



**KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)**

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

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS PERIOD DECEMBER 2004**

*Rs. lakhs*

Sr No	Particulars	Quarter Ended		Nine Months Ended		Year Ended
		Dec-04 (Unaudited)	Dec-03 (Unaudited)	Dec-04 (Unaudited)	Dec-03 (Unaudited)	Mar-04 (Audited)
1	<b>Interest earned (a+b+c+d)</b>	<b>20,657.98</b>	<b>16,023.53</b>	<b>55,626.85</b>	<b>44,198.42</b>	<b>63,624.87</b>
	(a) Interest/discount on advances/bills	16,111.46	11,632.50	43,811.17	32,627.88	46,188.74
	(b) Income on investments	3,764.85	3,073.10	9,771.43	8,472.57	12,690.16
	(c) Interest on balances with RBI & other banks	457.83	237.51	1,275.41	570.24	1,041.58
	(d) Others	323.84	1,080.42	768.84	2,527.73	3,704.39
2	<b>Other income (Refer Note 2)</b>	<b>19,033.49</b>	<b>14,036.18</b>	<b>43,936.20</b>	<b>33,073.68</b>	<b>52,885.26</b>
	<b>(A) Total income (1+2)</b>	<b>39,691.47</b>	<b>30,059.71</b>	<b>99,563.05</b>	<b>77,272.10</b>	<b>116,510.13</b>
3	<b>Interest expended</b>	<b>9326.43</b>	<b>6,653.78</b>	<b>23,870.43</b>	<b>18,928.78</b>	<b>25,289.08</b>
4	<b>Operating expenses (e+f)</b>	<b>22,299.61</b>	<b>14,826.00</b>	<b>55,104.32</b>	<b>35,893.39</b>	<b>57,151.36</b>
	(e) Payments to and Provisions for employees	5,474.37	4,467.09	15,631.49	10,987.62	15,878.88
	(f) Other operating expenses (Refer Note 3)	16,825.24	10,358.91	39,472.83	24,905.77	41,272.48
	<b>(B) Total expenditure (3+4)</b>	<b>31,626.04</b>	<b>21,479.78</b>	<b>78,974.75</b>	<b>54,822.17</b>	<b>82,440.44</b>
	<b>(C) Operating Profit (A-B)</b>	<b>8,065.43</b>	<b>8,579.93</b>	<b>20,588.30</b>	<b>22,449.93</b>	<b>34,069.69</b>
	(D) Other provisions & contingencies (Refer Note 1)	380.18	175.32	1,265.01	746.47	998.60
	<b>(E) Profit before tax</b>	<b>7,685.25</b>	<b>8,404.61</b>	<b>19,323.29</b>	<b>21,703.46</b>	<b>33,071.09</b>
	(F) Provision for taxes	2,872.49	3,340.20	7,626.38	8,939.53	13,031.02
	<b>(G) Profit after tax before Minority Interest (E – F)</b>	<b>4,812.76</b>	<b>5,064.41</b>	<b>11,696.91</b>	<b>12,763.93</b>	<b>20,040.07</b>
	(H) Less: Share of Minority Interest	580.59	724.84	1,262.51	1,648.19	2,864.91
	(I) Add: Share in Profit of associates	110.93	88.29	228.63	108.39	240.70
	<b>Consolidated Profit after tax attributable to the Group (G - H + I)</b>	<b>4,343.10</b>	<b>4,427.86</b>	<b>10,663.03</b>	<b>11,224.13</b>	<b>17,415.86</b>
5	<b>Paid Up Equity Capital</b> - (Face Value of Rs 10 per share)	11,994.55	5,952.28	11,994.55	5,952.28	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 7)	3.62	3.73	8.93	9.47	14.68
	(ii) Earnings per Share Diluted Rs.	3.60	3.69	8.87	9.36	14.50

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS PERIOD DECEMBER 2004**
*Rs Lakhs*

