

**Group
Overview
Oct 2010**



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Kotak Mahindra

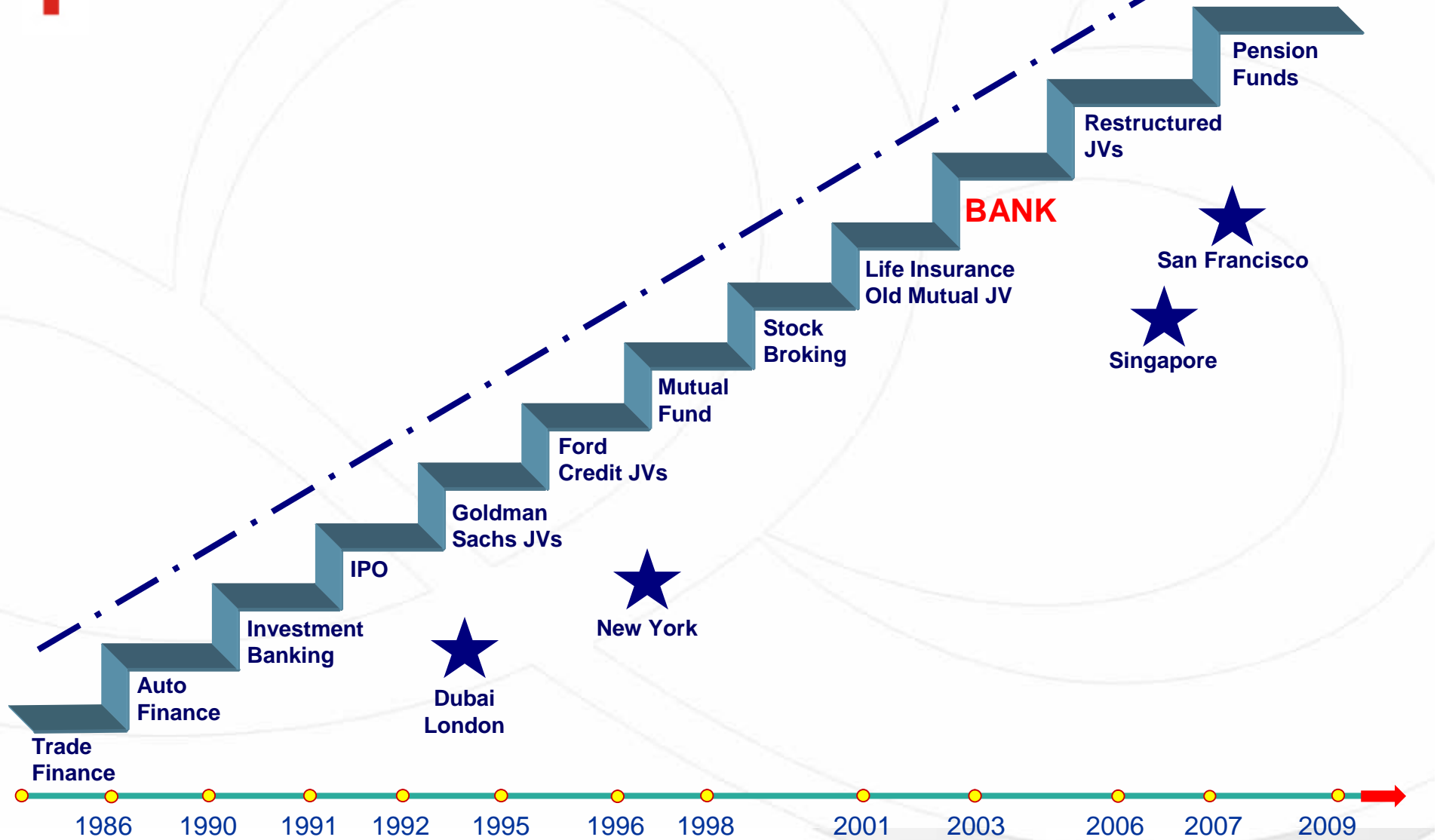


Vision Statement



- ◆ **World class financial services brand**
- ◆ **Most trusted financial services institution**
- ◆ **Most preferred employer in financial services**
- ◆ **Value creation not size alone**

The Journey of 25 years...



Journey so far...

1985

Kotak Mahindra Finance (KMFL) established

2003

KMFL converted to a Bank – 1st Indian Company to convert into a Bank



2010

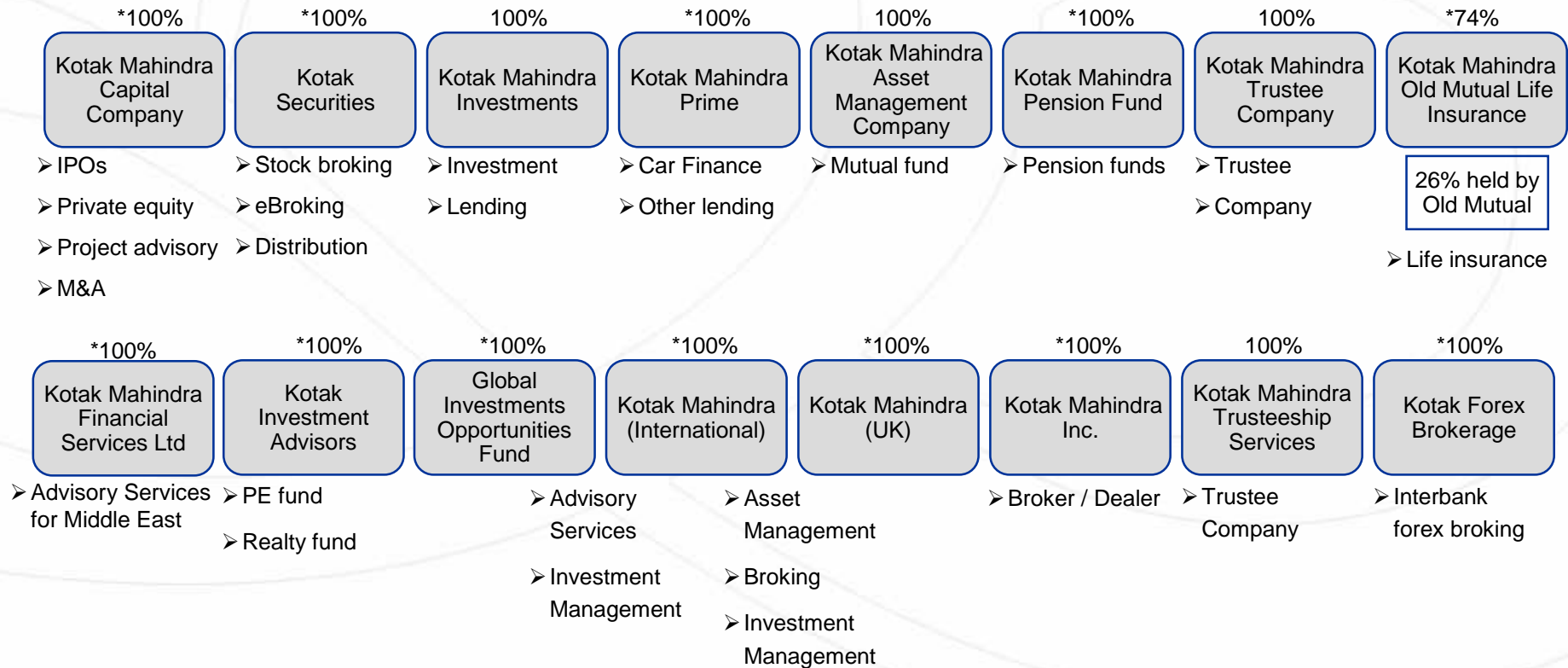
Celebrating 25th Year



Group Structure



- Corporate Banking
- Treasury
- Retail Branch Banking
- Retail Lending
- Wealth Management

