

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 2005
Rs. lakhs

Sr No	Particulars	Quarter Ended		Year ended
		June- 05 (Unaudited)	June-04 (Unaudited)	Mar-05 (Audited)
1	Interest earned (a+b+c+d)	24,396.49	16,435.66	77,612.59
	(a) Interest/discount on advances/bills	18,904.16	13,021.58	61,735.19
	(b) Income on investments	4,910.05	2,782.20	13,015.28
	(c) Interest on balances with RBI & other banks	281.37	417.49	1,564.55
	(d) Others	300.91	214.39	1,297.57
2	Other income (see Note 2)	21,154.76	11,661.40	93,502.66
	(A) Total income (1+2)	45,551.25	28,097.06	171,115.25
3	Interest expended	10,705.70	7,085.75	32,865.35
4	Operating expenses (e+f)	25,471.49	14,882.99	105,510.70
	(e) Payments to and Provisions for employees (see Note 14)	8,280.67	4,906.83	25,094.64
	(f) Other operating expenses (see Note 3)	17,190.82	9,976.16	80,416.06
	(B) Total expenditure (3+4)	36,177.19	21,968.74	138,376.05
	(C) Operating Profit (A-B)	9,374.06	6,128.32	32,739.20
	(D) Other provisions & contingencies (see Note 1)	710.35	557.31	1,782.94
	(E) Profit before tax	8,663.71	5,571.01	30,956.26
	(F) Provision for taxes (see Note 15)	3,339.49	2,233.29	11,567.39
	(G) Profit after tax before Minority Interest (E - F)	5,324.22	3,337.72	19,388.87
	(H) Less: Share of Minority Interest	689.15	332.71	2,630.72
	(I) Add: Share in Profit of associates	12.35	64.90	332.52
	Consolidated Profit after tax attributable to the Group (G - H + I)	4,647.42	3,069.91	17,090.67
5	Paid Up Equity Capital - (Face Value of Rs 10 per share)	12,332.35	5,953.28	12,332.35
6	Group Reserves (excluding Minority Interest)			134,352.17
7	Minority Interest			35,991.71
8	Analytical Ratios			
	(i) Earnings per Share Basic Rs. (see Notes 4 and 6)	3.77	2.58	14.25
	(ii) Earnings per Share Diluted Rs.(see Notes 4 and 6)	3.74	2.55	14.15

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 2005
Rs Lakhs

Sr No	Particulars	Quarter Ended		Year ended
		June-05 (Reviewed)	June-04 (Reviewed)	Mar-05 (Audited)
1	Interest earned (a+b+c+d)	14,070.56	8,702.59	42,030.49
	(a) Interest/discount on advances/ bills	11,230.18	6,504.97	31,986.67
	(b) Income on investments	2,727.75	1,946.47	9,094.86
	(c) Interest on balances with RBI & other banks	106.27	221.07	879.75
	(d) Others	6.36	30.08	69.21
2	Other income	3,602.83	2,740.22	13,207.74
	(A) Total income (1+2)	17,673.39	11,442.81	55,238.23
3	Interest expended	7,140.95	4,108.64	19,482.27
4	Operating expenses (e+f)	7,014.76	4,075.15	22,449.99
	(e) Payments to and Provisions for employees (see Note 14)	2,537.87	1,493.16	7,763.16
	(f) Other operating expenses	4,476.89	2,581.99	14,686.83
	(B) Total expenditure (3+4)	14,155.71	8,183.79	41,932.26
	(C) Operating Profit (A-B)	3,517.68	3,259.02	13,305.97
	(D) Other provisions & contingencies (see Note 1)	444.73	203.01	1,466.93
	(E) Profit before tax	3,072.95	3,056.01	11,839.04
	(F) Provision for taxes (see Note 15)	1,105.00	850.00	3,350.00
	(G) Profit after tax (E - F)	1,967.95	2,206.01	8,489.04
5	Paid Up Equity Capital - (Face Value Rs. 10 per share)	12,332.35	5,953.28	12,332.35
6	Reserves excluding revaluation			62,755.02
7	Analytical Ratios			
	(i) % of shares held by Govt. of India	NIL	NIL	NIL
	(ii) % Capital adequacy ratio (see Note 8)	12.52%	14.69%	12.80%
	(iii) Earnings per Share Basic Rs. *	1.60	1.86	7.08
	(iv) Earnings per Share Diluted Rs. *	1.58	1.83	7.03
	* see Notes 4 and 6			
8	Non Promoter Shareholding			
	(i) No. of shares	50,877,004	23,247,762	50,873,504
	(ii) % of shareholding	41.25%	39.05%	41.25%

