INSPIRING GROWTH

Initial Public Offering

Book Running Lead Manager

November 2006

Rs. 10.0 bn




Power Finance Corporation Limited

Initial Public Offering

Book Running Lead Manager

February 2007

Rs. 7.8 bn




Indian Bank
Poised for Higher Growth

Initial Public Offering

Book Running Lead Manager

February 2007

Rs. 7.5 bn




Cipla
Caring for life

GDR

**Joint Global co-ordinator and
Joint Book Runner**

April 2006

Rs. 6.0 bn




SUN TV

Initial Public Offering

Book Running Lead Manager

April 2006

Rs 5.7 bn




SOBHA

Initial Public Offering

Book Running Lead Manager

November 2006

Rs 4.8 bn



Mahindra Gesco

Qualified Institutional Placement (QIP)

Sole Book Runner

October 2006

Rs. 4.7 bn




Tech Mahindra

Initial Public Offering

Book Running Lead Manager

August 2006

Rs 3.5 bn



KALPA-TARU
POWER TRANSMISSION LIMITED

Qualified Institutional Placement (QIP)

Sole Book Runner

September 2006

Rs. 2.4 bn




Initial Public Offering

Book Running Lead Manager

February 2007

Rs. 1.1 bn




**CNN
IBN**

Initial Public Offering

Book Running Lead Manager

January 2007

Rs. 0.9 bn



Initial Public Offering

Book Running Lead Manager

March 2007

Mergers & Acquisitions



Rs 487,300 mn



Sale of controlling interest in Hutchison Essar to Vodafone

Financial Advisor

February 2007

Rs 20,000 mn



Matsushita Electrical Works Ltd.

Divestment of 80% stake in Anchor Electricals Private Limited to Matsushita Electrical Works Ltd.

Exclusive Financial Advisor

April 2007

Rs. 11,000 mn



Joint venture with UCO NV of Belgium to create a global denim company

Exclusive Financial Advisor

February 2006

Rs 3,980 mn



Investment by Singapore Stock Exchange and Deutsche Bourse in BSE by way of preferential issue of shares

Exclusive Financial Advisor

February 2007
March 2007

Rs. 9,480 mn




Acquisition of equity stake in Punjab Tractors from the Actis group and the Burman Family

Exclusive Advisor

March 2007

N/A



Acquisition of 90.47% stake in Schoneweiss & Co. GmbH

Acquisition of 67.9% stake in JECO Holding AG

Financial Advisor

December 2007
September 2007

N/A



Joint venture in Asset Management in India between Pioneer Investments and Bank of Baroda

Exclusive Financial Advisor

February 2007

Rs. 1,200 mn



Divestment of 25% stake held by IFFCO in GFCL to Coromandel Fertilizers

Exclusive Financial Advisor

January 2007

US\$ 152.3 mn



Demerger of Offshore
Division – Business
Restructuring

Exclusive Advisor

2006

US\$ 275 mn



Acquisition of minority
equity stake in Ushodaya
Enterprises Limited by
Blackstone

Exclusive Joint Advisor

February 2007

N/A

INX Media

Private Equity Placement to
multiple investors

Exclusive Advisor

March 2007

US\$152 mn



Largest Apex Level Real
Estate Transaction
Investment by Morgan
Stanley Real Estate

