

**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 2005**
*Rs lakhs*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-05 (Unaudited)	Sep-04 (Unaudited)	Sep-05 (Unaudited)	Sep-04 (Unaudited)	Mar-05 (Audited)
1	<b>Interest earned (a+b+c+d)</b>	<b>28,288.16</b>	<b>18,533.21</b>	<b>52,684.67</b>	<b>34,968.87</b>	<b>77,612.59</b>
	(a) Interest/discount on advances/bills	21,771.66	14,678.13	40,675.82	27,699.72	61,735.19
	(b) Income on investments	5,499.49	3,224.38	10,409.55	6,006.58	13,015.28
	(c) Interest on balances with RBI & other banks	386.48	400.09	667.85	817.57	1,564.55
	(d) Others	630.53	230.61	931.45	445.00	1,297.57
2	<b>Other income (see Note 2)</b>	<b>33,701.77</b>	<b>13,241.31</b>	<b>54,856.52</b>	<b>24,902.71</b>	<b>93,502.66</b>
	<b>(A) Total income (1+2)</b>	<b>61,989.93</b>	<b>31,774.52</b>	<b>107,541.19</b>	<b>59,871.58</b>	<b>171,115.25</b>
3	<b>Interest expended</b>	<b>11,962.18</b>	<b>7,458.25</b>	<b>22,667.89</b>	<b>14,543.99</b>	<b>32,865.35</b>
4	<b>Operating expenses (e+f)</b>	<b>32,535.53</b>	<b>17,921.71</b>	<b>58,007.04</b>	<b>32,804.72</b>	<b>105,510.70</b>
	(e) Payments to and Provisions for employees (see Note 15)	10,237.21	5,250.29	18,517.89	10,157.12	25,094.64
	(f) Other operating expenses (see Note 3)	22,298.32	12,671.42	39,489.15	22,647.60	80,416.06
	<b>(B) Total expenditure (3+4)</b>	<b>44,497.71</b>	<b>25,379.96</b>	<b>80,674.93</b>	<b>47,348.71</b>	<b>138,376.05</b>
	<b>(C) Operating Profit (A-B)</b>	<b>17,492.22</b>	<b>6,394.56</b>	<b>26,866.26</b>	<b>12,522.87</b>	<b>32,739.20</b>
	(D) Other provisions & contingencies (see Notes 1 and 14)	2,365.70	327.53	3,076.04	884.83	1,782.94
	<b>(E) Profit before tax</b>	<b>15,126.52</b>	<b>6,067.03</b>	<b>23,790.22</b>	<b>11,638.04</b>	<b>30,956.26</b>
	(F) Provision for taxes (see Note 16)	5,406.59	2,520.59	8,746.08	4,753.88	11,567.39
	<b>(G) Profit after tax before Minority Interest (E – F)</b>	<b>9,719.93</b>	<b>3,546.44</b>	<b>15,044.14</b>	<b>6,884.16</b>	<b>19,388.87</b>
	(H) Less: Share of Minority Interest	1,354.58	349.21	2,043.73	681.93	2,630.72
	(I) Add: Share in Profit of associates	(29.21)	52.80	(16.86)	117.70	332.52
	<b>Consolidated Profit after tax attributable to the Group (G - H + I)</b>	<b>8,336.14</b>	<b>3,250.03</b>	<b>12,983.55</b>	<b>6,319.93</b>	<b>17,090.67</b>
5	Paid Up Equity Capital - (Face Value of Rs 10 per share)	30,835.88	11,978.95	30,835.88	11,978.95	12,332.35
6	Group Reserves (excluding Minority Interest)					134,352.17
7	Minority Interest					35,991.71
8	<b>Analytical Ratios</b>					
	(i) Earnings per Share Basic Rs. (see Notes 4 and 5)	2.70	1.09	4.21	2.12	5.70
	(ii) Earnings per Share Diluted Rs. (see Notes 4 and 5)	2.69	1.08	4.20	2.11	5.66