Sr No	Particulars	Quarter Ended		Nine Months Ended		Year Ended
		Dec-04 (Reviewed)	Dec-03 (Reviewed)	Dec-04 (Reviewed)	Dec-03 (Reviewed)	Mar-04 (Audited)
1	<b>Interest earned (a+b+c+d)</b>	<b>11,296.38</b>	<b>6,930.43</b>	<b>29,751.79</b>	<b>19,276.55</b>	<b>28,841.75</b>
	(a) Interest/discount on advances/ bills	8,191.76	5,038.58	21,981.72	14,349.78	21,052.51
	(b) Income on investments	2,813.99	1,785.64	6,996.48	4,663.68	7,207.51
	(c) Interest on balances with RBI & other banks	264.67	95.77	705.08	213.66	505.95
	(d) Others	25.96	10.44	68.51	49.43	75.78
2	<b>Other income</b>	3,035.22	2,511.09	8,339.15	7,314.55	9,472.47
	<b>(A) Total income (1+2)</b>	<b>14,331.60</b>	<b>9,441.52</b>	<b>38,090.94</b>	<b>26,591.10</b>	<b>38,314.22</b>
3	<b>Interest expended</b>	5,542.10	3,046.18	13,929.01	8,869.61	11,746.47
4	<b>Operating expenses (e+f)</b>	<b>5,901.02</b>	<b>3,404.21</b>	<b>14,793.30</b>	<b>8,660.68</b>	<b>13,916.14</b>
	(e) Payments to and Provisions for employees	1,815.60	1,060.86	4,936.55	2,815.45	4,293.17
	(f) Other operating expenses	4,085.42	2,343.35	9,856.75	5,845.23	9,622.97
	<b>(B) Total expenditure (3+4)</b>	<b>11,443.12</b>	<b>6,450.39</b>	<b>28,722.31</b>	<b>17,530.29</b>	<b>25,662.61</b>
	<b>(C) Operating Profit (A-B)</b>	<b>2,888.48</b>	<b>2,991.13</b>	<b>9,368.63</b>	<b>9,060.81</b>	<b>12,651.61</b>
	(D) Other provisions & contingencies (Refer Note 1)	238.15	171.90	727.11	226.20	573.06
	<b>(E) Profit before tax</b>	<b>2,650.33</b>	<b>2,819.23</b>	<b>8,641.52</b>	<b>8,834.61</b>	<b>12,078.55</b>
	(F) Provision for taxes	740.00	923.92	2,460.00	3,021.00	4,205.79
	<b>(G) Profit after tax (E - F)</b>	<b>1,910.33</b>	<b>1,895.31</b>	<b>6,181.52</b>	<b>5,813.61</b>	<b>7,872.76</b>
5	<b>Paid Up Equity Capital - (Face Value Rs. 10 per share)</b>	11,994.55	5,952.28	11,994.55	5,952.28	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 (Refer Notes 11 and 12)	13.73%	13.89%	13.73%	13.89%	15.25%
	(iii) Earnings per Share Basic Rs. *	1.59	1.60	5.18	4.91	6.63
	(iv) Earnings per Share Diluted Rs.	1.58	1.58	5.14	4.85	6.55
	* Refer Note 7					
8	<b>Non Promoter Shareholding</b>					
	(i) No. of shares (Refer Note 7)	47,490,524	23,223,865	47,490,524	23,223,865	23,247,762
	(ii) % of shareholding	39.59%	39.02%	39.59%	39.02%	39.05%