Classic PE
Sole Advisor

January 2007

US\$ 104 mn



Acquisition of minority
stake by TPG-Axon

Financial Advisor

February 2007

US\$16.3 mn



Sanghvi Movers

Negotiated PIPE

Transaction Advisor

January 2007

US\$12.0 mn

SAIF Partners

Investment in



Classic PE

Sole Advisor

October 2006

US\$ 7.5 bn



Pre – IPO
Placement

Sole Advisor

October 2006

Businesses

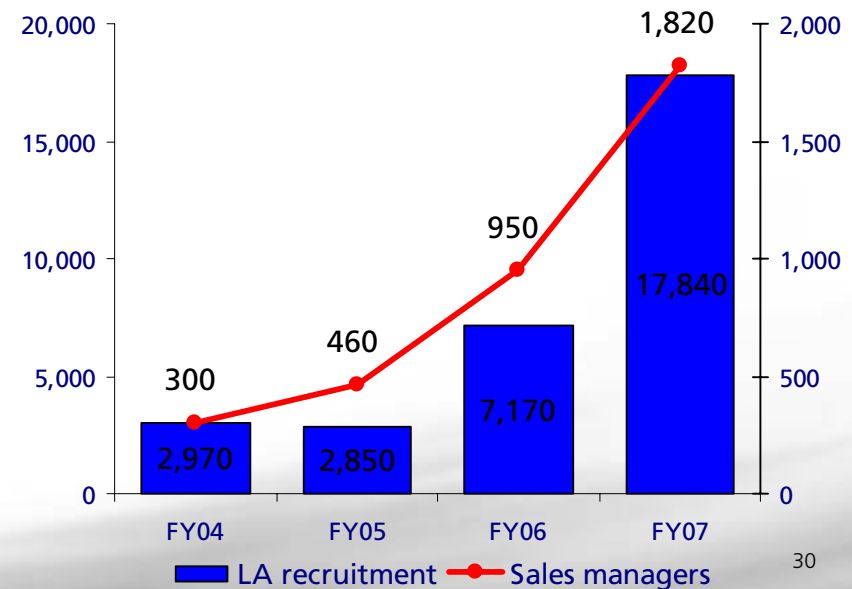
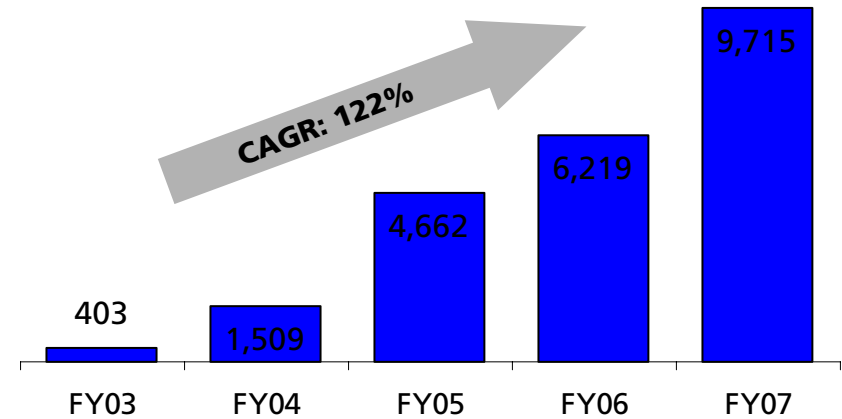
Life Insurance

Life Insurance



- Total premium up 56% to Rs 9,715.1 mn
- Group synergies contribute to growth
- Capability
 - 3,200 employees
 - 22,500 life advisors
 - 230 corporate agents; 130 brokers
- Geographical reach
 - 74 branches in 49 cities
- Products
 - Full suite of products – risk, saving and pension
 - o 17 products – Individual;
 - o 5 products – Group;
 - o 1 product - Rural

Total Premium Income (Rs mn)



Key Directions



- Tied Agency
 - Target Productivity Gains
 - Expansion
 - o Add branches and Sales Managers
- Alternate Agency
 - Increase penetration in Group relationships
- Marketing - focus on brand building in key markets
- Continue investments to build a long-term stable business
- Focus on value creation while scaling size

Financials*

* Consolidated numbers are unaudited. Bank stand-alone numbers are audited

Consolidated Revenue



Rs mn	Q4FY07	Q4FY06	FY 07	FY 06	Growth
Financing	4,771.6	3,007.4	15,772.6	9,879.3	60%
Fees #	2,971.8	3,268.6	10,562.5	8,669.9	22%
Insurance Premium	4,581.3	3617.7	9,504.6	6,121.2	55%
Treasury	1,905.9	1,287.6	6,820.6	3,699.7	84%
Others	33.9	70.1	310.9	171.1	82%
Total Revenue	14,264.4	11,251.3	42,971.2	28,541.1	51%

brokerage income is net of sub-brokerage

For FY06 & Q4FY06 all numbers are excluding profit on sale of stake in Hutch

One Time Accounting Debits in FY07



Rs mn	Consolidated
Increase in standard provision due to change in RBI guidelines in respect of capital market exposures, personal loans, residential housing loans > Rs 2 mn	448.1
Provision on stressed assets portfolio as per revised RBI guidelines requiring provisioning at individual asset level	373.7
AS 15 Provision for employee benefits – not mandatory – adopted by the Group	158.7
Total	980.5