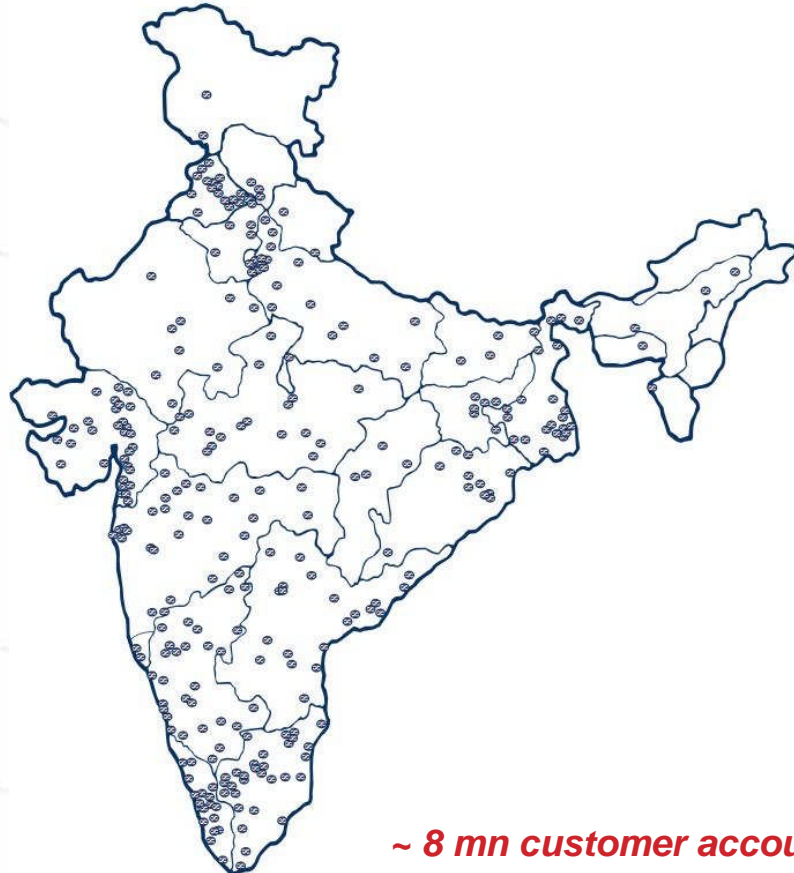


*Includes direct and indirect holdings



Geographical Presence

Wide National Footprint...



~ 8 mn customer accounts
~ 20,000 employees

...with Multiple Points of Presence

Business	Branch Sept 10
Banking	267
Securities	1,281
Life Insurance	214
Mutual Fund & Others	140
Total	1,902

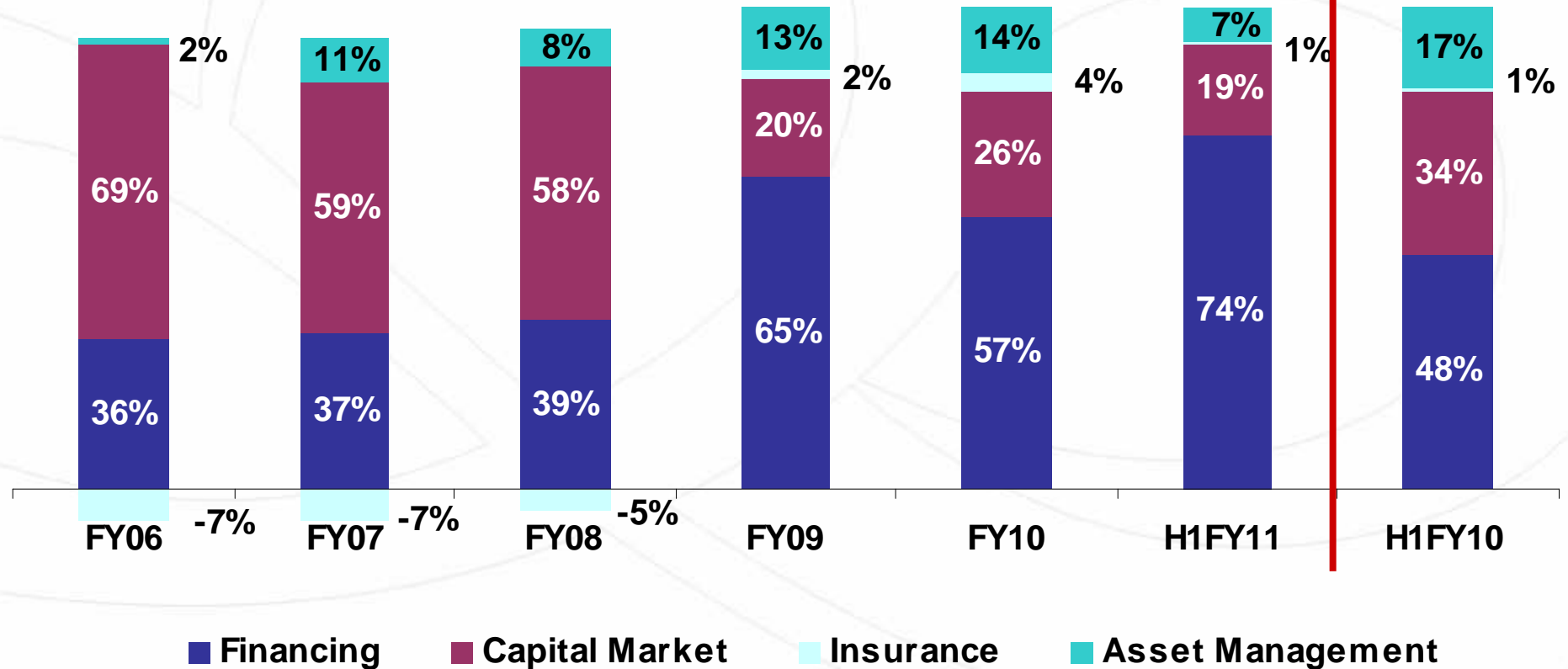
Financial Summary

Group Highlights – Q2FY11

- ◆ Consolidated PAT for Q2FY11 up 21% to ₹ 3,641 mn
 - PAT for H1FY11 up 24% to ₹ 6,918 mn
 - financing businesses share, a significant portion
- ◆ Consolidated advances up 40% to ₹ 375 bn
 - NIM at 5.6%
- ◆ Consolidated Capital Adequacy 17.2%
- ◆ Asset managed / advised by the Group at ₹ 497 bn

Consolidated – Profit Mix

PBT Mix



Consolidated PAT

₹ mn	FY07	FY08	FY09	FY10	H1FY11	H1FY10
Kotak Mahindra Bank	1,414	2,939	2,761	5,611	3,816	2,162
Kotak Mahindra Prime	573	1,006	1,570	1,664	1,373	584
Kotak Securities	2,557	4,087	1,065	2,601	991	1,501
Kotak Mahindra Capital Company	679	1,153	128	239	142	90
Kotak Mahindra Life Insurance	(432)	(719)	143	692	65	55
Kotak Mahindra AMC & Trustee Co	115	79	161	725	65	348
International subsidiaries	350	645	243	803	279	439
Kotak Investment Advisors	3	135	480	397	214	213
Kotak Mahindra Investments	263	426	137	346	155	217
Other subsidiaries	(3)	(1)	4	(4)	(1)	(2)
Total	5,519	9,751	6,693	13,074	7,101	5,607
Minority Interest, Equity Affiliates, others	(137)	162	(169)	(4)	(183)	(36)
Consolidated PAT	5,382	9,912	6,524	13,070	6,918	5,571

Consolidated PAT - Quarterly

₹ mn	Q2FY11	Q2FY10	Q1FY11
Kotak Mahindra Bank	1,947	1,259	1,869
Kotak Mahindra Prime	613	395	760
Kotak Securities	517	759	474
Kotak Mahindra Capital Company	73	41	69
Kotak Mahindra Life Insurance	134	44	(69)
Kotak Mahindra AMC & Trustee Co	(24)	195	89
International subsidiaries	123	208	157
Kotak Investment Advisors	105	95	108
Kotak Mahindra Investments	80	87	76
Other subsidiaries	(1)	(1)	1
Total	3,568	3,082	3,534
Minority Interest, Equity Affiliates, others	73	(85)	(257)
Consolidated PAT	3,641	2,998	3,277

