

**KOTAK MAHINDRA ANNOUNCES ANNUAL RESULTS FOR
YEAR ENDED MARCH 31, 2003**

***Consolidated Gross Income up by 18% to Rs. 715 crore
Declares dividend of 21%
Announces ESOPS***

Mumbai, June 23, 2003: Kotak Mahindra Bank announced its consolidated results for the year ended March 31 2003, at a board meeting held in Mumbai, today.

The year saw Kotak Mahindra Finance Limited become the first company in India to convert itself into a commercial bank. The Kotak Mahindra Bank became operational towards the end of the financial year. During the year, apart from expenditure and investments for its foray into banking, the group also continued to make substantial investments in the life insurance business.

During the year, the expenditure on the conversion into bank was Rs. 20.85 crore. The insurance subsidiary made a loss of Rs. 42.32 crore (previous year Rs. 23.43 crore). Before taking these into account, the consolidated PBT before minority interest for the Group was Rs. 205.1 crore as against Rs. 176.7 crore in the previous year.

After providing for minority interests and taking into account the expenditure on banking and losses of life insurance business, consolidated profits after tax stood at Rs. 73.31 crore against Rs. 84.08 crore in the previous year.

The consolidated income at Rs. 714.84 crore for the year ended March 31, 2003 is higher by 18% than the previous year's figure of Rs. 600.60 crore.

On a stand-alone basis, before accounting for banking expenses of Rs. 20.85 crore, the bank's profit before tax was Rs. 90.86 crore as against Rs. 75.01 crore in the previous year. After the banking expenses, the Bank recorded a profit

before tax of Rs. 70.01 crore for the year 2002-03 against Rs. 75.01 crore for the previous year. The profit after tax stood at Rs. 44.96 crore against Rs. 54.52 crore for the previous year. The income during the period at Rs. 254.67 crore was higher by 35% against the previous year's Rs. 187.23 crore.

The Board has declared a dividend of 21% for the year. This will be paid to shareholders on a tax-free basis.

Commenting on the results, Uday Kotak, Executive Vice Chairman and Managing Director, Kotak Mahindra Bank said, "The year 2002-2003 has been a year of metamorphosis for Kotak Mahindra. We have transitioned to a commercial bank and integrated our various businesses under one common platform. We continue to invest in people, technology and infrastructure in our aspiration to build a world-class Indian company. "

Dr. Shankar Acharya, who has joined the Board of the Bank, attended his first Board Meeting. The Board also accepted the resignations of Mr. S.A.A. Pinto and Mr. M. R. Punja as Directors of the Bank. Both Mr. Pinto and Mr. Punja have been directors of the company since 1986. The Board placed on record its sincere appreciation of their valuable contribution to the growth of Kotak Mahindra.

The Board has recommended the appointment of M/s S. B. Billimoria, Chartered Accountants, as statutory auditors of the Bank at the forthcoming Annual General Meeting.

The Compensation (ESOP) Committee also met and approved a grant of 1,31,300 options to certain employees of the Bank and its subsidiaries under the Option Plan 2002-03 / Series 3. These options would be exercisable at Rs.10 per

share and the exercise period will be from October 2005 to March 2007. The total number of options outstanding now stand at 10,01,300.