Consolidated PAT



Rs mn	Q4 FY07	Q4 FY06	FY07	FY06	Growth
Kotak Mahindra Bank	372.6	347.3	1,413.7	1,182.3	20%
Kotak Mahindra Prime	243.8	95.2	573.4	208.8	175%
Kotak Mahindra Capital Company	205.6	267.2	678.7	565.7	20%
Kotak Securities	750.7	804.1	2,557.1	2,155.4	19%
International Subsidiaries	79.3	25.3	350.1	133.3	163%
Kotak Mahindra AMC / Trustee	12.4	10.2	114.7	76.3	50%
Kotak Mahindra Investments	152.3	82.1	262.5	278.0	-6%
Others	(0.4)	(2.6)	0.3	67.9	-
Total (excl Life Insurance)	1,816.2	1,628.9	5,950.5	4,667.7	27%
Equity Affiliates	39.5	14.3	149.3	22.5	-
MI and other adjustments (excl Life Insurance)	(77.7)	(325.9)	(285.6)	(945.7)	-
Consolidated PAT (excl Life Insurance)	1,778.1	1,317.2	5,814.2	3,744.6	55%
Kotak Mahindra Life Insurance (Group Share)	(74.8)	(9.1)	(431.8)	(320.0)	-
Consolidated PAT	1,703.3	1,308.1	5,382.4	3,424.6	57%

For FY06 & Q4FY06 all numbers are excluding profit on sale of stake in Hutch

Consolidated Ratios



Key Parameters	Mar 07	Mar 06
Net worth (Rs mn)	32,329	22,471
EPS diluted (Rs)	16.47	11.01
BVPS (Rs) (adjusted for bonus issues)	99.12	72.65
Net NPA (%) (excl stressed assets)	0.17%	0.21%
Net Interest Margin (%)	5.2%	5.1%
Post tax return on net worth (%)	19.6%	20.6%
Capital Adequacy Ratio (%)	13.46%	11.27%
Tier I (%)	8.81%	8.07%

For FY06 all numbers are excluding profit on sale of stake in Hutch

Bank Standalone – Segmental



Rs million	Q4FY07 (3M)	Q4FY06 (3M)	FY07 (12M)	FY06 (12M)
Lending	476	320	1,124	1,146
Corporate Banking	194	123	1,017	387
Retail Liabilities	(219)	232	(423)	18
Treasury and Investments	(13)	(164)	236	(174)
Venture Funds Management	17	(3)	79	86
Corporate Centre	-	3	-	271
Un-allocable revenue (net)	-	2	-	2
Profit before tax	455	514	2,033	1,736
Profit after tax	373	347	1,414	1,182

Going forward ...

Going Forward ...



Focus on scale with value creation

- Expand reach to 200 Bank branches by mid next year
 - Improve customer acquisition and CASA
- Advances – growth with focus on NIMs and asset quality
- Building a unique Corporate & Investment Bank model
- Expand international presence
 - Around India products and/or India customers
- Continue dominance in securities and wealth management
- Asset Management – key focus for growth
- Increase Alternate Assets AUM
- Unlocking value in asset reconstruction business
- Build scale in life insurance - grow market share

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.

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.



KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)

