



KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 2007

Rs. Million

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-07 (Unaudited)	Sep-06 (Unaudited)	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Mar-07 (Audited)
1	Interest earned (a+b+c+d)	8,385.14	4,337.35	15,518.22	8,313.46	19,817.26
	(a) Interest/discount on advances/bills	6,002.13	3,298.01	11,208.03	6,276.79	14,811.71
	(b) Income on investments (see Note 7)	1,994.72	867.60	3,565.38	1,639.38	4,055.21
	(c) Interest on balances with RBI & other banks	232.57	121.53	446.55	199.70	489.41
	(d) Others	155.72	50.21	298.26	197.59	460.93
2	Other income (see Notes 2, 5 and 7)	9,732.71	4,697.63	16,523.45	8,487.36	23,153.93
3	Total income (1+2)	18,117.85	9,034.98	32,041.67	16,800.82	42,971.19
4	Interest expended	4,408.62	2,136.87	8,424.36	4,012.14	9,764.27
5	Operating expenses (a+b)	9,738.95	5,357.42	17,273.90	9,268.12	23,873.50
	(a) Payments to and Provisions for employees	2,848.07	1,447.30	5,274.96	2,992.41	6,880.85
	(b) Other operating expenses (see Note 3 and 5)	6,890.88	3,910.12	11,998.94	6,275.71	16,992.65
6	Total expenditure (4+5) (excluding provisions and contingencies)	14,147.57	7,494.29	25,698.26	13,280.26	33,637.77
7	Operating Profit before Provisions and Contingencies (3-6)	3,970.28	1,540.69	6,343.41	3,520.56	9,333.42
8	Provisions (other than tax) and Contingencies (see Note 1)	519.55	207.25	871.05	435.00	1,546.50
9	Exceptional Items	-	-	-	-	-
10	Profit from Ordinary Activities before tax (7-8-9)	3,450.73	1,333.44	5,472.36	3,085.56	7,786.92
11	Tax expense (see Note 6)	1,158.17	484.32	1,818.02	1,112.29	2,542.12
12	Profit from Ordinary activities after tax before Minority Interest (10 – 11)	2,292.56	849.12	3,654.34	1,973.27	5,244.80
13	Extraordinary items (net of tax expense)	-	-	-	-	-
14	Profit from Ordinary activities after tax before Minority Interest (12 – 13)	2,292.56	849.12	3,654.34	1,973.27	5,244.80
15	Less: Share of Minority Interest	(73.76)	(43.96)	(137.88)	78.64	6.64
16	Add: Share in Profit of associates	48.23	45.93	81.72	88.72	144.26
17	Consolidated Profit after tax attributable to the Group (14-15+16)	2,414.55	939.01	3,873.94	1,983.35	5,382.42
17	Paid Up Equity Capital - (Face Value of Rs. 10 per share)	3,269.50	3,250.46	3,269.50	3,250.46	3,261.56
18	Group Reserves (excluding Minority Interest)					29,068.04
19	Minority Interest					305.32
20	Analytical Ratios					
	(i) Earnings per Share (before and after extraordinary items)					
	(a) Basic (not annualized) Rs.	7.39	2.89	11.87	6.15	16.60

(b) Diluted (not annualized) Rs.	7.30	2.86	11.73	6.08	16.47
(ii) NPA Ratios					
(a) Gross NPA	4,524.36	988.51	4,524.36	988.51	3,772.32
(b) Net NPA	3,212.73	523.45	3,212.73	523.45	2,968.61
(c) % of Gross NPA/ Gross Advances	2.42	0.82	2.42	0.82	2.41
(d) % of Net NPA/ Net Advances	1.73	0.43	1.73	0.43	1.91
(e) % of Gross NPA/ Gross Advances (excluding NPAs acquired from other banks/ NBFCs)	0.78	0.56	0.78	0.56	0.46
(f) % of Net NPA/ Net Advances (excluding NPAs acquired from other banks/ NBFCs)	0.33	0.20	0.33	0.20	0.17
(iii) Return on Assets (average) (not annualised)	0.68	0.48	1.15	1.03	2.31