**SEGMENT RESULTS**
*Rs Lakhs*

Sr No	Particulars	Quarter Ended		Nine Months Ended		Year Ended
		Dec-04 (Reviewed)	Dec-03 (Reviewed)	Dec-04 (Reviewed)	Dec-03 (Reviewed)	Mar-04 (Audited)
1	<b>Segment Revenue (Standalone)</b>					
	Retail Lending activities	7,372.42	4,448.65	19,845.56	12,840.92	18,922.54
	Corporate Banking	3,277.38	1,414.34	8,011.63	3,079.09	6,221.01
	Treasury	3,768.51	3,077.77	9,678.69	10,423.79	12,800.42
	Retail Liabilities and Branch banking	1,259.99	173.23	2,429.28	344.62	807.61
	Corporate Centre	1,777.54	2,081.17	6,189.99	5,069.60	6,699.78
	<b>Total</b>	<b>17,455.84</b>	<b>11,195.16</b>	<b>46,155.15</b>	<b>31,758.02</b>	<b>45,451.36</b>
	Less: Inter segment revenue	3,135.18	1,753.64	8,104.40	5,166.92	7,137.14
	Add: Unallocable revenue	10.94	-	40.19	-	-
	<b>Total Revenue</b>	<b>14,331.60</b>	<b>9,441.52</b>	<b>38,090.94</b>	<b>26,591.10</b>	<b>38,314.22</b>
2	<b>Segment Results (Standalone)</b>					
	Retail Lending activities	1,839.98	1,546.23	5,418.45	4,555.73	6,182.97
	Corporate Banking	914.62	372.64	2,422.61	746.05	2,372.53
	Treasury	(360.30)	156.02	(875.54)	1,971.80	1,692.95
	Retail Liabilities and Branch banking	(1,224.33)	(1,216.22)	(3,802.22)	(2,994.61)	(4,191.74)
	Corporate Centre	1,469.42	1,960.56	5,438.03	4,555.64	6,021.84
	<b>Total</b>	<b>2,639.39</b>	<b>2,819.23</b>	<b>8,601.33</b>	<b>8,834.61</b>	<b>12,078.55</b>
	Add: Unallocable revenue	10.94	-	40.19	-	-
	<b>Profit Before Tax</b>	<b>2,650.33</b>	<b>2,819.23</b>	<b>8,641.52</b>	<b>8,834.61</b>	<b>12,078.55</b>
3	<b>Segment Assets (Standalone)</b>					
	Retail Lending activities	257,700.02	174,034.61	257,700.02	174,034.61	181,754.56
	Corporate Banking	114,241.38	183,294.76	114,241.38	183,294.76	322,593.59
	Treasury	283,738.44	121,278.03	283,738.44	121,278.03	173,617.68
	Retail Liabilities and Branch banking	57,953.93	78,362.61	57,953.93	78,362.61	155,981.23
	Corporate Centre	40,803.63	55,925.41	40,803.63	55,925.41	55,831.75
	<b>Total</b>	<b>754,437.40</b>	<b>612,895.42</b>	<b>754,437.40</b>	<b>612,895.42</b>	<b>889,778.81</b>
	Less: Inter segment assets	223,567.18	168,064.38	223,567.18	168,064.38	308,875.84
	<b>Total Assets</b>	<b>530,870.22</b>	<b>444,831.04</b>	<b>530,870.22</b>	<b>444,831.04</b>	<b>580,902.97</b>
4	<b>Segment Liabilities (Standalone)</b>					
	Retail Lending activities	231,292.59	137,245.76	231,292.59	137,245.76	163,375.12
	Corporate Banking	102,818.77	181,270.37	102,818.77	181,270.37	318,945.14
	Treasury	284,622.08	124,560.40	284,622.08	124,560.40	177,177.83
	Retail Liabilities and Branch banking	61,791.57	84,089.41	61,791.57	84,089.41	162,912.84
	Corporate Centre	7,428.13	25,725.07	7,428.13	25,725.07	7,529.13
	<b>Total</b>	<b>687,953.14</b>	<b>552,891.01</b>	<b>687,953.14</b>	<b>552,891.01</b>	<b>829,940.06</b>
	Less: Inter segment liabilities	223,567.18	168,064.38	223,567.18	168,064.38	308,875.84
	<b>Total Liabilities</b>	<b>464,385.96</b>	<b>384,826.63</b>	<b>464,385.96</b>	<b>384,826.63</b>	<b>521,064.22</b>
5	<b>Unallocated Assets net off Liabilities</b>	<b>900.94</b>	<b>155.57</b>	<b>900.94</b>	<b>155.57</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		Nine Months Ended		Year Ended
		Dec-04 (Unaudited)	Dec-03 (Unaudited)	Dec-04 (Unaudited)	Dec-03 (Unaudited)	Mar-04 (Audited)
1	Commission, Fees, Exchange and brokerage	9,955.07	8,625.05	24,751.39	17,434.78	27,040.69
2	Premium on insurance business	6,867.38	3,327.08	14,165.82	6,660.93	14,651.18
3	Profit on sale of investments	880.29	2,037.20	2,868.31	8,061.21	9,786.93
4	Others	1,330.75	46.85	2,150.88	916.76	1,406.46
	<b>Total - Other income</b>	<b>19,033.49</b>	<b>14,036.18</b>	<b>43,936.20</b>	<b>33,073.68</b>	<b>52,885.26</b>