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

UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH, 2007

Rs lakhs

Sr No	Particulars	Nine Months Ended	Quarter Ended		Year Ended	
			December-06 (Unaudited)	March-07 (Unaudited)	March-06 (Unaudited)	March-07 (Unaudited)
1	Interest earned (a+b+c+d)	138,650.23	63,727.96	36,925.44	202,378.19	121,568.60
	(a) Interest/discount on advances/bills	101,666.25	46,450.80	27,265.52	148,117.05	90,969.30
	(b) Income on investments	30,414.18	14,343.55	7,836.41	44,757.73	26,072.15
	(c) Interest on balances with RBI & other banks	3,358.08	1,536.01	947.66	4,894.09	2,004.06
	(d) Others	3,211.72	1,397.60	875.85	4,609.32	2,523.09
2	(a) Other income (other than non recurring) (see Note 2 and 7)	148,417.40	78,916.36	75,587.83	227,333.76	1,63,842.80
	(b) Other Income (non recurring)	-	-	12,659.41	-	12,659.41
3	Total income (1+2)	287,067.63	142,644.32	125,172.68	429,711.95	298,070.81
4	Interest expended	66,813.59	30,829.17	15,804.86	97,642.76	51,956.74
5	Operating expenses (a+b)	155,904.56	82,830.42	71,880.75	238,734.98	166,707.30
	(a) Payments to and Provisions for employees (see Note 6)	49,239.77	19,568.70	14,334.43	68,808.47	43,845.13
	(b) Other operating expenses (see Notes 3 and 9)	106,664.79	63,261.72	57,546.32	169,926.51	122,862.17
6	Total expenditure (4+5)	222,718.15	113,659.59	87,685.61	336,377.74	218,664.04
7a	Operating Profit (before non recurring) (1+2a-6)	64,349.48	28,984.73	24,827.26	93,334.21	66,747.36
7b	Operating Profit (non recurring)	-	-	12,659.41	-	12,659.41
7	Operating Profit (7a+7b)	64,349.48	28,984.73	37,487.07	93,334.21	79,406.77
8	Other provisions & contingencies (see Note 1)	9,480.31	5,984.65	1,644.74	15,464.96	5,124.15
9	(a) Profit before tax (before non recurring income) (7-8-2b)	54,869.17	23,000.08	23,182.92	77,869.25	61,623.21
	(b) Profit before tax (non recurring income)	-	-	12,659.41	-	12,659.41
10	Provision for taxes (see Note 8)	18,846.62	6,574.61	7,548.24	25,421.23	21,300.19
11	(a) Profit after tax before Minority Interest (before non recurring) (9a – 10)	36,022.55	16,425.47	15,634.68	52,448.02	40,323.02
	(b) Profit after tax before Minority Interest (non recurring)	-	-	12,659.41	-	12,659.41
12	(a) Less: Share of Minority Interest (other than non recurring)	329.22	(262.85)	2,696.57	66.37	6,302.09
	(b) Less: Share of Minority Interest (non recurring)	-	-	3,166.12	-	3,166.12
13	a) Add: Share in Profit of associates (other than non recurring)	1,097.88	344.67	143.24	1,442.55	225.01

	(b) Add: Share in Profit of associates (non recurring)	-	-	29,235.67	-	29,235.67
14	Consolidated Profit after tax (other than non recurring) (11a-12a+13a)	36,791.21	17,032.99	13,081.35	53,824.20	34,245.94
15	Consolidated Profit after tax (non recurring) (11b-12b+13b)	-	-	38,728.96	-	38,728.96
16	Consolidated Profit after tax (including non recurring) (14 +15)	36,791.21	17,032.99	51,810.31	53,824.20	72,974.90
17	Paid Up Equity Capital - (Face Value of Rs. 10 per share)	32,593.36	32,615.57	30,929.46	32,615.57	30,929.46
18	Group Reserves (excluding Minority Interest)				290,680.42	193,781.29
19	Minority Interest				3,053.22	27,086.50
20	Analytical Ratios					
	(i) Earnings per Share Basic Rs.					
	Before non recurring income	11.37	5.22	4.23	16.60	11.09
	Non recurring income	-	-	12.52	-	12.55
	Earnings per Share Basic Rs. (Total)	11.37	5.22	16.75	16.60	23.64
	(ii) Earnings per Share Diluted Rs.					
	Before non recurring income	11.27	5.18	4.22	16.47	11.01
	Non recurring income	-	-	12.47	-	12.46
	Earnings per Share Diluted Rs. (Total)	11.27	5.18	16.69	16.47	23.47

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	Nine Months Ended	Quarter Ended		Year Ended	
	Dec-06 (Unaudited)	Mar-07 (Unaudited)	Mar-06 (Unaudited)	Mar-07 (Unaudited)	Mar-06 (Audited)
Commission, Fees, Exchange and brokerage	75,907.27	29,716.76	32,685.99	105,624.03	86,699.42
Premium on insurance business	49,232.87	45,813.26	36,176.65	95,046.13	61,212.21
Profit on sale of investments incl. revaluation	12,176.37	(340.90)	5,148.56	11,835.47	8,989.38
Others	11,100.89	3,727.24	1,576.63	14,828.13	6,941.79
Total – Other income (Other than non recurring)	148,417.40	78,916.36	75,587.83	227,333.76	1,63,842.80
Profit on sale of investments (non recurring)	-	-	12,659.41	-	12,659.41
Total – Other income	148,417.40	78,916.36	88,247.24	227,333.76	175,867.88