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. Million

Particulars	Quarter Ended		Half Year Ended		Year Ended
	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Mar-07 (Audited)
Commission, Fees, Exchange and brokerage	4,577.06	1,926.32	7,416.55	4,403.88	10,562.40
Premium on insurance business	2,551.72	1,616.50	4,539.24	2,830.38	9,504.61
Profit on sale of investments incl. revaluation (insurance business)	1,711.16	661.86	2,757.02	274.94	553.30
Profit on sale of investments incl. revaluation (other than insurance)	884.77	175.88	1,441.15	347.80	1,050.81
Others	8.00	317.07	369.49	630.36	1,482.81
Total – Other income	9,732.71	4,697.63	16,523.45	8,487.36	23,153.93

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

Rs. Million

Particulars	Quarter Ended		Half Year Ended		Year Ended
	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Mar-07 (Audited)
Policy holders' reserves, surrender expense and claims	3,687.47	1,934.77	6,337.50	2,554.76	8,101.95
Brokerage	507.91	392.00	961.95	724.76	1,757.96
Depreciation	229.82	176.04	436.12	341.86	736.84
Rent, taxes and lighting	358.33	196.22	639.28	374.86	821.56
Others	2,107.35	1,211.09	3,624.09	2,279.47	5,574.34
Total – Other operating expenses	6,890.88	3,910.12	11,998.94	6,275.71	16,992.65

- The consolidated financial results are prepared in accordance with Accounting Standard – 21, "Consolidated Financial Statements " and (AS) -23 " Accounting for investment in associates in consolidated financial statement " issued by The Institute of Chartered Accountants of India.
- Other income in the consolidated results for the reporting periods is net of sub-brokerage paid in the broking subsidiary amounting to Rs. 390.42 million for the quarter ended 30th September, 2007 and for half year ended 30th September, 2007 Rs. 514.53 million (for the quarter ended 30th September, 2006 Rs. 108.62 million; half year ended 30th September, 2006 Rs. 259.85 million and for the year ended 31st March, 2007 Rs. 583.46 million).
- Provision for taxes (net of deferred tax) for the quarter ended 30th September, 2007, includes Fringe Benefit Tax provision amounting to Rs. 30.98 million and for half year ended 30th September, 2007 Rs. 56.79 million (for the quarter ended 30th September, 2006 Rs. 16.45 million and half year ended 30th September, 2006 Rs. 37.27 million and for the year ended 31st March, 2007 Rs. 84.60 million).
- The Reserve Bank of India (RBI) issued a clarifications dated 11th July, 2007 requiring banks to reflect amortisation of premia on debt securities under interest income from investments. This was hitherto classified under "Other Income". Accordingly the Group has reclassified the same for the quarter and half year ended 30th September, 2007 and all previous periods wherever necessary. On account of this reclassification the interest income is lower by Rs. 59.86 million for the quarter ended 30th September, 2007 and Rs. 150.98 million for the half year ended 30th September, 2007 (Rs.102.92 million for the quarter ended 30th September, 2006 and Rs. 198.70 million for half year ended 30th September, 2006 and Rs. 420.56 million for the year ended 31st March, 2007)
- Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's presentation.
- The above results were taken on record at the Audit Committee meeting and at the meeting of the Board of Directors held on 26th October, 2007.



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Rs. Million

Sr. No.	Particulars	Quarter Ended		Half Year Ended		Year ended
		Sep-07 (Unaudited)	Sep-06 (Unaudited)	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Mar-07 (Audited)
1	Interest earned (a)+(b)+(c)+(d)	5,918.16	2,952.29	10,890.44	5,374.61	13,191.05
	(a) Interest/ discount on advances/ bills	4,216.26	2,299.11	7,866.20	4,179.62	10,037.87
	(b) Income on investments	1,604.90	574.12	2,853.93	1,078.56	2,808.36
	(c) Interest on balances with RBI & other banks	76.19	76.24	114.21	110.63	331.22
	(d) Others	20.81	2.82	56.10	5.80	13.60
2	Other Income	1,223.48	624.11	2,195.72	1,266.98	3,186.54
3	Total Income (1+2)	7,141.64	3,576.40	13,086.16	6,641.59	16,377.59
4	Interest Expended	3,084.18	1,538.53	6,014.61	2,846.18	6,992.40
5	Operating Expenses (i)+(ii)	2,593.34	1,350.73	4,653.11	2,589.73	6,127.07
	(i) Employees cost	1,248.33	601.79	2,326.07	1,182.67	2,696.97
	(ii) Other Operating expenses	1,345.01	748.94	2,327.04	1,407.06	3,430.10
6	Total expenditure (4+5) excluding provisions and contingencies	5,677.52	2,889.26	10,667.72	5,435.91	13,119.47
7	Operating Profit before provisions and contingencies (3-6)	1,464.12	687.14	2,418.44	1,205.68	3,258.12
8	Provisions (other than tax) & Contingencies	381.41	174.33	668.95	321.32	1,225.66
9	Exceptional Items	-	-	-	-	-
10	Profit / Loss from Ordinary Activities before tax (7-8-9)	1,082.71	512.81	1,749.49	884.36	2,032.46
11	Tax Expense	328.90	164.80	518.90	297.30	618.80
12	Net Profit / Loss from Ordinary Activities after tax (10-11)	753.81	348.01	1,230.59	587.06	1,413.66
13	Extraordinary items (net of tax expense)	-	-	-	-	-
14	Net Profit / Loss for the Period (12-13)	753.81	348.01	1,230.59	587.06	1,413.66