KOTAK MAHINDRA BANK LIMITED (STANDALONE)

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SEGMENT RESULTS
Rs Lakhs

Sr No	Particulars	Quarter Ended		Year ended
		June-05 (Reviewed)	June-04 (Reviewed)	Mar-05 (Audited)
1	Segment Revenue (Standalone)			
	Retail Lending activities	10,069.07	5,828.23	29,355.56
	Corporate Banking	3,151.46	2,083.53	10,602.78
	Treasury	4,801.02	3,082.40	13,398.42
	Retail Liabilities and Branch banking	2,062.40	485.67	5,035.23
	Corporate Centre	1,592.83	2,316.74	8,367.44
	Total	21,676.78	13,796.57	66,759.43
	Less: Inter segment revenue	4,003.39	2,353.76	11,553.85
	Add: Unallocable revenue	-	-	32.65
	Total Revenue	17,673.39	11,442.81	55,238.23
2	Segment Results (Standalone) {see Note 9 }			
	Retail Lending activities	2,773.08	1,688.73	8,158.28
	Corporate Banking	601.95	652.03	2,519.04
	Treasury	(163.23)	(164.78)	(1,483.77)
	Retail Liabilities and Branch banking	(1,361.65)	(1,192.27)	(4,643.34)
	Corporate Centre	1,222.80	2,072.30	7,256.18
	Total	3,072.95	3,056.01	11,806.39
	Add: Unallocable revenue	-	-	32.65
	Profit Before Tax	3,072.95	3,056.01	11,839.04
3	Segment Assets (Standalone)			
	Retail Lending activities	341,990.71	200,702.54	3,15,866.55
	Corporate Banking	184,815.11	100,770.77	1,50,097.20
	Treasury	313,080.74	206,186.94	3,23,007.96
	Retail Liabilities and Branch banking	103,022.82	36,836.20	75,236.14
	Corporate Centre	48,170.26	39,123.84	50,303.51
	Total	991,079.64	583,620.29	9,14,511.36
	Less: Inter segment assets	285,788.48	170,876.75	2,64,083.73
	Total Assets	705,291.16	412,743.54	6,50,427.63
4	Segment Liabilities (Standalone) {see Note 9 }			
	Retail Lending activities	303,404.60	178,023.75	2,85,834.49
	Corporate Banking	171,414.36	91,118.74	1,38,283.41
	Treasury	309,116.44	206,359.43	3,24,320.81
	Retail Liabilities and Branch banking	106,056.54	38,042.59	81,635.79
	Corporate Centre	21,996.65	7,605.81	7,844.61
	Total	911,988.59	521,150.32	8,37,919.11
	Less: Inter segment liabilities	285,788.48	170,876.75	2,64,083.75
	Total Liabilities	626,200.11	350,273.57	5,73,835.36
5	Unallocated Assets/(Liabilities) - (net)	(2,035.70)	452.75	(1,504.90)

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 :

Particulars	Rs. lakhs		
	Quarter Ended June 05 (Unaudited)	Quarter Ended June 04 (Unaudited)	For the period April 04 to Mar 05 (Audited)
Commission, Fees, Exchange and brokerage	14,077.69	7,185.36	39,902.98
Premium on insurance business	5,696.41	2,639.64	46,088.66
Profit on sale of investments	(301.79)	1,324.72	4,449.03
Others	1,682.45	511.68	3,061.99
Total – Other income	21,154.76	11,661.40	93,502.66

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

Particulars	Rs. lakhs		
	Quarter Ended June 05 (Unaudited)	Quarter Ended June 04 (Unaudited)	For the period April 04 to Mar 05 (Audited)
Policy holders' reserves	3,652.43	1,750.34	36,954.29
Brokerage	2,227.70	1,492.77	9,234.93
Depreciation	1,327.04	973.42	4,549.41
Rent, taxes and lighting	1,239.13	900.26	4,190.74
Others	8,744.52	4,859.37	25,486.69
Total – Other operating expenses	17,190.82	9,976.16	80,416.06