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

Rs. lakhs

Particulars	Nine Months Ended	Quarter Ended		Year Ended	
	Dec-06 (Unaudited)	Mar-07 (Unaudited)	Mar-06 (Unaudited)	Mar-07 (Unaudited)	Mar-06 (Audited)
Policy holders' reserves, surrender expense and claims	47,380.45	33,639.01	33,647.69	81,019.46	59,162.93
Brokerage	11,577.21	6,002.43	4,901.41	17,579.64	13,083.46
Depreciation	5,243.60	2,124.83	1,691.31	7,368.43	6,071.17
Rent, taxes and lighting	5,821.82	2,393.81	1,544.73	8,215.63	5,716.73
Others	36,641.71	19,101.64	15,761.18	55,743.35	38,827.88
Total – Other operating expenses	106,664.79	63,261.72	57,546.32	169,926.51	122,862.17

- The consolidated financial results are prepared in accordance with Accounting Standard – 21, “Consolidated Financial Statements ” and Accounting Standard -23 “ Accounting for investment in associates in consolidated financial statement ” issued by Institute of Chartered Accountants of India.
- On 15th March, 2006, Kotak Group agreed to buy 25.01% stake held by Goldman Sachs Mauritius LLC (GS) in Kotak Mahindra Capital Company Limited (KMCC) and Kotak Securities Limited (KS). The consideration for the acquisition of 25.01% stake of GS is Rs. 33,300.00 lakhs. 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 year ended 31st March, 2007 include 100% share of profits of KMCC, KS, Kotak Mahindra Securities Limited and international subsidiaries with effect from 31st May, 2006 and incremental share in profits of an associate. The excess of the book value of the net assets acquired over purchase consideration amounting to Rs. 2,815.06 lakhs has been accounted as capital reserve.



6. Effective 1st April, 2006, the Group adopted the revised Accounting Standard 15 (AS 15) on Employee Benefits. Pursuant to its adoption, the additional obligations of the Group for the period up to 31st March, 2006 amounted to Rs.1,790.98 lakhs (net of deferred tax) 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 year ended 31st March, 2007 include Rs. 1,586.66 lakhs provision on account of Gratuity and compensated absences and for the quarter ended 31st March, 2007, a write back of excess provision for employee benefits of Rs. 607.48 lakhs.
7. Other income in the consolidated results for the reporting periods is net of sub-brokerage paid in the capital market subsidiaries amounting to Rs. 1,777.46 lakhs for the quarter ended 31st March, 2007 and Rs. 5,834.58 lakhs for the year ended 31st March, 2007, Rs. 1,877.04 lakhs for the quarter ended 31st March, 2006 and for the year ended 31st March, 2006 Rs. 5,406.17 lakhs.
8. Provision for taxes (net of deferred tax) includes Fringe Benefit Tax amounting to Rs. 215.34 lakhs for the quarter ended 31st March, 2007 (Rs. 191.13 lakhs for the quarter ended 31st March, 2006) and Rs. 846.03 lakhs for the year ended 31st March, 2007 (Rs. 645.84 lakhs for the year ended 31st March, 2006).
9. The Group has changed the effective useful life of owned premises from 30 years to 58 years with effect from 1st April, 2006. The unamortized cost of the premises will be depreciated over the remaining useful life in accordance with Accountant Standard 6 "Depreciation Accounting". Accordingly, depreciation for the year ended 31st March, 2007 is lower by Rs. 139.26 lakhs and for the quarter ended 31st March, 2007 by Rs. 35.78 lakhs.
10. Figures for the previous year have been regrouped wherever necessary to conform to current period's presentation.
11. The above results were taken on record at the Audit Committee meeting and at the meeting of the Board of Directors held on 8th May, 2007.



KOTAK MAHINDRA BANK LIMITED (STANDALONE)