Consolidated - Ratios

	FY08	FY09	FY10	H1FY11	H1FY10
NIM	5.6%	6.1%	6.3%	5.6%	5.9%
Book value per share (₹) #	84.5	94.3	113.6	137.2	102.8
Return on average Net worth	22.3%	10.5%	18.2%	16.0%	16.3%
Group CAR	20.2%	22.8%	19.3%	17.2%	19.2%
CAR % (standalone)	18.7%	19.9%	18.4%	19.4%	17.7%
Tier I (standalone)	14.5%	16.0%	15.4%	17.2%	14.4%
AUM (₹ bn)	365	339	452	497	539
Advances (₹ bn)	220	225	297	375	268
Total Assets (₹ bn)	406	402	551	671	474
Net NPA%*	0.33%	1.18%	1.14%	0.69%	1.72%

*excluding stressed assets portfolio

Face value ₹ 5 per share



Bank Highlights – Q2FY11

- ◆ Standalone Bank PAT for Q2FY11 up 55% to ₹ 1,947 mn
 - PAT for H1FY11 up 76% to ₹ 3,816 mn
- ◆ NII up 25% to ₹ 5,438 mn
- ◆ H1FY11 Fee income up 13% to ₹ 1,592 mn
- ◆ Deposits up 50% at ₹ 283 bn; CASA at 31.9%
- ◆ Advances up 35% to ₹ 265 bn
- ◆ Net NPAs* - 0.68%
- ◆ Provision Coverage Ratio – 70%
- ◆ Bank Capital Adequacy 19.4% ; Tier I 17.4%
- ◆ Stressed assets carrying value ₹ 2,244 mn

* (excl stressed assets)

Financial results – Bank Standalone

₹ mn	FY07	FY08	FY09	FY10	H1FY11	H1FY10
Net Interest Income	6,199	12,258	15,185	18,581	10,520	8,455
Other Income	3,187	4,634	2,736	6,282	2,763	2,403
Net Total Income	9,386	16,892	17,921	24,864	13,283	10,858
<i>Employee Cost</i>	<i>2,697</i>	<i>4,839</i>	<i>5,568</i>	<i>5,558</i>	<i>3,344</i>	<i>2,492</i>
<i>Other Operating Expenses</i>	<i>3,430</i>	<i>5,354</i>	<i>6,396</i>	<i>6,336</i>	<i>3,520</i>	<i>3,037</i>
Operating Expenditure	6,127	10,193	11,964	11,894	6,863	5,529
Operating Profit	3,258	6,699	5,957	12,970	6,421	5,329
Provisions & Contingencies	1,226	2,721	1,697	4,859	1,016	2,390
PBT	2,033	3,978	4,261	8,111	5,405	2,938
PAT	1,414	2,939	2,761	5,611	3,816	2,162

Segment results – Bank Standalone

₹ mn	FY07	FY08	FY09	FY10	H1FY11	H1FY10
Treasury & BMU*	236	(58)	1,293	3,675	1,411	1,592
Corporate/Wholesale Banking	1,096	3,365	2,253	3,855	2,431	1,596
Retail Banking						
(i) Lending	1,124	2,167	3,664	3,775	3,065	1,360
(ii) Branch Banking	(423)	(1,467)	(2,253)	(1,890)	(1,150)	(972)
(iii) Credit Cards	-	(77)	(698)	(1,274)	(355)	(638)
Retail Banking	701	623	713	611	1,560	(250)
Sub-total	2,033	3,930	4,259	8,140	5,402	2,938
Unallocated income	-	48	2	(29)	3	-
PBT	2,033	3,978	4,261	8,111	5,405	2,938
PAT	1,414	2,939	2,761	5,611	3,816	2,162

* Balance Sheet Management Unit

Bank Awards & Recognition



- ◆ Awarded Hewitt Best Employers in India 2009
- ◆ Best companies to work for - 2009 – by Great places to work Institute India



- ◆ Ranked No. 2 in India - companies with “Best Corporate Governance Practices” - IR Global Rankings 2010



- ◆ Ranked no. 1 in eight categories including range of investment products/ advisory services



- ◆ “The Ingenious 100” Award by IDG India’s CIO Magazine for Storage Virtualization
- ◆ “The ingenious 100” Award for ingenious technology solutions



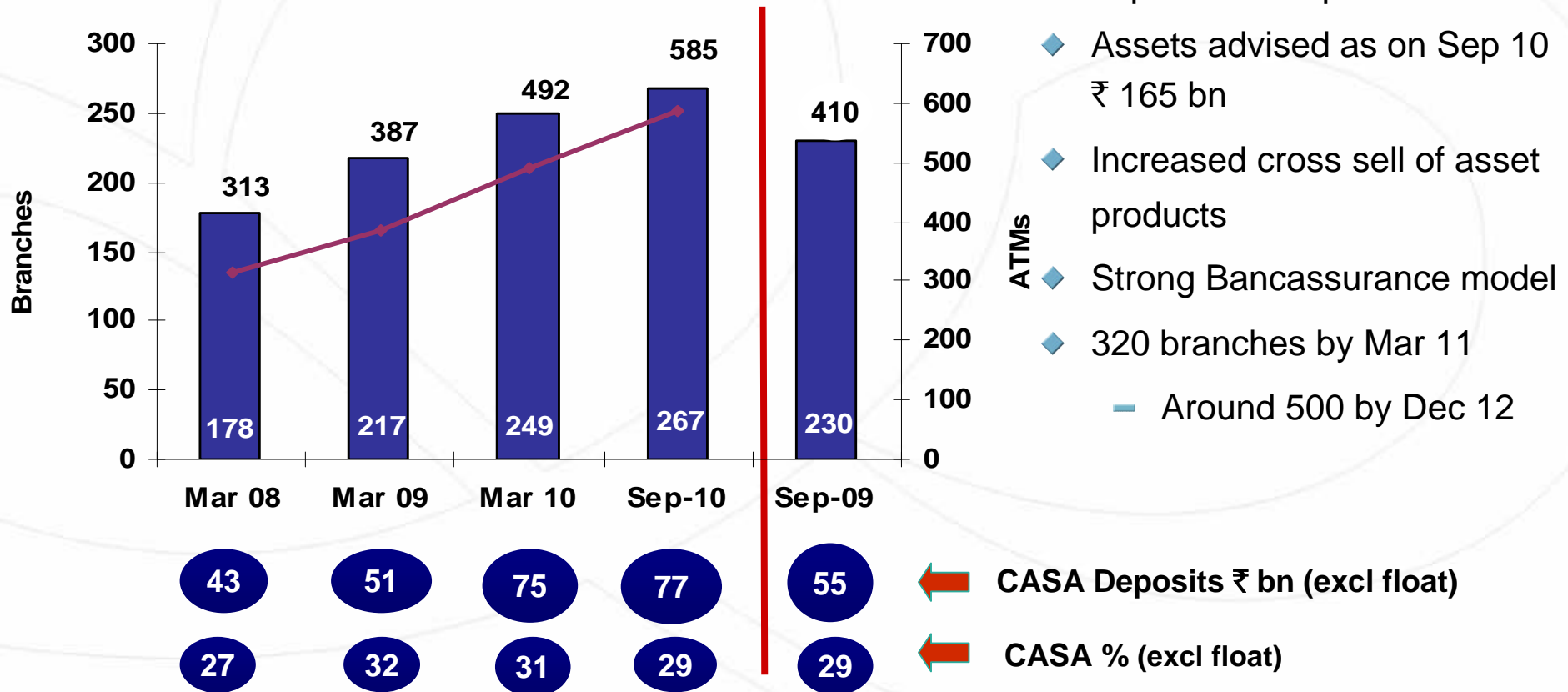
- ◆ Best Local Cash Management Bank Asiamoney 2010
- ◆ Best Private Bank by Finance Asia Country



