



**KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)**

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

**UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 2004**

*Rs. lakhs*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-04 (Unaudited)	Sep-03 (Unaudited)	Sep-04 (Unaudited)	Sep-03 (Unaudited)	Mar-04 (Audited)
1	<b>Interest earned (a+b+c+d)</b>	<b>18,533.21</b>	<b>14,929.63</b>	<b>34,968.87</b>	<b>28,174.89</b>	<b>63,624.87</b>
	(a) Interest/discount on advances/bills	14,678.13	10,834.56	27,699.72	20,995.38	46,188.74
	(b) Income on investments	3,224.38	2,992.58	6,006.58	5,399.47	12,690.16
	(c) Interest on balances with RBI & other banks	400.09	183.92	817.57	332.73	1,041.58
	(d) Others	230.61	918.57	445.00	1,447.31	3,704.39
2	<b>Other Income (Refer Notes 3)</b>	13,241.31	11,008.30	24,902.71	19,037.50	52,885.26
	<b>(A) Total income (1+2)</b>	<b>31,774.52</b>	<b>25,937.93</b>	<b>59,871.58</b>	<b>47,212.39</b>	<b>116,510.13</b>
3	<b>Interest expended</b>	7,458.25	6,344.85	14,543.99	12,275.00	25,289.08
4	<b>Operating expenses (e+f)</b>	<b>17,921.71</b>	<b>11,640.53</b>	<b>32,804.72</b>	<b>21,067.39</b>	<b>57,151.36</b>
	(e) Payments to and Provisions for employees	5,250.29	3,541.01	10,157.12	6,520.53	15,878.88
	(f) Other Operating expenses	12,671.42	8,099.52	22,647.60	14,546.86	41,272.48
	<b>(B) Total expenditure (3+4)</b>	<b>25,379.96</b>	<b>17,985.38</b>	<b>47,348.71</b>	<b>33,342.39</b>	<b>82,440.44</b>
	<b>(C) Operating Profit (A-B)</b>	<b>6,394.56</b>	<b>7,952.55</b>	<b>12,522.87</b>	<b>13,870.00</b>	<b>34,069.69</b>
	(D) Other provisions & contingencies (Refer Notes 2 and 3)	327.53	411.30	884.83	571.15	998.60
	<b>(E) Profit before tax</b>	<b>6,067.03</b>	<b>7,541.25</b>	<b>11,638.04</b>	<b>13,298.85</b>	<b>33,071.09</b>
	(F) Provision for taxes	2,520.59	3,037.93	4,753.88	5,599.33	13,031.02
	<b>(G) Profit after tax before Minority Interest (E - F)</b>	<b>3,546.44</b>	<b>4,503.32</b>	<b>6,884.16</b>	<b>7,699.52</b>	<b>20,040.07</b>
	(H) Less: Share of Minority Interest	349.21	599.45	681.93	923.35	2,864.91
	(I) Add: Share in Profit of associates	52.80	(9.76)	117.70	20.10	240.70
	<b>Consolidated Profit after tax attributable to the Group (G - H + I)</b>	<b>3,250.03</b>	<b>3,894.11</b>	<b>6,319.93</b>	<b>6,796.27</b>	<b>17,415.86</b>
5	<b>Paid Up Equity Capital - (face value of Rs 10 per share)</b>	11,978.95	5,921.28	11,978.95	5,921.28	5,953.28
6	<b>Group Reserves (excluding minority interest)</b>					117,357.19
7	<b>Minority Interest</b>					31,777.96
8	<b>Analytical Ratios</b>					
	(i) Earnings per share Basic Rs. (refer note 5)	2.73	3.29	5.30	5.74	14.68
	(ii) Earnings per Share Diluted Rs.	2.71	3.25	5.27	5.68	14.50