**KOTAK MAHINDRA BANK LIMITED (STANDALONE)**

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

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 2005**

*Rs lakhs*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-05 (Reviewed)	Sep-04 (Reviewed)	Sep-05 (Reviewed)	Sep-04 (Reviewed)	Mar-05 (Audited)
1	<b>Interest earned (a+b+c+d)</b>	<b>16,279.33</b>	<b>9,752.82</b>	<b>30,349.89</b>	<b>18,455.41</b>	<b>42,030.49</b>
	(a) Interest/discount on advances/ bills	12,606.29	7,284.99	23,836.47	13,789.96	31,986.67
	(b) Income on investments	3,460.35	2,236.03	6,188.10	4,182.50	9,094.86
	(c) Interest on balances with RBI & other banks	206.90	219.34	313.17	440.41	879.75
	(d) Others	5.79	12.46	12.15	42.54	69.21
2	<b>Other income (see Note 14)</b>	<b>7,305.90</b>	<b>2,563.70</b>	<b>10,908.73</b>	<b>5,303.93</b>	<b>13,207.74</b>
	<b>(A) Total income (1+2)</b>	<b>23,585.23</b>	<b>12,316.52</b>	<b>41,258.62</b>	<b>23,759.34</b>	<b>55,238.23</b>
3	<b>Interest expended</b>	7,664.53	4,278.26	14,805.48	8,386.90	19,482.27
4	<b>Operating expenses (e+f)</b>	9,151.53	4,817.13	16,166.29	8,892.29	22,449.99
	(e) Payments to and Provisions for employees (see Note 15)	3,531.27	1,627.79	6,069.14	3,120.95	7,763.16
	(f) Other operating expenses	5,620.26	3,189.34	10,097.15	5,771.34	14,686.83
	<b>(B) Total expenditure (3+4)</b>	<b>16,816.06</b>	<b>9,095.39</b>	<b>30,971.77</b>	<b>17,279.19</b>	<b>41,932.26</b>
	<b>(C) Operating Profit (A-B)</b>	<b>6,769.17</b>	<b>3,221.13</b>	<b>10,286.85</b>	<b>6,480.15</b>	<b>13,305.97</b>
	(D) Other provisions & contingencies (see Notes 1 and 14)	2,035.65	285.95	2,480.38	488.96	1,466.93
	<b>(E) Profit before tax</b>	<b>4,733.52</b>	<b>2,935.18</b>	<b>7,806.47</b>	<b>5,991.19</b>	<b>11,839.04</b>
	(F) Provision for taxes (see Note 16)	1,616.00	870.00	2,721.00	1,720.00	3,350.00
	<b>(G) Profit after tax (E - F)</b>	<b>3,117.52</b>	<b>2,065.18</b>	<b>5,085.47</b>	<b>4,271.19</b>	<b>8,489.04</b>
5	<b>Paid Up Equity Capital - (Face Value Rs. 10 per share)</b>	30,835.88	11,978.95	30,835.88	11,978.95	12,332.35
6	<b>Reserves excluding revaluation reserves</b>					62,755.02
7	<b>Analytical Ratios</b>					
	(i) % of shares held by Govt. of India	Nil	Nil	Nil	Nil	Nil
	(ii) % Capital adequacy ratio (see Notes 10 and 17)	11.16%	12.95%	11.16%	12.95%	12.80%
	(iii) Earnings per Share Basic Rs. (see Notes 4 and 5)	1.01	0.69	1.65	1.43	2.83
	(iv) Earnings per Share Diluted Rs. (see Notes 4 and 5)	1.00	0.68	1.64	1.42	2.81
8	<b>Non Promoter Shareholding</b>					
	(i) No. of shares	127,249,200	47,219,524	127,249,200	47,219,524	50,873,504
	(ii) % of shareholding	41.27%	39.42%	41.27%	39.42%	41.25%