Business Overview

Branch Banking

Number of Branches and ATMs



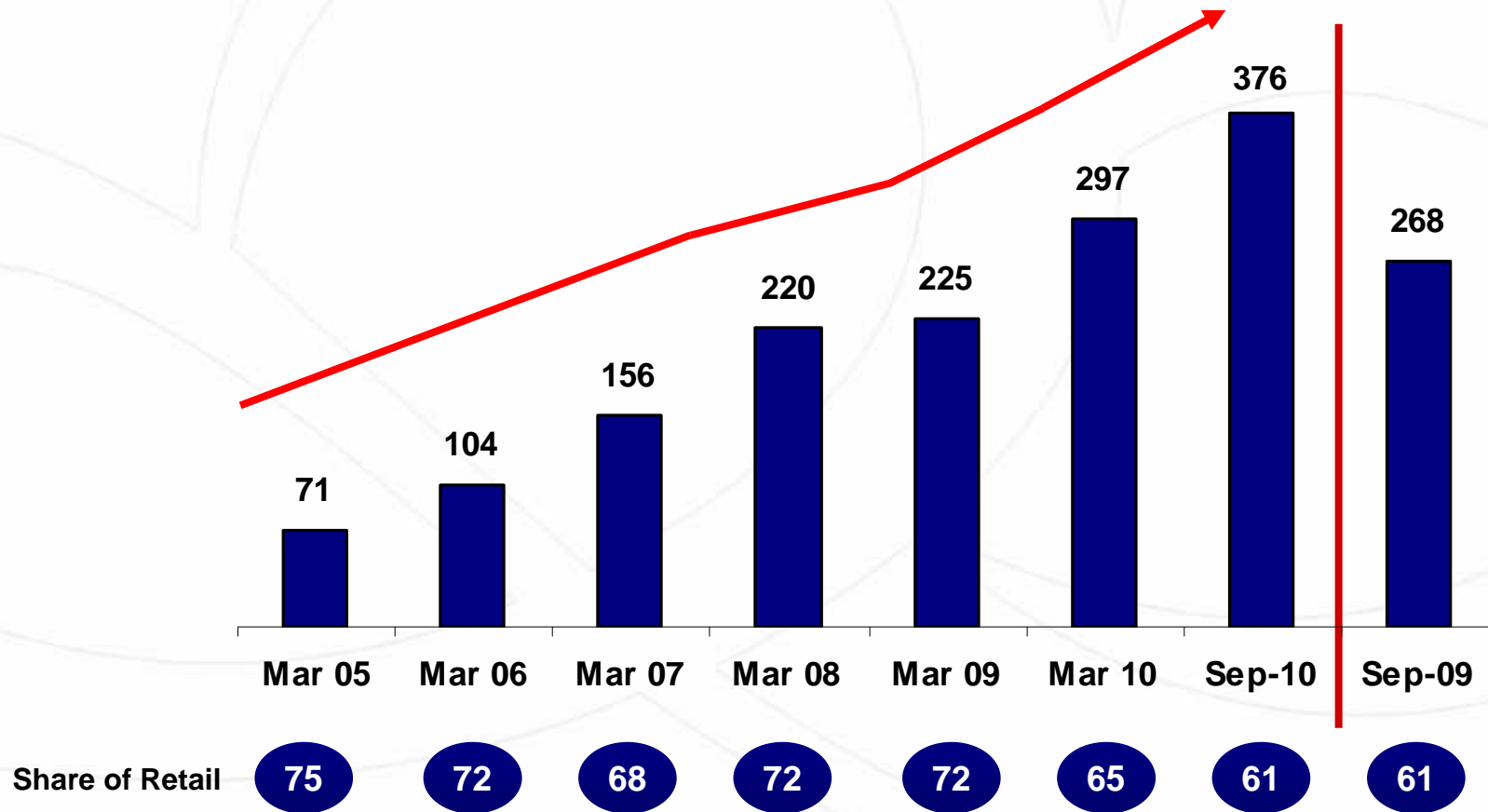
- ◆ Sweep Deposits - 8% of total deposits – not part of CASA
- ◆ Assets advised as on Sep 10 ₹ 165 bn
- ◆ Increased cross sell of asset products
- ◆ Strong Bancassurance model
- ◆ 320 branches by Mar 11
- Around 500 by Dec 12