**KOTAK MAHINDRA BANK LIMITED (STANDALONE)**

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

**UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 2004**
*Rs Lakhs*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-04 (Reviewed)	Sep-03 (Reviewed)	Sep-04 (Reviewed)	Sep-03 (Reviewed)	Mar-04 (Audited)
1	<b>Interest earned (a+b+c+d)</b>	<b>9,752.82</b>	<b>6,707.94</b>	<b>18,455.41</b>	<b>12,346.12</b>	<b>28,841.75</b>
	(a) Interest/discount on advances/ bills	7,284.99	4,859.59	13,789.96	9,311.19	21,052.51
	(b) Income on investments	2,236.03	1,753.59	4,182.50	2,878.04	7,207.51
	(c) Interest on balances with RBI & other banks	219.34	84.62	440.41	117.89	505.95
	(d) Others	12.46	10.14	42.54	39.00	75.78
2	<b>Other Income</b>	2,563.70	2,510.46	5,303.93	4,803.46	9,472.47
	<b>(A) Total income (1+2)</b>	<b>12,316.52</b>	<b>9,218.40</b>	<b>23,759.34</b>	<b>17,149.58</b>	<b>38,314.22</b>
3	<b>Interest expended</b>	4,278.26	3,056.71	8,386.90	5,823.44	11,746.47
	<b>Operating expenses (e+f)</b>	4,817.13	2,896.91	8,892.29	5,256.46	13,916.14
	(e) Payments to and Provisions for employees	1,627.79	905.91	3,120.95	1,754.57	4,293.17
	(f) Other Operating expenses	3,189.34	1,991.00	5,771.34	3,501.89	9,622.97
	<b>(B) Total expenditure (3+4)</b>	<b>9,095.39</b>	<b>5,953.62</b>	<b>17,279.19</b>	<b>11,079.90</b>	<b>25,662.61</b>
	<b>(C) Operating Profit (A-B)</b>	<b>3,221.13</b>	<b>3,264.78</b>	<b>6,480.15</b>	<b>6,069.68</b>	<b>12,651.61</b>
	(D) Other provisions & contingencies (Refer Note 1)	285.95	258.65	488.96	54.30	573.06
	<b>(E) Profit before tax</b>	<b>2,935.18</b>	<b>3,006.13</b>	<b>5,991.19</b>	<b>6,015.38</b>	<b>12,078.55</b>
	(F) Provision for taxes	870.00	1,022.08	1,720.00	2,097.08	4,205.79
	<b>(G) Profit after tax (E - F)</b>	<b>2,065.18</b>	<b>1,984.05</b>	<b>4,271.19</b>	<b>3,918.30</b>	<b>7,872.76</b>
5	<b>Paid Up Equity Capital</b> - (face value Rs. 10 per share)	11,978.95	5,921.28	11,978.95	5,921.28	5,953.28
6	<b>Reserves excluding revaluation</b>					54,612.82
7	<b>Analytical Ratios</b>					
	(i) % of shares held by Govt. of India	Nil	Nil	Nil	Nil	Nil
	(ii) % Capital adequacy ratio	12.95%	19.55%	12.95%	19.55%	15.25%
	(iii) Earnings per share Basic Rs. *	1.73	1.68	3.58	3.31	6.63
	(iv) Earnings per Share Diluted Rs.	1.72	1.66	3.56	3.27	6.55
	* Refer Note 5					
8	<b>Non Promoter Shareholding</b>					
	(i) No of shares (refer note 5)	47,219,524	21,981,965	47,219,524	21,981,965	23,247,762
	(ii) % of shareholding	39.42%	37.12%	39.42%	37.12%	39.05%