- The Board of Directors of the Bank at its meeting held on 7th June 2005, approved the issue of bonus shares in the ratio of three equity shares for every two shares held subject to the approval of the shareholders at the Annual General Meeting to be held later today. The earnings per share (basic and diluted) under para 7 (iii) and (iv) above is not adjusted for these bonus shares to be issued.
- The Board of Directors of the Bank at its meeting held on 7th June 2005, approved the dividend of 12.5% for the year ended 31st March 2005, subject to the approval of the shareholders at the AGM to be held later today.
- During the quarter, the Bank granted 10,12,500 equity shares to employees under the employee stock option scheme. As on 30th June 2005, the stock options outstanding are 18,06,700. These do not include 1,00,000 stock options granted during the quarter to the Directors of the Bank, the approval of which from the Reserve Bank of India has been received on 20th July, 2005. These options would be considered in the quarter July to September 05 for calculation of diluted earnings per share.
- The Bank's business has been segregated into the following segments whose principal activities are as under :

Segment	Principal activity
Treasury	Money market, forex market, derivatives and investments other than those handled by Corporate Centre
Corporate Banking	Wholesale borrowings and lendings and services to corporate sector
Retail liabilities and branch banking	Retail borrowings covering savings and current accounts and banking branch network and services
Retail Lending Activities	Commercial vehicle finance, personal loans, home loans, agriculture finance and other loans/services
Corporate Centre	Strategic and portfolio investments and group activities

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.

8. During the quarter April to June 2005, the Bank has raised Rs. 6,630 lakhs of Bonds eligible to be classified as Tier II Capital. As on 30th June 2005, the Bank has raised Rs. 15,000 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 2005.
9. Till 31st March, 2005 interest expenses on Tier II Capital and the said borrowing by the Bank was considered as part of Treasury. From 1st April 2005, based on the transfer pricing arrived at, the Borrowing has been considered as part of Corporate Centre activities. Consequent to this, for the current quarter under review, interest expenses amounting to Rs.195.27 lakhs have been considered under Corporate Centre. Had the said classification been applied for the reporting periods, Corporate Centre results would have been lower by Rs. 252.15 lakhs for the year April to March 2005 with no change for the quarter April to June 2004 (since no Tier II Bonds were raised during the said period).
10. Status of shareholder complaints received during the quarter ended 30th June 2005 :

Total complaints pending as at 31 st March 2005	Nil
Total complaints received during the quarter ended 30 th June 2005	56
Total complaints resolved during the quarter ended 30 th June 2005	56
Total complaints pending as at 30 th June 2005	Nil
11. Mr. Ajay Sondhi, a Director of the Bank, resigned from the Board of Directors of the Bank with effect from 7th June 2005.
12. The Bank's investments in an associate, Ford Credit Kotak Mahindra Limited (FCKM), will be sold to the joint venture partner, Ford Credit International, consequent to the terms agreed with them. The transaction proposed has been approved by the FIPB and is awaiting approval from the Reserve Bank of India. Consequently, FCKM has not been considered as an associate for the quarter ended June 30, 2005
13. The Bank has acquired stressed assets from other Banks/ NBFCs/ Financial Institutions in the past. The Reserve Bank of India has come out with Guidelines on purchase/ sale of non performing assets vide circular dated 13th July 2005. The Bank is seeking clarifications from the Reserve Bank of India on some aspects of the Guidelines in respect of purchases made upto the year 31st March 2005. Consequent to the receipt of clarifications from the Reserve Bank of India, appropriate accounting adjustment, if any, for such assets would be made in the subsequent reporting periods.
14. The Bank (standalone) has discontinued its policy of encashment of leave unavailed by the employees. No provision for leave encashment has therefore been made for the current year. Further, the balance accumulated provision for leave encashment made as at 31st March, 2005 amounting to Rs. 152.38 lakhs has been written back to the profit and loss account during the quarter April to June 2005.



15. Provision for taxes for the quarter April to June 05, include Fringe benefit tax provision of Rs. 45 lakhs (standalone) and Rs.111.40 lakhs (consolidated).
16. The above results for the quarter ended June 2005 (of the standalone entity), have been subjected to a " limited review" by the statutory auditors of the Bank.
17. Figures for the previous period/ year have been regrouped wherever necessary to conform to current year's presentation.
18. The above results were taken on record at the Audit Committee meeting and at the meeting of the Board of Directors held on 26th July 2005.

By order of the Board of Directors

For Kotak Mahindra Bank Limited

**Dipak Gupta
Executive Director**

Mumbai, 26th July 2005