Over 1 mn customer accounts



Financing

Consolidated Advances ₹ bn

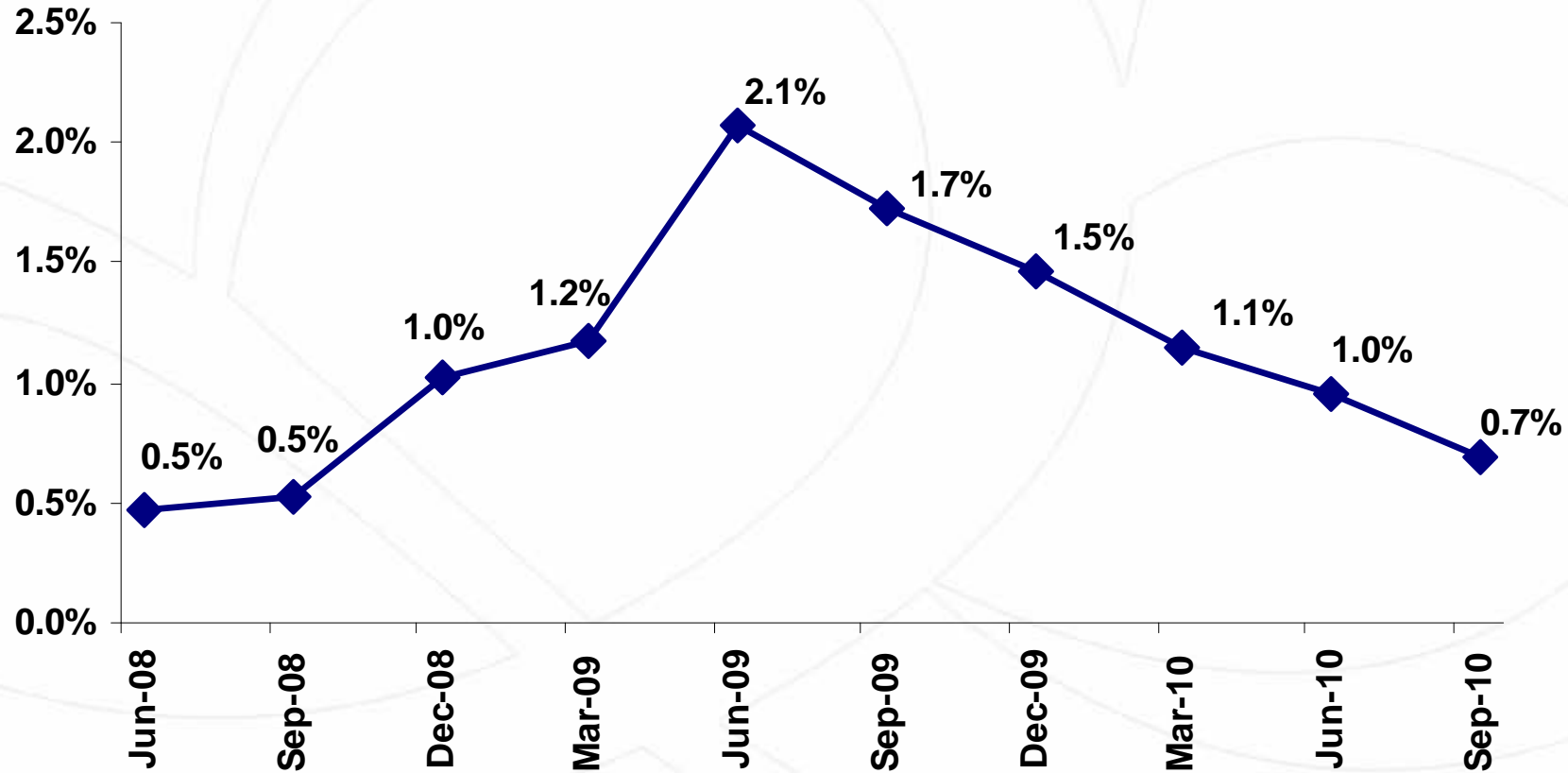


◆ Continuing growth momentum

— Grew 40% over Q2FY10



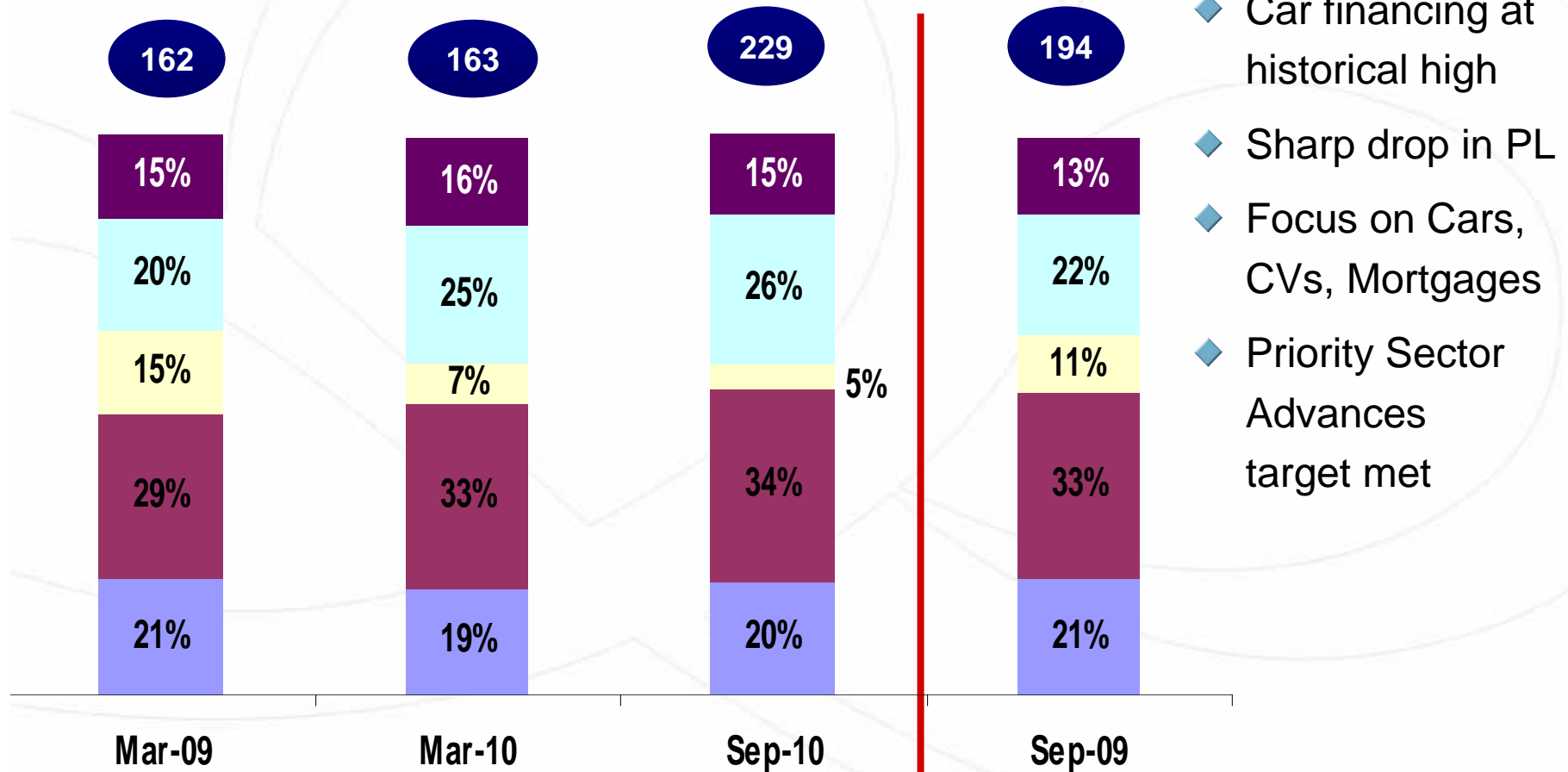
NPA peaking out



Consol Net NPA Excl Stressed Assets

Retail Lending

₹ bn



- ◆ Car financing at historical high
- ◆ Sharp drop in PL
- ◆ Focus on Cars, CVs, Mortgages
- ◆ Priority Sector Advances target met