**KOTAK MAHINDRA BANK LIMITED (STANDALONE)**

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

**SEGMENT RESULTS**
*Rs Lakhs*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-04 (Reviewed)	Sep-03 (Reviewed)	Sep-04 (Reviewed)	Sep-03 (Reviewed)	Mar-04 (Audited)
1	<b>Segment Revenue (Standalone)</b>					
	Retail Lending activities	6,644.90	4,437.42	12,473.13	8,392.27	18,922.54
	Corporate Banking	2,650.72	1,006.85	4,734.24	1,689.30	6,221.01
	Treasury	2,827.76	4,026.40	5,910.18	7,370.57	12,800.42
	Retail Liabilities and Branch banking	683.62	153.51	1,169.29	195.94	807.61
	Corporate Centre	2,116.98	1,755.87	4,412.46	3,320.25	6,699.78
	<b>Total</b>	<b>14,923.98</b>	<b>11,380.05</b>	<b>28,699.30</b>	<b>20,968.33</b>	<b>45,451.36</b>
	Less: Inter segment revenue	2,615.45	2,161.65	4,969.22	3,818.75	7,137.14
	Add: Un allocable revenue	7.99	-	29.26	-	-
	<b>Total Revenue</b>	<b>12,316.52</b>	<b>9,218.40</b>	<b>23,759.34</b>	<b>17,149.58</b>	<b>38,314.22</b>
2	<b>Segment Results (Standalone)</b>					
	Retail Lending activities	1,889.75	1,444.43	3,578.48	3,009.50	6,182.97
	Corporate Banking	855.97	85.39	1,507.99	373.41	2,372.53
	Treasury	(350.46)	1,164.78	(515.24)	1,815.78	1,692.95
	Retail Liabilities and Branch banking	(1385.62)	(929.97)	(2,577.90)	(1,778.39)	(4,191.74)
	Corporate Centre	1,917.55	1,195.86	3,968.60	2,595.08	6,021.84
	<b>Total</b>	<b>2,927.19</b>	<b>2,960.49</b>	<b>5,961.93</b>	<b>6,015.38</b>	<b>12,078.55</b>
	Less: Un - allocable expenditure net off Unallocated Income	(7.99)	(45.64)	(29.26)	-	-
	<b>Profit Before Tax</b>	<b>2,935.18</b>	<b>3,006.13</b>	<b>5,991.19</b>	<b>6,015.38</b>	<b>12,078.55</b>
3	<b>Segment Assets (Standalone)</b>					
	Retail Lending activities	231,315.42	149,399.10	231,315.42	149,399.10	181,754.56
	Corporate Banking	121,419.31	47,275.58	121,419.31	47,275.58	322,593.59
	Treasury	241,520.07	135,916.91	241,520.07	135,916.91	173,617.68
	Retail Liabilities and Branch banking	48,103.47	33,070.04	48,103.47	33,070.04	155,981.23
	Corporate Centre	38,820.58	55,257.06	38,820.58	55,257.06	55,831.75
	<b>Total</b>	<b>681,178.85</b>	<b>420,918.69</b>	<b>681,178.85</b>	<b>420,918.69</b>	<b>889,778.81</b>
	Less: Inter segment assets	198,288.29	134,138.77	198,288.29	134,138.77	308,875.84
	<b>Total Assets</b>	<b>482,890.56</b>	<b>286,779.92</b>	<b>482,890.56</b>	<b>286,779.92</b>	<b>580,902.97</b>
4	<b>Segment Liabilities (Standalone)</b>					
	Retail Lending activities	206,742.56	114,157.21	206,742.56	114,157.21	163,375.12
	Corporate Banking	110,911.32	45,431.47	110,911.32	45,431.47	318,945.14
	Treasury	242,043.40	139,144.78	242,043.40	139,144.78	177,177.83
	Retail Liabilities and Branch banking	50,700.09	37,987.31	50,700.09	37,987.31	162,912.84
	Corporate Centre	6,289.96	25,638.75	6,289.96	25,638.75	7,529.13
	<b>Total</b>	<b>616,687.33</b>	<b>362,359.52</b>	<b>616,687.33</b>	<b>362,359.52</b>	<b>829,940.06</b>
	Less: Inter segment Liabilities	198,288.29	134,138.77	198,288.29	134,138.77	308,875.84
	<b>Total Liabilities</b>	<b>418,399.04</b>	<b>228,220.75</b>	<b>418,399.04</b>	<b>228,220.75</b>	<b>521,064.22</b>
5	<b>Unallocated Assets net off Liabilities</b>	<b>782.05</b>	<b>(410.69)</b>	<b>782.05</b>	<b>(410.69)</b>	<b>792.48</b>