**SEGMENT RESULTS**
*Rs lakhs*

Sr No	Particulars	Quarter Ended		Half Year Ended		Year Ended
		Sep-05 (Reviewed)	Sep-04 (Reviewed)	Sep-05 (Reviewed)	Sep-04 (Reviewed)	Mar-05 (Audited)
1	<b>Segment Revenue</b>					
	Retail Lending activities	12,707.04	6,644.90	22,776.11	12,473.13	29,355.56
	Corporate Banking	4,097.29	2,650.72	7,248.75	4,734.24	10,602.78
	Treasury	5,255.70	2,827.76	10,056.72	5,910.18	13,398.42
	Retail Liabilities and Branch banking	4,116.57	683.62	6,178.97	1,169.29	5,035.23
	Corporate Centre	1,946.15	2,116.98	3,538.98	4,412.46	8,367.44
	<b>Total</b>	<b>28,122.75</b>	<b>14,923.98</b>	<b>49,799.53</b>	<b>28,699.30</b>	<b>66,759.43</b>
	Less: Inter segment revenue	4,537.52	2,615.45	8,540.91	4,969.22	11,553.85
	Add: Unallocable revenue	-	7.99	-	29.26	32.65
	<b>Total Revenue</b>	<b>23,585.23</b>	<b>12,316.52</b>	<b>41,258.62</b>	<b>23,759.34</b>	<b>55,238.23</b>
2	<b>Segment Results {see Note 11}</b>					
	Retail Lending activities	2,830.69	1,889.75	5,603.77	3,578.48	8,158.28
	Corporate Banking	1,051.44	855.97	1,653.39	1,507.99	2,519.04
	Treasury	92.88	(350.46)	(70.35)	(515.24)	(1,483.77)
	Retail Liabilities and Branch banking	(245.84)	(1,385.62)	(1,607.49)	(2,577.90)	(4,643.34)
	Corporate Centre	1,004.35	1,917.55	2,227.15	3,968.60	7,256.18
	<b>Total</b>	<b>4,733.52</b>	<b>2,927.19</b>	<b>7,806.47</b>	<b>5,961.93</b>	<b>11,806.39</b>
	Add: Unallocable revenue	-	7.99	-	29.26	32.65
	<b>Profit Before Tax</b>	<b>4,733.52</b>	<b>2,935.18</b>	<b>7,806.47</b>	<b>5,991.19</b>	<b>11,839.04</b>
3	<b>Segment Assets</b>					
	Retail Lending activities	379,855.02	231,315.42	379,855.02	231,315.42	3,15,866.55
	Corporate Banking	219,261.55	121,419.31	219,261.55	121,419.31	1,50,097.20
	Treasury	322,959.19	241,520.07	322,959.19	241,520.07	3,23,007.96
	Retail Liabilities and Branch banking	148,403.07	48,103.47	148,403.07	48,103.47	75,236.14
	Corporate Centre	53,386.14	38,820.58	53,386.14	38,820.58	50,303.51
	<b>Total</b>	<b>1,123,864.97</b>	<b>681,178.85</b>	<b>1,123,864.97</b>	<b>681,178.85</b>	<b>9,14,511.36</b>
	Less: Inter segment assets	321,896.88	198,288.29	321,896.88	198,288.29	2,64,083.73
	<b>Total Assets</b>	<b>801,968.09</b>	<b>482,890.56</b>	<b>801,968.09</b>	<b>482,890.56</b>	<b>6,50,427.63</b>
4	<b>Segment Liabilities {see Note 11}</b>					
	Retail Lending activities	338,457.39	206,742.56	338,457.39	206,742.56	2,85,834.49
	Corporate Banking	204,766.71	110,911.32	204,766.71	110,911.32	1,38,283.41
	Treasury	318,908.14	242,043.40	318,908.14	242,043.40	3,24,320.81
	Retail Liabilities and Branch banking	151,722.62	50,700.09	151,722.62	50,700.09	81,635.79
	Corporate Centre	29,343.76	6,289.96	29,343.76	6,289.96	7,844.61
	<b>Total</b>	<b>1,043,198.62</b>	<b>616,687.33</b>	<b>1,043,198.62</b>	<b>616,687.33</b>	<b>8,37,919.11</b>
	Less: Inter segment liabilities	321,896.88	198,288.29	321,896.88	198,288.29	2,64,083.75
	<b>Total Liabilities</b>	<b>721,301.74</b>	<b>418,399.04</b>	<b>721,301.74</b>	<b>418,399.04</b>	<b>5,73,835.36</b>
5	Unallocated Assets/(Liabilities) - (net)	<b>(516.72)</b>	<b>782.05</b>	<b>(516.72)</b>	<b>782.05</b>	<b>(1,504.90)</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*

Particulars	Quarter Ended		Half Year Ended		Year Ended
	Sep-05 (Unaudited)	Sep-04 (Unaudited)	Sep-05 (Unaudited)	Sep-04 (Unaudited)	Mar-05 (Audited)
Commission, Fees, Exchange and brokerage	19,136.62	7,610.96	33,214.31	14,796.32	39,902.98
Premium on insurance business	7,562.56	4,658.60	13,258.97	7,298.24	46,088.66
Profit on sale of investments	2,047.07	663.30	1,745.28	1,988.02	4,449.03
Others	4,955.52	308.45	6,637.96	820.13	3,061.99
<b>Total – Other income</b>	<b>33,701.77</b>	<b>13,241.31</b>	<b>54,856.52</b>	<b>24,902.71</b>	<b>93,502.66</b>

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

*Rs. lakhs*

Particulars	Quarter Ended		Half Year Ended		Year Ended
	Sep-05 (Unaudited)	Sep-04 (Unaudited)	Sep-05 (Unaudited)	Sep-04 (Unaudited)	Mar-05 (Audited)
Policy holders' reserves	7,495.21	3,300.08	11,147.64	5,050.42	36,954.29
Brokerage	2,834.37	1,886.77	5,062.07	3,379.54	9,234.93
Depreciation	1,523.55	1,065.75	2,850.59	2,039.17	4,549.41
Rent, taxes and lighting	1,462.07	900.25	2,701.20	1,800.51	4,190.74
Others	8,983.12	5,518.57	17,727.65	10,377.96	25,486.69
<b>Total – Other operating expenses</b>	<b>22,298.32</b>	<b>12,671.42</b>	<b>39,489.15</b>	<b>22,647.60</b>	<b>80,416.06</b>