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH, 2007

Rs lakhs

Sr. No.	Particulars	Nine Months Ended	Quarter Ended		Year Ended	
		December-06 (Reviewed)	March-07 (Unaudited)	March-06 (Unaudited)	March-07 (Audited)	March-06 (Audited)
1	Interest earned (a+b+c+d)	92,049.96	43,360.18	21,696.52	135,410.14	71,888.85
	(a) Interest/ discount on advances/ bills	68,422.06	31,956.62	15,820.71	100,378.68	53,904.79
	(b) Income on investments	21,358.99	10,224.33	5,192.37	31,583.32	16,841.54
	(c) Interest on balances with RBI & other banks	2,180.15	1,132.01	624.30	3,312.16	1,053.03
	(d) Others	88.76	47.22	59.14	135.98	89.49
2	Other Income	19,619.13	8,746.59	7,647.98	28,365.72	21,806.56
3	(A) Total income (1+2)	111,669.09	52,106.77	29,344.50	163,775.86	93,695.41
4	Interest expended	47,035.74	22,888.23	10,008.74	69,923.97	33,892.19
5	Operating expenses (e+f)	41,645.87	19,624.86	13,129.40	61,270.73	38,746.91
	(e) Payments to and Provisions for employees	19,251.65	7,718.09	5,438.28	26,969.74	15,382.33
	(f) Other Operating expenses	22,394.22	11,906.77	7,691.12	34,300.99	23,364.58
6	(B) Total expenditure (4+5)	88,681.61	42,513.09	23,138.14	131,194.70	72,639.10
7	Operating Profit (A-B)	22,987.48	9,593.68	6,206.37	32,581.16	21,056.31
8	Other provisions & contingencies (see Note 9,10,11,17)	7,216.75	5,039.89	1,067.57	12,256.64	3,696.76
9	Profit before tax	15,770.73	4,553.79	5,138.80	20,324.52	17,359.55
10	Provision for taxes (see Note 14)	5,360.00	828.00	1,665.50	6,188.00	5,536.50
11	Profit after tax (9-10)	10,410.73	3,725.79	3,473.30	14,136.52	11,823.05
12	Paid Up Equity Capital - (Face Value Rs. 10 per share)	32,593.36	32,615.57	30,929.46	32,615.57	30,929.46
13	Reserves excluding revaluation reserves (See Note 5)				130,734.27	54,345.21
14	Analytical Ratios					
	(i) % of shares held by Govt. of India	Nil	Nil	Nil	Nil	Nil
	(ii) % Capital adequacy ratio (see Notes 2 and 3)	11.59%	13.46%	11.27%	13.46%	11.27%
	(iii) Earnings per Share Basic Rs.	3.22	1.14	1.12	4.36	3.83
	(iv) Earnings per Share Diluted Rs.	3.19	1.13	1.11	4.33	3.80
15	Public Shareholding					
	(i) No. of shares	144,701,166	144,851,266	128,216,169	144,851,266	128,216,169
	(ii) % of shareholding	44.40%	44.41%	41.45%	44.41%	41.45%

Public shareholding as at 31st March, 2007 has been computed in accordance with the definition of promoters as defined in SEBI Substantial Acquisition and Takeover Regulations 1997 as amended on 26th May, 2006.



KOTAK MAHINDRA BANK LIMITED (STANDALONE)

