

**AUDITORS' REPORT TO
THE BOARD OF DIRECTORS OF
KOTAK MAHINDRA BANK LIMITED**

We have reviewed the accompanying statement of Unaudited Financial Results of **KOTAK MAHINDRA BANK LIMITED ("the Bank")** for the quarter and half year ended 30th September, 2012 ("the Statement"). This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Registrars.

For S.B. BILLIMORIA & Co.
Chartered Accountants
(Registration No: 101496W)



Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, 25th October, 2012
KJM/RND

KOTAK MAHINDRA BANK LIMITED (STANDALONE)

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th September, 2012.

₹ crore

Sr No	Particulars	Quarter Ended			Half-year ended		Year Ended
		Sep-12 (Unaudited)	June-12 (Unaudited)	Sep-11 (Unaudited)	Sep-12 (Unaudited)	Sep-11 (Audited)	Mar-12 (Audited)
1	Interest earned (a+b+c+d)	1,923.70	1,815.83	1,464.65	3,739.53	2794.43	6,180.24
	(a) Interest/ discount on advances/ bills	1,484.34	1,393.85	1,159.08	2,878.19	2,201.26	4,867.44
	(b) Income on investments	428.38	418.83	304.90	847.21	591.26	1,306.35
	(c) Interest on balances with RBI & other banks	10.24	2.20	0.55	12.44	1.43	4.07
	(d) Others	0.74	0.95	0.12	1.69	0.48	2.38
2	Other Income (Refer Note 1)	250.80	241.15	212.49	491.95	441.15	977.34
3	Total income (1+2)	2,174.50	2,056.98	1,677.14	4,231.48	3,235.58	7,157.58
4	Interest expended	1,165.57	1,094.53	859.19	2,260.10	1,621.12	3,667.75
5	Operating expenses (a+b)	526.72	514.07	437.94	1,040.79	848.39	1,834.82
	(a) Payments to and Provisions for employees	242.77	256.55	215.16	499.32	421.35	872.19
	(b) Other Operating expenses	283.95	257.52	222.78	541.47	427.04	962.63
6	Total expenditure (4+5) (Excluding provisions & contingencies)	1,692.29	1,608.60	1,297.13	3,300.89	2,469.51	5,502.57
7	Operating Profit (3-6) (Profit before provisions and contingencies)	482.21	448.38	380.01	930.59	766.07	1,655.01
8	Provisions (other than tax) and contingencies (Refer Note 2)	70.62	34.14	(2.36)	104.76	19.72	55.08
9	Exceptional items	-	-	-	-	-	-
10	Profit from Ordinary Activities before tax (7-8-9)	411.59	414.24	382.37	825.83	746.35	1,599.93
11	Tax expense	131.21	131.79	122.36	263.00	234.30	514.88
12	Net Profit from Ordinary Activities after tax (10-11)	280.38	282.45	260.01	562.83	512.05	1,085.05
13	Extraordinary items (Net of tax expense)	-	-	-	-	-	-
14	Net Profit for the Period (12-13)	280.38	282.45	260.01	562.83	512.05	1,085.05
15	Paid Up Equity Capital - (Face Value ₹ 5 per share)	371.65	371.24	369.32	371.65	369.32	370.34
16	Reserves excluding revaluation reserves						7,575.59
17	Analytical Ratios						
	(i) % of shares held by Govt. of India	-	-	-	-	-	-
	(ii) % Capital adequacy ratio (Basel II)	15.40	16.57	17.80	15.40	17.80	17.52
	(iii) Earnings Per Share (EPS) for the period -Not Annualized						
	- Basic ₹	3.77	3.81	3.52	7.58	6.94	14.69
	- Diluted ₹	3.75	3.79	3.50	7.54	6.90	14.61
	(iv) NPA Ratios						
	a) Gross Non-performing assets	739.87	684.68	609.06	739.87	609.06	614.19
	b) Net Non-performing assets	341.07	340.25	210.05	341.07	210.05	237.38
	c) % of Gross NPA to Gross Advances	1.61	1.60	1.61	1.61	1.61	1.56
	d) % of Net NPA to net Advances	0.75	0.80	0.56	0.75	0.56	0.61
	e) % of Gross NPA to Gross Advances (excluding NPAs acquired from other banks and NBFCs)	1.33	1.39	1.01	1.33	1.01	1.22
	f) % of Net NPA to net Advances (excluding NPAs acquired from other banks and NBFCs)	0.73	0.78	0.43	0.73	0.43	0.57
	g) Return on Assets %(Average) - Not Annualized	0.39	0.42	0.45	0.81	0.92	1.83
18	Public Shareholding						
	(i) No. of shares	407,625,120	406,793,158	402,857,204	407,625,120	402,857,204	405,006,286
	(ii) % of shareholding	54.84	54.79	54.54	54.84	54.54	54.68
19	Promoters and promoter group						

Sr No	Particulars	Quarter Ended			Half-year ended		Year Ended
		Sep-12 (Unaudited)	June-12 (Unaudited)	Sep-11 (Unaudited)	Sep-12 (Unaudited)	Sep-11 (Audited)	Mar-12 (Audited)
	Shareholding						
	a) Pledged/Encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non-encumbered						
	- Number of Shares	335,682,374	335,682,724	335,790,268	335,682,374	335,790,268	335,683,224
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	45.16	45.21	45.46	45.16	45.46	45.32

Segment Results

The reportable segments of the bank are as under:

Segment	Principal activity
Treasury and BMU	Money market, forex market, derivatives, investments and primary dealership of government securities and Balance Sheet Management Unit (BMU) responsible for Asset Liability Management.
Retail Banking	Includes lending, deposit taking and other services/ products including credit cards.
Corporate/Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included under retail banking