- Consequent to the approval of the shareholders at the Annual General Meeting held on 26<sup>th</sup> July, 2005, the bonus allotment committee of the Board of Directors at its meeting held on 30<sup>th</sup> August, 2005, allotted bonus shares in the ratio of three equity shares for every two shares 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 31st March, 2005 have been reworked as if the bonus shares were in existence during the said periods.
- During the quarter, the Bank granted 1,00,000 equity shares to directors under the employee stock option scheme and allotted 50,000 equity shares consequent to the exercise of employee stock options by them. As on 30th September, 2005, the employee stock options outstanding are 47,04,250.
- The Board of Directors of the Bank at its meeting held on 28<sup>th</sup> September, 2005, proposed to raise additional capital by way of issue of Equity Shares up to 1,50,00,000 equity shares of Rs. 10 each, in domestic and/or one or more international market(s), subject to approval of shareholders at the Extra Ordinary General Meeting of the shareholders to be held later today.
- Share issue expenses amounting to Rs. 87.17 lakhs have been charged off to the Share Premium account as allowed under Section 78 of the Companies Act, 1956.
- During the quarter July to September 2005, the Bank has subscribed to the rights issue of equity shares of its subsidiary, Kotak Mahindra Old Mutual Life Insurance Limited amounting to Rs. 1567.03 lakhs.

9. 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; banking branch network and services and distribution of financial products
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 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.

10. During the quarter July to September 2005, the Bank has raised Rs. 7,200 lakhs of Bonds eligible to be classified as Tier II Capital. As on 30<sup>th</sup> September, 2005, the Bank has raised Rs. 22,200 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 30<sup>th</sup> September, 2005.
11. Till 31<sup>st</sup> March, 2005 interest expenses on Tier II Capital and the said borrowing by the Bank was considered as part of Treasury. From 1<sup>st</sup> April, 2005, based on the transfer pricing arrived at, the Borrowing has been considered as part of Corporate Centre activities. Consequent to this, interest expenses amounting to Rs. 320.06 lakhs for the quarter July to September 2005, and Rs. 515.33 lakhs for the half year April to September 2005, 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 July to September 2004 and for the half year April to September 2004 (since no Tier II Bonds were raised during the said period).
12. Status of shareholder complaints received during the quarter ended 30<sup>th</sup> September, 2005:

Total complaints pending as at 30 <sup>th</sup> June, 2005	Nil
Total complaints received during the quarter ended 30 <sup>th</sup> September, 2005	88
Total complaints resolved during the quarter ended 30 <sup>th</sup> September, 2005	88
Total complaints pending as at 30 <sup>th</sup> September, 2005	Nil

13. The Bank's investments in an associate, Ford Credit Kotak Mahindra Limited (FCKM), has been sold to the joint venture partner, Ford Credit International on 4<sup>th</sup> October, 2005, consequent to the terms agreed with them. Consequently, FCKM has not been considered as an associate for the period commencing April 1, 2005.
14. The Bank had acquired stressed assets from other Banks and NBFCs in the past. The Reserve Bank of India has come out with Guidelines on purchase/ sale of non performing assets vide circular dated 13<sup>th</sup> July, 2005. Consequent to the clarifications from the Reserve Bank of India on some aspects of the Guidelines in respect of purchases made upto the year 31<sup>st</sup> March, 2005, the Bank has considered collections in excess of consideration paid as income at each asset level and not at portfolio level as followed hitherto. As a result of the same, the Bank has booked an income of Rs. 1,335.31 lakhs for the half year April to September 2005, including Rs 1,063.52 lakhs for the quarter April to June 2005. The Bank has adopted a policy on floating provision on such assets and has provided an amount of Rs. 1,335.31 lakhs for the half year April to September 2005, including Rs 1,063.52 lakhs for the quarter April to June 2005. Consequently, this change has no effect on the profit for the period.

15. 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 and half year April to September 2005.
16. Provision for taxes for the quarter July to September 05, includes Fringe Benefit Tax provision of Rs. 60 lakhs (standalone) and Rs. 144.35 lakhs (consolidated) and for the half year April to September 2005 Rs. 105 lakhs (standalone) and Rs. 255.75 lakhs (consolidated).
17. The capital adequacy for the interim periods is after considering only the audited net-worth of the previous year and does not factor into account profits of the interim periods.
18. Figures for the previous period/ year have been regrouped wherever necessary to conform to current year'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 27<sup>th</sup> October, 2005. The results for the half-year ended 30<sup>th</sup> September, 2005 have been subjected to limited review by the Statutory Auditors.

By order of the Board of Directors

For Kotak Mahindra Bank Limited

Mumbai, 27<sup>th</sup> October 2005

Dipak Gupta  
Executive Director