**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*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-04 (Reviewed)	Sep-03 (Reviewed)	Sep-04 (Reviewed)	Sep-03 (Reviewed)	Mar-04 (Audited)
1	Commission, Fees, Exchange and brokerage	7,504.20	5,636.28	14,796.32	8,809.73	27,040.69
2	Premium on insurance business	4,658.60	2,021.55	7,298.24	3,333.85	14,651.18
3	Profit on sale of investments	663.30	2,782.05	1,988.02	6,024.02	9,786.93
4	Others	415.21	568.42	820.13	869.90	1,406.46
	<b>Total - Other income</b>	<b>13,241.31</b>	<b>11,008.30</b>	<b>24,902.71</b>	<b>19,037.50</b>	<b>52,885.26</b>

- The Bank, upto the financial year ended 31<sup>st</sup> March 2003, accounted for brokerage expenses and service charges received in respect of advances by using the internal rate of return method to provide a constant periodic rate of return over the period of the advance. The Bank changed its method of accounting for the financial year ended 31<sup>st</sup> March 2004 (in the quarter January 2004 to March 2004), wherein service charges received on such transactions are recognized as revenue when due and brokerage expenses due on such transactions are charged to revenue when due. Had the said change been effected during the reporting periods of the previous year, the profit after tax for the quarter July to Sep 03 and for the half year April to September 03 would have been lower by Rs. 33.47 lakhs and Rs. 42.39 lakhs respectively.
- During the half year April 2004 to September 2004, the Bank has subscribed to the rights issue of equity shares of its subsidiary, Kotak Mahindra Old Mutual Life Insurance Limited amounting to Rs. 2238.61 lakhs.
- The Board of Directors of the Bank at its meeting held on 25<sup>th</sup> May 2004, approved the issue of bonus shares in the ratio of one equity share for every share held subject to the approval of the shareholders at the Annual General Meeting. The Bonus allotment committee of the Board of Directors at its meeting held on 28<sup>th</sup> August 2004 allotted bonus shares in the ratio of one equity share for every share held. In accordance with Accounting Standard 20 (AS 20), Earnings Per Share issued by the Institute of Chartered Accountants of India (ICAI), the earnings per share for all the reporting periods including the previous quarter, half year and year ended 31<sup>st</sup> March 2003 have been reworked as if the bonus shares were in existence during the said periods.
- At the annual general meeting of the Bank held on 26<sup>th</sup> July 2004, the shareholders approved the increase in authorized share capital from Rs. 100 crores to Rs. 200 crores.
- During the quarter, the Bank allotted 7,24,000 equity shares to employees consequent to the exercise of employee stock options by them.
- Share issue expenses amounting to Rs. 78.06 lakhs have been charged off to the Share Premium account as allowed under Section 78 of the Companies Act, 1956.
- 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 have been established to arrive at interest cost on the borrowings of the segments.

10. For the purposes of consolidation, in respect of subsidiaries operating outside India, the annual audited accounts for the calendar year December is considered, ie. a lag of three months as compared to the financial year of the bank and other subsidiaries. This is in line with Accounting Standard 21 (AS 21) issued by the ICAI. In tune with the same, for the purposes of quarterly consolidation, financials with a similar three month lag is utilized of the said subsidiaries.

11. Status of shareholder complaints received during the quarter ended 30<sup>th</sup> September 2004 :

Total complaints pending as at 30 <sup>th</sup> June 2004	Nil
Total complaints received during the quarter ended 30 <sup>th</sup> September 2004	102
Total complaints resolved during the quarter ended 30 <sup>th</sup> September 2004	102
Total complaints pending as at 30 <sup>th</sup> September 2004	Nil

12. The capital adequacy for the interim periods are after considering only the audited networth of the previous year and does not factor into account profits of the interim periods.

13. The above results for the quarter and half year ended September 2004 (of the standalone entity), have been subjected to a "limited review" by the statutory auditors of the Bank.

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

15. The above results were taken on record at the Audit Committee meeting held on 27<sup>th</sup> October 2004 and at the meeting of the Board of Directors held on 28<sup>th</sup> October 2004.

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

**Mumbai, 28<sup>th</sup> October 2004**

**Dipak Gupta**  
**Executive Director**