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

SEGMENT RESULTS

Rs lakhs

Sr No	Particulars	Nine Months Ended	Quarter Ended		Year Ended	
		Dec-06 (Reviewed)	Mar-07 (Unaudited)	Mar-06 (Unaudited)	Mar-07 (Audited)	Mar-06 (Audited)
1	Segment Revenue (see Note 12)					
	Lending	59,600.34	32,043.63	14,926.12	91,643.97	49,280.26
	Corporate Banking	26,937.85	10,480.89	6,332.82	37,418.74	18,169.89
	Treasury and Investments	28,194.53	12,653.99	3,395.87	40,848.52	18,841.34
	Retail Liabilities	25,278.92	10,938.18	9,577.84	36,217.10	20,198.39
	Corporate Centre	-	-	1,010.12	-	5,478.05
	Venture Fund Management	1,330.14	453.57	441.90	1,783.71	1,767.59
	Total	141,341.78	66,570.26	35,684.67	207,912.04	113,735.52
	Less: Inter segment revenue	29,672.69	14,466.08	6,362.88	44,138.77	20,062.82
	Add: Unallocable revenue	-	2.59	22.71	2.59	22.71
	Total Revenue	111,669.09	52,106.77	29,344.50	163,775.86	93,695.41
2	Segment Results (see Note 12)					
	Lending	6,478.86	4,761.66	3,203.24	11,240.52	11,461.36
	Corporate Banking	8,228.79	1,936.63	1,225.37	10,165.42	3,866.03
	Treasury and Investments	2,490.25	(129.73)	(1,639.47)	2,360.52	(1,738.56)
	Retail Liabilities	(2,040.87)	(2,191.77)	2,320.87	(4,232.64)	178.42
	Corporate Centre	-	-	31.28	-	2,705.82
	Venture Fund Management	613.70	174.41	(25.20)	788.11	863.77
	Total	15,770.73	4,551.19	5,116.09	20,321.93	17,336.84
	Add: Unallocable revenue	-	2.59	22.71	2.59	22.71
	Profit Before Tax	15,770.73	4,553.79	5,138.80	20,324.52	17,359.55
3	Segment Assets (see Note 12)					
	Lending	751,149.42	868,847.51	496,089.22	868,847.51	496,089.22
	Corporate Banking	403,329.89	443,331.71	283,622.61	443,331.71	283,622.61
	Treasury and Investments	635,506.84	932,133.34	361,271.68	932,133.34	361,271.68
	Retail Liabilities	449,802.98	488,162.09	255,993.09	488,162.09	255,993.09
	Corporate Centre	-	-	35,117.57	-	35,117.57
	Venture Fund Management	-	771.93	-	771.93	-
	Total	2,239,789.13	2,733,246.58	1,432,094.17	2,733,246.58	1,432,094.17
	Less: Inter segment assets	631,285.16	748,739.08	417,111.76	748,739.08	417,111.76
	Total Assets	1,608,503.97	1,984,507.50	1,014,982.41	1,984,507.50	1,014,982.41
4	Segment Liabilities (see Note 12)					
	Lending	671,207.24	784,185.78	438,634.79	784,185.78	438,634.63
	Corporate Banking	371,501.11	409,566.30	261,269.35	409,566.30	261,269.35
	Treasury and Investments	609,855.87	884,925.86	356,429.02	884,925.86	356,429.02
	Retail Liabilities	449,506.03	492,644.25	258,063.10	492,644.25	258,063.10
	Corporate Centre	-	-	31,549.25	-	31,549.25
	Venture Fund Management	-	63.20	-	63.20	-
	Total	2,102,070.25	2,571,385.39	1,345,945.51	2,571,385.39	1,345,945.35
	Less: Inter segment liabilities	631,285.16	748,739.08	417,111.76	748,739.08	417,111.76
	Total Liabilities	1,470,785.09	1,822,646.31	928,833.75	1,822,646.31	928,833.59
5	Unallocated Assets/(Liabilities) - (net)	2,646.60	1,488.65	(874.15)	1,488.65	(874.15)

Notes

- 1 During the year ended 31st March, 2007, the Bank raised Rs. 45,004.95 lakhs on issue of 15,000,000 GDS representing 15,000,000 underlying equity shares of Rs. 10 each. The net issue expenses amounting to Rs. 879.89 lakhs related to the aforesaid issue have been charged to the securities premium account as allowed under Section 78 of the Companies Act, 1956.
- 2 Subordinated debt outstanding as on 31st March, 2007 is a long-term unsecured non-convertible debt aggregating to Rs. 42,990 lakhs. Out of this, based on balance term to maturity as on 31st March, 2007, subordinated debt of the book value of Rs. 100 lakhs are not considered as Tier II capital for the purposes of capital adequacy computation.
- 3 During the quarter ended 31st March, 2007 the Bank has raised Unsecured redeemable non convertible subordinated debt debentures (US \$ denominated) 45 million which qualify to Upper Tier II capital of the bank, from International Finance Corporation, USA.
- 4 During the year ended 31st March, 2007, the Bank has subscribed to the rights issue of equity shares of its subsidiary, Kotak Mahindra Old Mutual Life Insurance Limited (Kotak Life) amounting to Rs. 3,320.94 lakhs. The total investment made by the Bank in Kotak Life as on 31st March, 2007 is Rs. 16,847.68 lakhs.
- 5 The Board of Directors of the Bank had approved the scheme of merger of the Trading and Principal (including primary dealership) division of Kotak Mahindra Capital Company Ltd (KMCC) into the Bank. The shareholders of the Bank had approved the aforesaid scheme at the Extra Ordinary General Meeting held on 5th December, 2006. The Scheme has been approved by Hon'ble High Court at Mumbai on 15th February, 2007 and by the Reserve Bank of India on 12th March, 2007 with effective date as 20th March, 2007. In accordance with the scheme, all the assets and liabilities pertaining to the Demerged Undertaking together with other related functions have been transferred to and vested in the Bank at book values with effect from 20th March, 2007, being the appointed date. The excess of the book value of the assets over the book value of the liabilities amounting to Rs. 21,676.06 lakhs has been taken to "Reserves and Surplus" in the Bank's books. The scheme has, accordingly been given effect to in the Bank's books of account. Figures for the current year and current quarter include the figures of the Demerged Undertaking from 20th March, 2007.
- 6 Further, in order to meet a license condition of the RBI, the Bank has invested Rs. 1,610.63 lakhs in 5 subsidiaries during the year ended 31st March, 2007 which has made them direct subsidiaries of the Bank.
- 7 During the year ended 31st March, 2007, the Bank has granted 54,86,600 equity shares to employees of the Bank and its subsidiaries under employee stock options scheme (no equity shares were granted in the current quarter). Further, during the year ended 31st March, 2007, 18,61,083 options were exercised by the employees, including 2,22,097 in the current quarter. The stock options outstanding as at 31st March, 2007 are 70,64,634.
- 8 The Bank has declared a dividend of 7.00% for the year ended 31st March, 2007. The Bank is obliged to pay dividend to these shareholders whose names are appearing in the register of members as on the book closure date. The dividend will be paid after the approval of shareholders at the Annual General Meeting.
- 9 Up to 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 and provision for NPA at the asset level. Consequent to a clarification received from the RBI, the Bank has written back floating provision amounting to Rs.119.95 lakhs for the year ended 31st March, 2007 on those assets which have been fully realized.