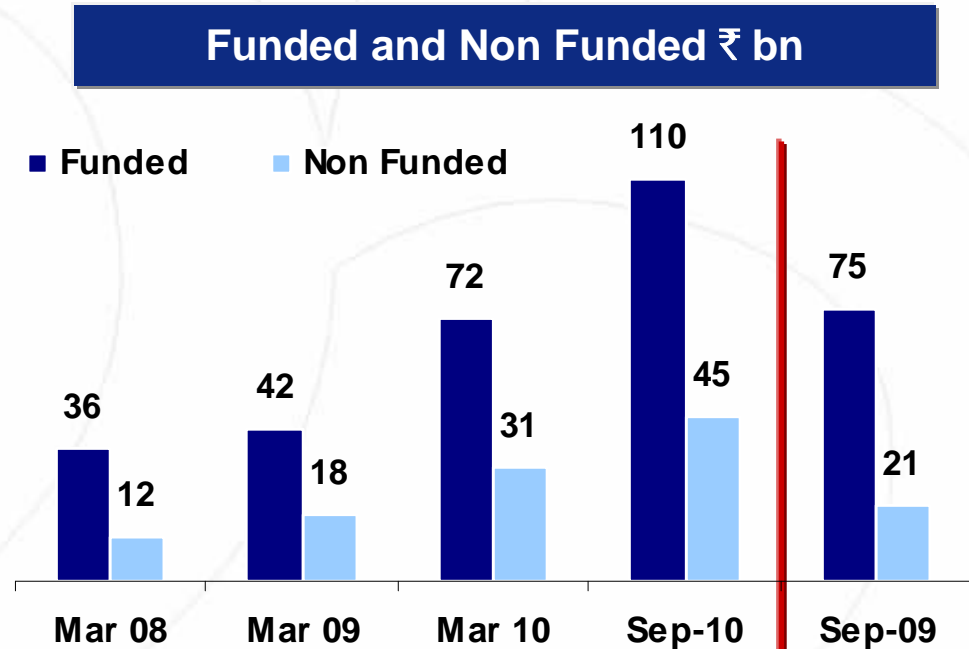


CV/CE Car PL Mortgage Agri



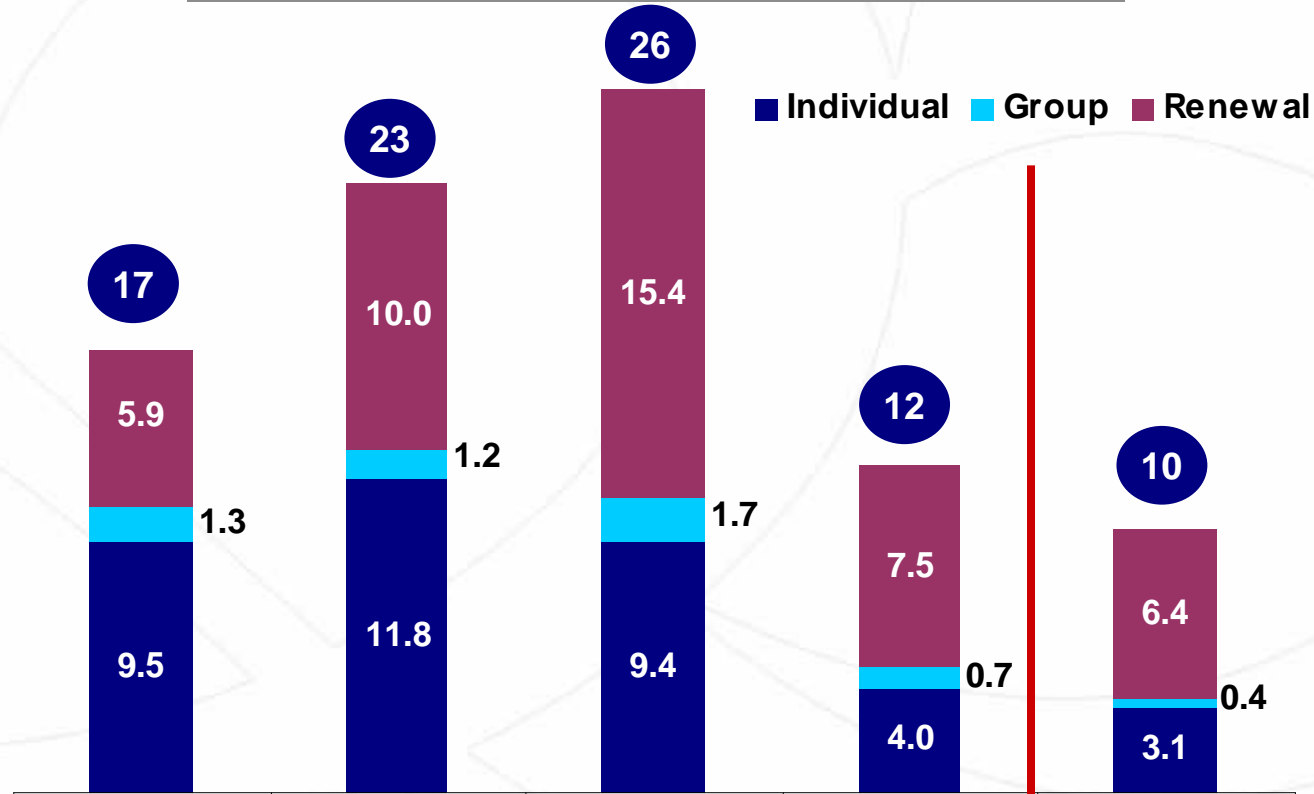
Wholesale Lending

- ◆ Funded grew 47% over Sept 2009
- ◆ Non - funded grew 115% over Sept 2009
- ◆ Added > 150 Customers in H1-FY11
- ◆ Continued focus on Trade Finance
- ◆ Surge in Cash Management Volumes
- ◆ Continued to strengthen presence in debt capital markets
- ◆ Deepen large corporate franchise & widen middle markets franchise



Life Insurance

Adjusted Premium Equivalent (APE) ₹ bn



Branches

150

197

214

214

203

Capital ₹ bn

5.3

5.6

5.6

5.6

5.6



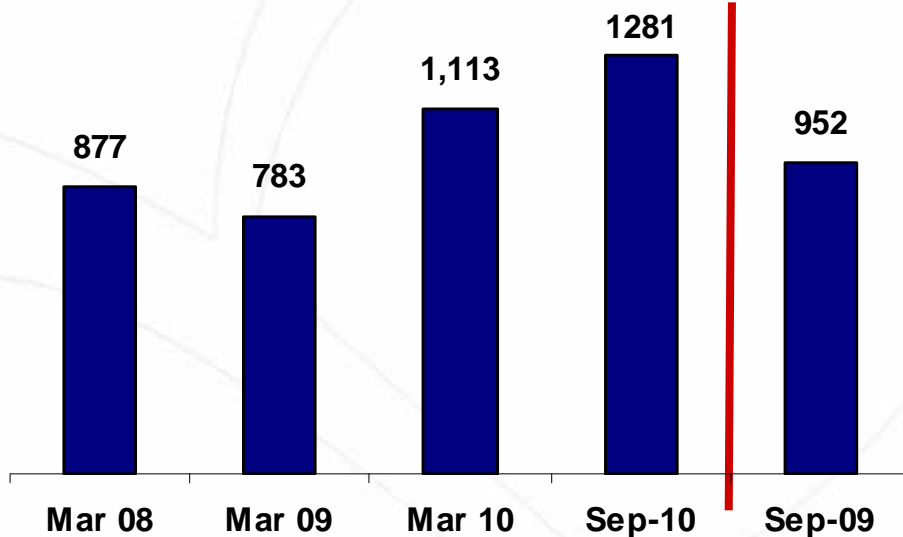
Life Insurance

- ◆ Capital efficiency and expense management
 - Capital efficiency (premium/capital ratio) among highest in the industry
 - Operating expense ratio is constant at 24% as compared to H1 FY 10
- ◆ Bancassurance model- share is at 18.7% (H1 FY10 – 16.7%)
- ◆ Solvency 2.69 as against requirement of 1.5 (FY10 – 2.8)
- ◆ Risk Premium is at 9.3% of gross total business (H1 FY10 – 6.1%)
- ◆ AUM ₹ 79 bn
- ◆ Awarded the Nasscom CNBC TV18: IT User Awards 2009 for the Insurance segment
- ◆ Awarded EDGE Awards from Network Computing for Use of IT for Maximizing Business Impact

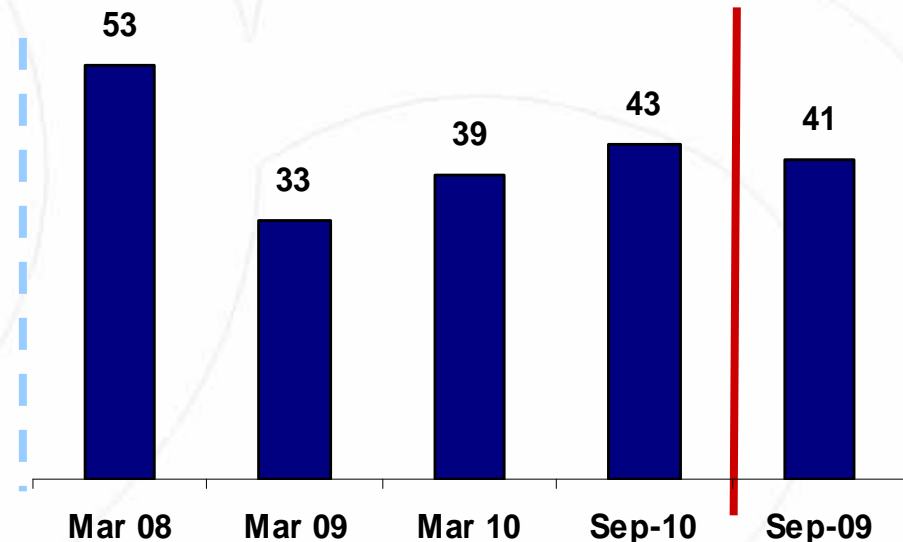
NASSCOM[®]

Broking

Branches & Franchisee



Average Daily Volumes ₹ bn



















- ◆ Over 1 mn secondary market customers
- ◆ Markets getting more fragmented
- ◆ Market volumes growth shift to F&O segment



- ◆ Best Broker in India 2010
- ◆ Best Local Brokerage 2009
- ◆ Best Analyst Asiamoney Brokers Poll 2009
- ◆ Best Performing Equity Broker 2009



Investment Banking

Client	Transaction	Size (USD mn)	
 Adani Enterprises Limited	Qualified Institutional Placement (QIP)	870	
 Standard Chartered	Indian Depository Receipts (IDRs)	518	
 JAYPEE INFRA TECH	Initial Public Offering	507	
 SKS MICROFINANCE	Initial Public Offering	354	
 GAR	Private Placement of convertible shares to Temasek Holdings, the investment arm of Singapore Government	200	
 APM TERMINALS PIPAVAV	Initial Public Offering	119	
 Gujarat Pipavav Port Limited	Qualified Institutional Placement (QIP)	115	
 Strides ARCOLAB LIMITED	Qualified Institutional Placement (QIP)	100	
 Nitesh ESTATES	Initial Public Offering	91	
 EROS INTERNATIONAL	Initial Public Offering	76	
 hajaj Corp Ltd.	Initial Public Offering	65	
 MONNET	Monnet Power Company Limited	Private Placement of 12.5% stake to Blackstone Capital Partners (Mauritius) Limited	60
 BHARAT FORGE KALYANI	Qualified Institutional Placement (QIP)	59	
 TECPRO SYSTEMS LTD	Tecpro Systems Limited	Initial Public Offering	59
 हिन्दुस्तान	Initial Public Offering	58	
 Jyothy Laboratories Limited	Qualified Institutional Placement (QIP)	50	