₹ crore							
		Quarter Ended			Half-year ended		Year ended
		Sep-12 (Unaudited)	Jun-12 (Unaudited)	Sep-11 (Unaudited)	Sep-12 (Unaudited)	Sep-11 (Audited)	March-12 (Audited)
1	Segment Revenue						
	a. Treasury and BMU	554.59	576.38	482.15	1,130.97	923.03	1,981.00
	b. Corporate/ Wholesale Banking	828.77	731.49	597.54	1,560.26	1,149.89	2,696.85
	c. Retail Banking	1,456.15	1,357.30	1,099.94	2,813.45	2,099.84	4,523.61
	Sub-total	2,839.51	2,665.17	2,179.63	5,504.68	4,172.76	9,201.46
	Less : Inter-segmental revenue	665.55	608.89	502.49	1,274.44	937.40	2,045.68
	Add : Unallocated Income	0.54	0.70	-	1.24	0.22	1.80
	Total	2,174.50	2,056.98	1,677.14	4,231.48	3,235.58	7,157.58
2	Segment Results						
	a. Treasury and BMU	(5.91)	42.43	18.99	36.52	10.05	35.15
	b. Corporate/ Wholesale Banking	295.51	237.96	198.49	533.47	436.06	997.14
	c. Retail Banking	121.45	133.15	164.89	254.60	300.02	565.84
	Sub-total	411.05	413.54	382.37	824.59	746.13	1,598.13
	Add : Unallocated Income /(expense)	0.54	0.70	-	1.24	0.22	1.80
	Total Profit Before Tax	411.59	414.24	382.37	825.83	746.35	1,599.93
3	Capital employed (Segmental Assets less Segmental Liabilities)						
	a. Treasury and BMU	920.36	1,119.53	1,207.65	920.36	1,207.65	1,001.81
	b. Corporate/ Wholesale Banking	3,243.97	3,012.69	2,530.80	3,243.97	2,530.80	2,972.14
	c. Retail Banking	4,319.73	4,134.05	3,495.29	4,319.73	3,495.29	3,880.84
	Sub-total	8,484.06	8,266.27	7,233.74	8,484.06	7,233.74	7,854.79
	Add: Unallocated	113.33	21.94	127.59	113.33	127.59	91.14
	Total Capital Employed	8,597.39	8,288.21	7,361.33	8,597.39	7,361.33	7,945.93

NOTES:

- Other Income includes non fund based income such as commission earned from guarantees/Letters of credit, financial advisory fees, selling of third party products, earnings from foreign exchange transactions and profit/loss from the sale of Securities.
- Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous period/ year.

Break up of provisions (Other than tax) and contingencies:

Particulars	Quarter Ended			Half-year ended		Year Ended
	Sep-12 (Unaudited)	Jun-12 (Unaudited)	Sep-11 (Unaudited)	Sep-12 (Unaudited)	Sep-11 (Audited)	March-12 (Audited)
Provision towards Advances and Receivables	78.02	52.41	15.61	130.43	28.68	73.13
Provision / (Write Back of provisions) towards Investments	(7.40)	(18.27)	(17.97)	(25.67)	(8.96)	(18.05)
Total Provisions (other than Tax) and Contingencies	70.62	34.14	(2.36)	104.76	19.72	55.08

During the quarter ended 30th September, 2012 the Bank has acquired a portfolio of NPAs from a NBFC where the accounts were NPAs for less than two Years. In accordance with the RBI guidelines, the entire amount of such purchase (Net of subsequent recovery till 30th September, 2012) amounting to ₹ 41.96 crores has been considered as NPA as at 30th September, 2012. Further in accordance with the provisioning policy of the Bank, provision has been made for the entire amount of ₹ 41.96 crore in the quarter ended 30th September, 2012.

- During the quarter, the Bank has granted Nil options under employee stock option scheme. Stock options aggregating to 831,612 were exercised during the quarter and 10,346,306 stock options were outstanding with employees of the Bank and its subsidiaries as at 30th September, 2012.
- The Bank had no outstanding shareholder complaints as at 30th June, 2012. During the quarter, the Bank received nine complaints from shareholders out of which three complaints were pending as on 30th September, 2012, which were subsequently resolved.
- Figures for the previous period have been regrouped wherever necessary to conform to current period's presentation.
- There has been no change in significant accounting policies during the quarter.
- The above results have been approved by the Board of Directors of the Bank at its meeting held today.
- The results for the period ended 30th September, 2012 have been subject to limited review by the statutory auditors of the Bank.
- The Summarized Balance Sheet of the Bank (Standalone) is given below:

Summarised Balance Sheet	₹ crore		
	As at 30 th September 2012 (Unaudited)	As at 30 th September 2011 (Audited)	As at 31 st March 2012 (Audited)
CAPITAL AND LIABILITIES			
Capital	371.65	369.32	370.34
Reserves and Surplus	8,225.74	6,992.01	7,575.59
Employees' Stock Options (Grants) Outstanding	31.88	39.32	34.82
Deposits	45,463.32	36,390.17	38,536.52
Borrowings	15,991.00	12,771.35	16,595.52
Other Liabilities and Provisions	2,810.72	2,938.60	2,553.67
TOTAL	72,894.31	59,500.77	65,666.46
ASSETS			
Cash and balances with Reserve Bank Of India	2,730.18	2,761.30	2,016.49
Balances with Banks and Money at Call and Short Notice	224.88	155.87	618.06
Investments	22,172.96	16,944.06	21,566.81
Advances	45,442.82	37,349.34	39,079.23
Fixed Assets	444.84	426.80	449.97
Other Assets	1,878.63	1,863.40	1,935.90
TOTAL	72,894.31	59,500.77	65,666.46

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


Dipak Gupta
Joint Managing Director

Mumbai, 25th October, 2012