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

*Rs lakhs*

Sr No	Particulars	Quarter Ended		Nine Months Ended		Year Ended
		Dec-04 (Unaudited)	Dec-03 (Unaudited)	Dec-04 (Unaudited)	Dec-03 (Unaudited)	Mar-04 (Audited)
1	Policy holder reserves	5,303.40	1,864.27	10,353.82	3,489.52	9,493.73
2	Brokerage	2,354.78	1,447.84	5,734.32	3,559.37	6,187.09
3	Depreciation	1,216.66	625.04	3,255.83	2,228.73	3,236.24
4	Rent, taxes and lighting	1,056.91	774.66	2,857.42	1,994.26	2,899.61
5	Others	12,367.86	10,114.19	32,902.93	24,621.52	35,334.69
	<b>Total – Other operating exp.</b>	<b>22,299.61</b>	<b>14,826.00</b>	<b>55,104.32</b>	<b>35,893.40</b>	<b>57,151.36</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 recognised 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 October 2003 to December 2003 and for the period April 2003 to December 2003 would have been lower by Rs. 45.87 lakhs and Rs. 87.73 lakhs respectively.
- During the period April 2004 to December 2004, 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. 3,731.02 lakhs, including Rs.1,492.41 lakhs in the quarter October 2004 to December 2004. The total investment made by the Bank in Kotak Life as of December 2004 is Rs. 14,924.08 lakhs.
- At the Annual General Meeting of the Bank held on 26<sup>th</sup> July 2004, the shareholders approved the increase in authorised share capital from Rs. 100 crores to Rs. 200 crores.
- Following the approval of the shareholders at the Annual General Meeting on 26<sup>th</sup> July 2004, a 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, previous period and year ended 31<sup>st</sup> March 2004 have been reworked as if the bonus shares were in existence during the said periods.

8. At the Extraordinary General Meeting held on 27<sup>th</sup> December 2004, the shareholders of the Bank approved by way of a special resolution, the issue of 33,00,000 equity shares on a preferential basis to the sub accounts of M/s. Warburg Pincus International LLC, a Foreign Institutional Investor (FI) registered as such with SEBI (M/s. Madison Holding Limited – 16,50,000 equity shares and M/s. Melany Holdings Limited – 16,50,000 equity shares) at a price of Rs. 230/= per share (including a premium of Rs. 220/= per share). The preferential issue is now awaiting approval from the Reserve Bank of India.
9. At the aforesaid meeting on 27<sup>th</sup> December 2004, the shareholders also approved by way of a special resolution increase in the ceiling limit of total holdings of FIIs/ SEBI approved sub accounts of FIIs in the equity share capital of the Bank from 24% to 30%, with effect from such date(s) as may be decided by the Board of Directors from time to time. The Board of Directors of the Bank has not initiated the increase in the ceiling limit.
10. During the quarter, the Bank allotted 1,56,000 equity shares to employees consequent to the exercise of employee stock options by them. As on 31<sup>st</sup> December 2004, the stock options outstanding are 9,50,300.
11. During the quarter, the Bank has raised Rs. 8,370 lakhs of Bonds eligible to be classified as Tier II Capital. The same has been considered for arriving at the capital adequacy as on 31<sup>st</sup> December 2004.
12. The capital adequacy as on 31<sup>st</sup> December 2004 is after considering the financial results upto 30<sup>th</sup> September 2004, which have been audited for this purpose, in line with the Reserve Bank of India guidelines.
13. 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.
14. 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 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.

15. 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.
16. Status of shareholder complaints received during the quarter ended 31<sup>st</sup> December 2004 :

Total complaints pending as at 30 <sup>th</sup> September 2004	Nil
Total complaints received during the quarter ended 31 <sup>st</sup> December 2004	147
Total complaints resolved during the quarter ended 31 <sup>st</sup> December 2004	147
Total complaints pending as at 31 <sup>st</sup> December 2004	Nil

17. The above results for the quarter ended December 2004 and for the period April to December 2004 (of the standalone entity), have been subjected to a "limited review" by the statutory auditors of the Bank.



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 24<sup>th</sup> January 2005.

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

**Mumbai, 24<sup>th</sup> January 2005**

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