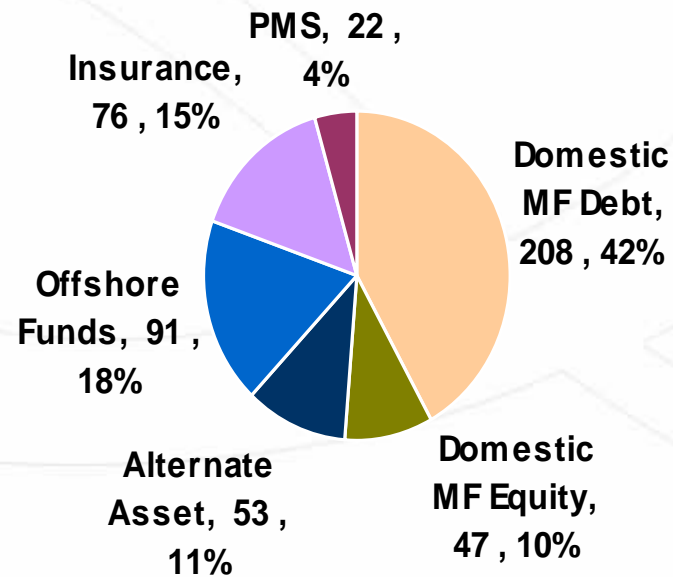


Asset Management

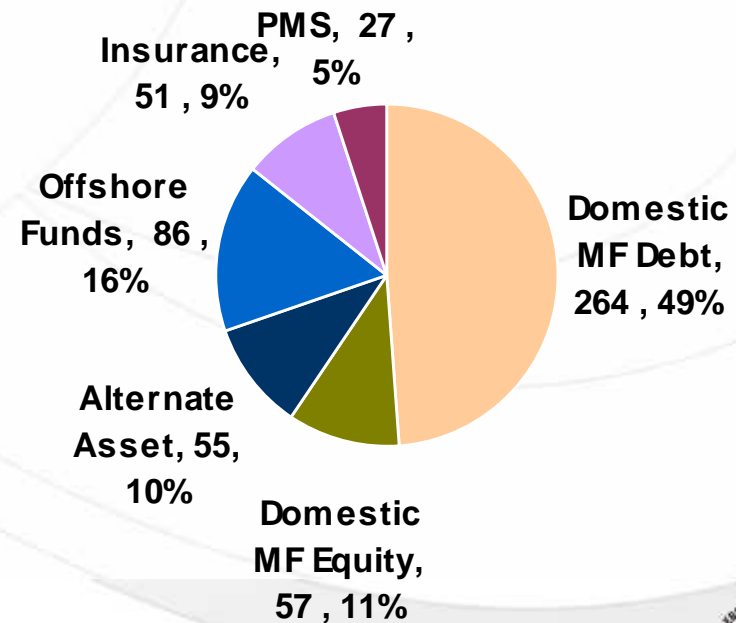
Segment summary

- Over ₹ 497 bn of assets managed / advised through mutual funds, insurance, portfolio management, alternate assets & offshore funds

Q2FY11 – ₹ 497 bn



Q2FY10 – ₹ 539 bn

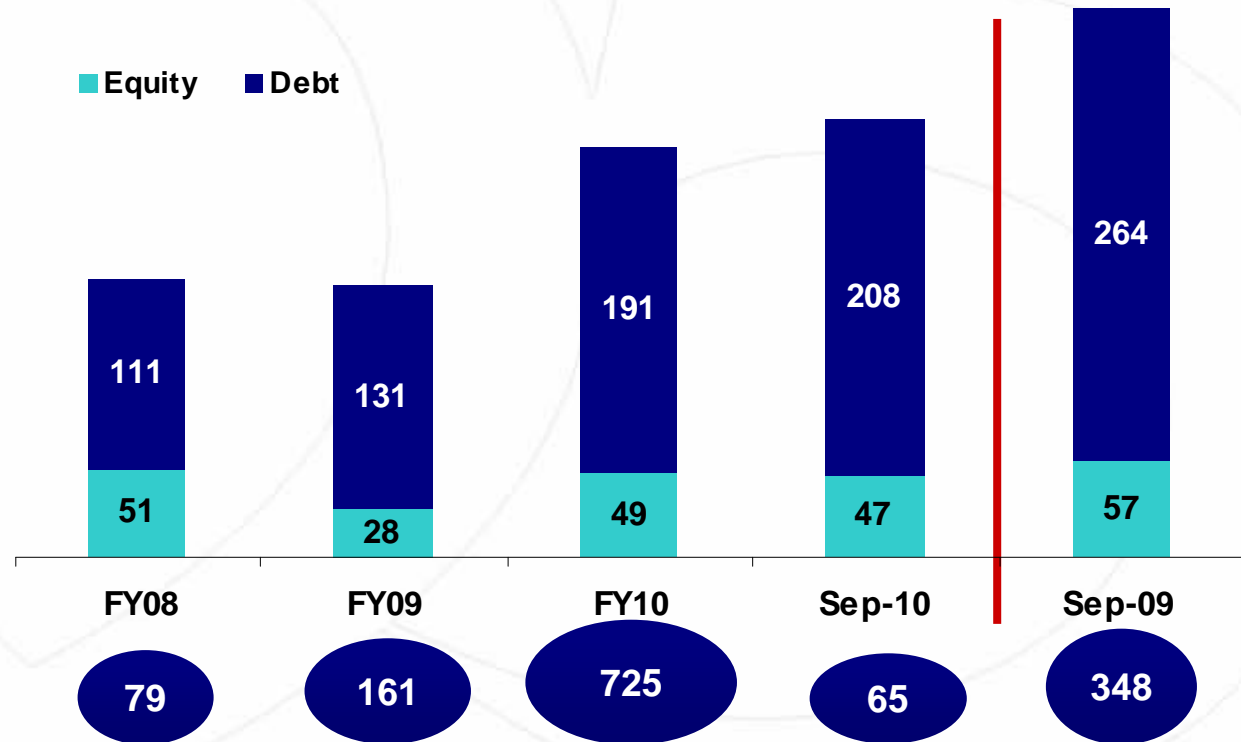


Mutual Fund

Asset Under Management – ₹ Bn

Equity Debt

- Over 1 mn investors
- 82 branches



AMCTC PAT ₹ Mn



- Lipper Fund Award 2010 for Kotak Bond Regular – ‘Best Fund over 10 years Bond Indian Rupee’



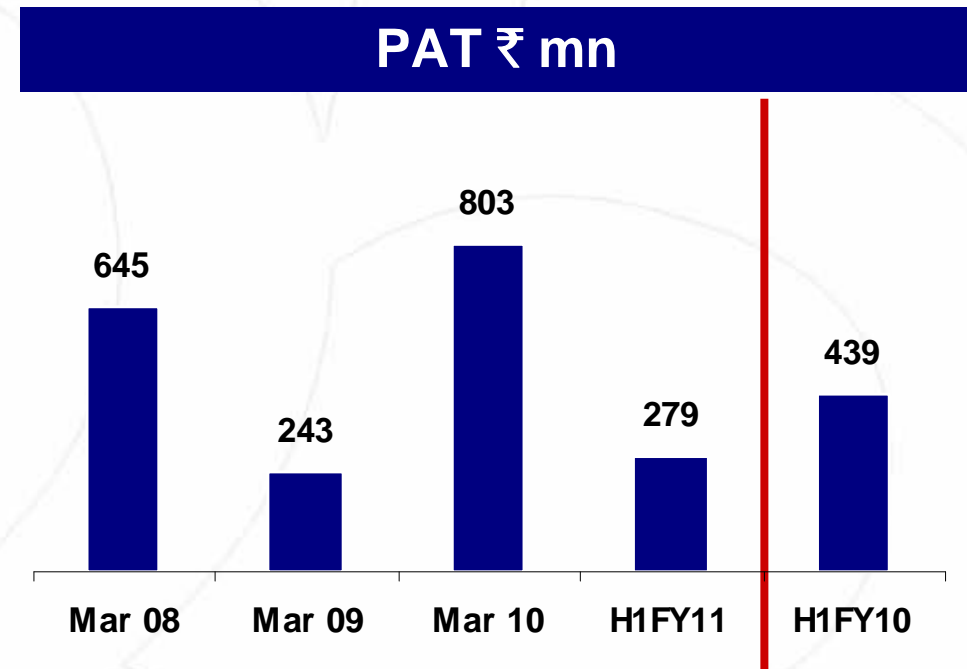
- Best Debt Fund House of the year 2009 Outlook Money NDTV Profit Awards 2009