- 10 Other provisions and contingencies for the year ended 31st March, 2007 includes Rs. 2,804.49 lakhs (write back of Rs. 38.72 lakhs for year ended 31st March, 2006) and Rs. 454.99 lakhs for the quarter ended 31st March, 2007 (quarter ended 31st March, 2006 Rs. 9.11 lakhs) in respect of non-performing assets acquired from other banks and NBFCs in accordance with the Bank's policy and RBI guidelines on purchase of non-performing assets (NPAs) dated 13th July, 2005.
- 11 During the year ended 31st March, 2007, the RBI vide circular DBOD.No.BP.BC.53/21.04.048/2006-2007 has increased provisioning requirements on standard assets as given below:

Category of Advance	General Provision
All direct advances to agricultural and SME sector	0.25% (Previous year 0.25%)
Residential housing loans above Rs. 20 lakhs	1.00% (Previous year 0.40%)
Loans and advances qualifying as capital market exposures, and commercial real estate loans	2.00% (Previous year 0.40%)
Personal loans	2.00% (Previous year 0.50%)
All other standard advances	0.40% (Previous year 0.40%)

This has resulted in increase in provisions and contingencies by Rs. 4,480.78 lakhs during the year ended 31st March, 2007 (Rs. 3,119.20 lakhs during the quarter ended 31st March, 2007).

12. 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 with those of the previous period. The revised business segments and their principal activities are as under :

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

The above segments have been identified based on the organisation 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.



13. 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 (net of deferred tax) 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 include provision for employee benefits of Rs. 679.60 lakhs for the year ended 31st March, 2007 (write back of Rs. 406.91 lakhs for the quarter ended 31st March, 2007).
14. Provision for taxes (net of deferred tax) for the year ended 31st March,2007 includes fringe benefit tax provision amounting to Rs. 350.00 lakhs (Rs.250.00 lakhs for the year ended 31st March,2006) and Rs. 100.00 lakhs for the quarter ended 31st March,2007 (Rs. 75.00 lakhs for the quarter ended 31st March,2006).
15. The Bank has changed the effective useful life of owned premises from 30 years to 58 years with effect from 1st April, 2006. The unamortized cost of the premises will be depreciated over the remaining useful life in accordance with Accounting Standard (AS) 6 "Depreciation Accounting" issued by the Institute of Chartered Accountants of India. Accordingly, depreciation for the year ended 31st March, 2007 is lower by Rs. 138.75 lakhs and for the quarter ended 31st March, 2007 by Rs. 35.68 lakhs. Had the Bank followed the same estimated useful life for the previous year, the depreciation for the year ended and the quarter ended 31st March, 2006 would have been lower by Rs. 132.91 lakhs and Rs. 32.77 lakhs respectively.
16. Status of shareholder complaints received during the quarter ended 31st March, 2007 :

Total complaints pending as at 31 st December, 2006	NIL
Total complaints received during the quarter ended 31 st March, 2007	27
Total complaints resolved during the quarter ended 31 st March, 2007	27
Total complaints pending as at 31 st March, 2007	NIL

17. Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous period/year.
18. Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's presentation.
19. The above results were taken on record at the Audit Committee meeting and at the meeting of the Board of Directors held on 8th May, 2007.

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

Dipak Gupta
Executive Director

Mumbai, 8th May, 2007