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Rs. Million

Sr. No.	Particulars	Quarter Ended		Half Year Ended		Year ended
		Sep-07 (Unaudited)	Sep-06 (Unaudited)	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Mar-07 (Audited)
15	Paid Up Equity Capital - (Face Value Rs. 10 per share)	3,269.50	3,250.46	3,269.50	3,250.46	3,261.56
16	Reserves excluding revaluation reserves					13,073.43
17	Analytical Ratios					
	(i) Percentage of Shares held by Government of India	Nil	Nil	Nil	Nil	Nil
	(ii) Capital Adequacy Ratio	10.94%	12.38%	10.94%	12.38%	13.46%
	(iii) Earnings Per Share (EPS) for the period / year (before and after extraordinary items)					
	- Basic	2.31	1.07	3.77	1.82	4.36
	- Diluted	2.28	1.06	3.73	1.80	4.33
	(iv) NPA Ratios					
	a) Gross Non-performing assets	3,497.56	835.43	3,497.56	835.43	2,821.29
	b) Net Non-performing assets	2,377.97	445.57	2,377.97	445.57	2,168.03
	c) % of Gross NPA to Gross Advances (including NPAs acquired from other banks and NBFCs)	2.70	0.99	2.70	0.99	2.57
	d) % of Gross NPA to Gross Advances (excluding NPAs acquired from other banks and NBFCs)	0.96	0.63	0.96	0.63	0.52
	d) % of Net NPA to net Advances (including NPAs acquired from other banks and NBFCs)	1.85	0.53	1.85	0.53	1.98
	e) % of Net NPA to net Advances (excluding NPAs acquired from other banks and NBFCs)	0.39	0.20	0.39	0.20	0.18
	f) Return on Assets (average)-Not Annualized	0.29%	0.26%	0.52%	0.46%	0.94%
18	Public Shareholding					
	(i) No. of shares	145,806,110	143,760,048	145,806,110	143,760,048	144,851,266
	(ii) % of shareholding	44.60%	44.23%	44.60%	44.23%	44.41%



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SEGMENT RESULTS

Rs. Million

Sr. No	Particulars	Quarter Ended		Half Year Ended		Year ended
		Sep-07 (Unaudited)	Sep-06 (Unaudited)	Sep-07 (Unaudited)	Sep-06 (Unaudited)	Mar-07 (Audited)
1	Segment Revenue					
	Lending	3,789.98	1,964.74	7,092.85	3,588.75	9,164.40
	Corporate Banking	1,730.19	807.46	2,952.70	1,640.57	3,741.87
	Treasury and Investments	1,953.15	992.46	3,885.90	1,644.45	4,084.85
	Retail Liabilities	1,562.29	743.03	2,812.64	1,479.98	3,621.71
	Venture Fund Management	54.98	50.69	91.17	94.88	178.37
	Total	9,090.59	4,558.38	16,835.26	8,448.63	20,791.20
	Less: Inter segment revenue	1,957.41	981.98	3,778.34	1,807.04	4,413.87
	Add: Unallocable revenue	8.46	-	29.24	-	0.26
	Total Revenue	7,141.64	3,576.40	13,086.16	6,641.59	16,377.59
2	Segment Results					
	Lending	602.45	297.97	1,035.69	456.61	1,124.05
	Corporate Banking	643.04	202.65	953.31	396.88	1,016.54
	Treasury and Investments	263.13	87.21	540.92	109.99	236.05
	Retail Liabilities	(451.61)	(93.98)	(838.83)	(121.51)	(423.26)
	Venture Fund Management	17.24	18.96	29.16	42.39	78.82
	Total	1,074.25	512.81	1,720.25	884.36	2,032.20
	Add: Unallocable revenue	8.46	-	29.24	-	0.26
	Profit Before Tax	1,082.71	512.81	1,749.49	884.36	2,032.46
3	Segment Assets					
	Lending	102,226.48	64,769.59	102,226.48	64,769.59	86,884.75
	Corporate Banking	113,639.22	31,838.28	113,639.22	31,838.28	44,333.17
	Treasury and Investments	142,911.06	56,768.01	142,911.06	56,768.01	93,213.33
	Retail Liabilities	73,437.05	37,026.14	73,437.05	37,026.14	48,816.22
	Venture Fund Management	27.84	-	27.84	-	77.19
	Total	432,241.65	190,402.02	432,241.65	190,402.02	273,324.66
	Less: Inter segment assets	155,845.22	55,185.52	155,845.22	55,185.52	74,873.91
	Total Assets	276,396.43	135,216.50	276,396.43	135,216.50	198,450.75
4	Segment Liabilities					
	Lending	90,718.89	58,398.00	90,718.89	58,398.00	78,418.58
	Corporate Banking	109,685.90	29,784.18	109,685.90	29,784.18	40,956.63
	Treasury and Investments	140,353.93	51,746.98	140,353.93	51,746.98	88,492.59
	Retail Liabilities	74,275.88	37,178.48	74,275.88	37,178.48	49,264.42
	Venture Fund Management	-	-	-	-	6.32
	Total	415,034.60	177,107.64	415,034.60	177,107.64	257,138.54
	Less: Inter segment liabilities	155,845.22	55,185.52	155,845.22	55,185.52	74,873.91
	Total Liabilities	259,189.38	121,922.12	259,189.38	121,922.12	182,264.63
5	Unallocated Assets/(Liabilities) - net	519.16	220.59	519.16	220.59	148.87

Note on segment information

The reportable primary segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India (ICAI).

Notes

- 1 During the quarter, the Bank has granted 4,925,050 equity shares to employees of the Bank and its subsidiaries under employee stock options scheme and 521,937 options were exercised by the employees. The stock options outstanding as at 30th September, 2007 are 10,817,405.
- 2 During the quarter, 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 259.20 million. The total investment made by the Bank in Kotak Life as on 30th September, 2007 is Rs 2,073.56 million.
- 3 Provision for taxes (net of deferred tax) for the half year ended 30th September, 2007 includes fringe benefit tax provision amounting to Rs. 23.20 millions (Rs. 12.90 millions for the half year ended 30th September, 2006).
- 4 Status of shareholder complaints received during the quarter ended 30th September, 2007:

Total complaints pending as at 30 th June 2007	NIL
Total complaints received during the quarter ended 30 th September 2007	46
Total complaints resolved during the quarter ended 30 th September 2007	46
Total complaints pending as at 30 th September 2007	NIL

- 5 Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous period/year.
- 6 The Reserve Bank of India (RBI) issued a clarifications dated 11th July, 2007 requiring banks to reflect amortization of premia on investments in the Held to Maturity (HTM) category under interest income from investments. This was hitherto classified under "Other Income". Accordingly the Bank has reclassified the same for the quarter and half year ended 30th September, 2007 and all previous periods wherever necessary. On account of the said reclassification, net interest income is now lower by Rs 60.48 million for the quarter ended 30th September 2007 (corresponding previous quarter Rs 89.76 million) and Rs 139.06 million for half year ended 30th September 2007 (corresponding previous half year Rs 168.80 million) and Rs 350.0 million for the year ended 31st March, 2007.
- 7 The Bank raised Rs. 16,150.0 million on 15th October, 2007 consequent to the issue and allotment of 17,000,000 equity shares to Qualified Institutional Buyers at Rs.950/- per share. The aforesaid issue was in accordance with Chapter XIII-A of the SEBI DIP guidelines.
- 8 With effect from 1st October, 2007, the investment management function in the Bank for Venture Capital has been assigned to Kotak Investment Advisors Limited (KIAL) (erstwhile Kotak Mahindra Securities Limited) which is 100% beneficially owned by Bank
- 9 Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's presentation.
- 10 These results for the quarter ended 30th September, 2007, have been subjected to a "Limited Review" by the Statutory Auditors of the Bank



11 The above results were taken on record at the Audit Committee meeting and at the meeting of the Board of Directors held on 26th October, 2007.

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

Mumbai, 26th October, 2007

Dipak Gupta
Executive Director