International Subsidiaries

◆ Business

- India-centric
 - Investment Management & Advisory
 - Debt - Sales & Distribution



◆ Assets managed/advised: ₹ 91 bn

- Including SICAV funds & Sharjah compliant funds
- One Luxembourg-domiciled Indian equity funds was launched to target retail investors
- Three FMPs (fixed maturity plan) were successfully completed

25 years

₹ mn	FY87	FY92	FY03	FY10	H1FY11
Consolidated Advances	10	610	30,340	297,243	375,149
Consolidated PAT	3	220	733	13,070	6,918
Consolidated Net Worth	10	410	10,560	79,109	100,596
Market Capitalisation	-	342*	9,356	265,000	349,322

* at issue price

₹ 100,000 invested at startup (1985) – now worth ₹ 4 bn

₹ 100,000 invested at IPO price (1992) – now worth ₹ 56 mn

with subscription to subsequent rights issuances

Talent... Professional Entrepreneurs at work



C. Jayaram

- ∞ Joined Kotak in 1990; **First charge** | Vice President, Kotak Mahindra Finance; **Current charge** | Executive Director, Kotak Mahindra Bank
- ∞ **On being a professional entrepreneur** | When I joined Kotak, I didn't really foresee that I would be running a business for the Group. As it turns out, I have been involved with building more than four businesses. Each one has presented its own set of challenges and opportunities. I can't think of too many companies which offer their people this kind of a canvas.



Dipak Gupta

- ∞ Joined Kotak in 1992; **First charge** | Senior Manager, Kotak Mahindra Finance; **Current charge** | Executive Director, Kotak Mahindra Bank
- ∞ **On being a professional entrepreneur** | I used to be an engineer and then a consultant. My first job at Kotak was to look after the Lease and Hire Purchase business. We built one of the largest leasing businesses in the country. When Ford Credit came to India around 1995-96, we entered into a joint venture with them and it was very interesting discussing, debating and negotiating with them. I went on to become the head of that joint venture. Running different businesses while still being in the same fold gives you the twin benefit of a deeper perspective and wider all-round growth.



Falguni Nayar

- ∞ Joined Kotak in 1993; **First charge** | Assistant Vice President, Corporate Advisory, Mergers & Acquisition Group; **Current charge** | Managing Director & CEO, Kotak Investment Banking
- ∞ **On being a professional entrepreneur** | Within six months of joining Kotak, I had to move to London for personal reasons. When I put in my papers, Uday (Kotak) offered me the position of Director & CEO for our UK operations. It was a great learning. I had to take care of all aspects of the business including legal, compliance, administration and business in a totally new environment. A few years later, I moved to New York where I got the opportunity once again to set up our operations in a larger and more challenging market. September 2001 saw my relocation to India where I joined as Co-Head of Kotak Institutional Equities. In 2005, I was given the additional responsibility as Managing Director and CEO of Kotak Investment Banking.



Gaurang Shah

- ∞ Joined Kotak in 1996; **First charge** | Chief Operating Officer, Kotak Mahindra Primus; **Current charge** | Head of Asset Management businesses across the mutual fund, PMS and life insurance
- ∞ **On being a professional entrepreneur** | I came from a corporate finance background and joined Kotak's Car Finance business. That was in 1996. I was totally new to retail finance. In 1999, I took over as Executive Director of Car Finance and by 2002, we had built one of India's most profitable car finance companies. In 2002, I took over as head of Retail Assets and we added Home Loans, Subprime Lending in automobile financing and agricultural finance to our retail portfolio. In 2004, I moved into Life Insurance with my knowledge of insurance restricted to a single policy that I owned.



Talent... Professional Entrepreneurs at work

Jaimin Bhatt



- ∞ Joined Kotak in 1995; **First charge** | Proprietary Investments; **Current charge** | Group CFO
- ∞ **On being a professional entrepreneur** | My initial work at Kotak was in the area of Proprietary Investments, where I worked with Narayan (S.A.). Around the time of the Ford JV, I was invited to be on the team structuring the JV and that was very exciting. I moved to the Investment Bank and handled M&A. I was involved in a number of exciting transactions. Thereafter my role grew into larger operational role at the Investment Bank and also included doing structuring work for the Group. What stands out for me is the freedom and sense of responsibility that one gets and this, in turn, instills a lot of self-confidence. As you grow and inculcate the same sense of self-confidence in those around you, it becomes a part of the culture.

K.V.S. Manian



- ∞ Joined Kotak in 1995; **First charge** | Compliance, Kotak Mahindra Capital Company; **Current charge** | Group Head – Consumer Banking covering all liabilities and assets
- ∞ **On being a professional entrepreneur** | After two years in Investment Banking, I moved into Corporate Finance. I was instrumental in turning around and building the Retail Asset Finance Division (including the early stages of the Commercial Vehicle and Personal Loans Businesses). When the Group restructured its business in preparation for the conversion to a bank, I managed the team working on viability, decision making and structuring of the banking business as a project. I now oversee the Personal customer segment comprising of the Home Finance Division, the Consumer Services Group, Credit Cards and the Auto Finance Business, in addition to the Branch Banking and Retail Liabilities business. It's been a diverse set of responsibilities and looking back, I realise that I had no prior experience in any of the functions.

Mohan Sheno



- ∞ Joined Kotak in 2002; **Current charge** | Treasurer, Kotak Mahindra Bank
- ∞ **On being a professional entrepreneur** | Very few in the banking industry have the experience of starting a new bank. I had this rare privilege of associating with two banks right from their inception. The first was ICICI Bank and the second is Kotak Mahindra Bank. I was instrumental in setting up and managing the treasury in both banks. At Kotak, Treasury is one of the important contributors to the revenues of the Bank. Over a 29-year banking career, I have worked in branch banking, credit, recoveries, strategic planning and retail banking (apart from treasury). The environment at Kotak allows me to leverage this diversity of experience to the fullest.

Narayan S.A.



- ∞ Joined Kotak in 1992; **First charge** | Associate Vice President, Kotak Mahindra Finance (Operations); **Current charge** | Head – Commercial Business, Kotak Mahindra Bank, also oversees the retail brokerage
- ∞ **On being a professional entrepreneur** | In 1996, broking was largely seen as in institutional business. I believed that retail broking was an opportunity waiting to happen and took up the challenge of going retail. I always wanted to be an entrepreneur and Kotak gave me an opportunity to build a business that any entrepreneur would be proud of.

Talent... Professional Entrepreneurs at work

Shanti Ekambaram



- ∞ Joined Kotak in 1991; **First charge** | Senior Manager – Bill Discounting; **Current charge** | Group Head – Corporate & Institutional Banking, Kotak Mahindra Bank
- ∞ **On being a professional entrepreneur** | I joined Kotak from a foreign bank. Since financial services was still a new area I was apprehensive but here was a company that seemed young and hungry. In the back of my mind, I knew I could always go back to a MNC if things didn't work out. That was 16 years ago and I'm still here and raring to go. I have run the Bill Discounting business, serviced FIIs and started the M&A desk. When we entered into a strategic alliance with Goldman Sachs, I moved to look after that business and we dominated the GDR and private placement markets. I subsequently moved into the domestic Investment Banking business to develop corporate relationships, then head Fixed Income. In 1998, I took over as the CEO of the Investment Bank and we went on to top the league tables. In 2003 when the bank project was launched I was given the opportunity to build the wholesale bank. I don't think any MNC would give me so many opportunities for learning and growth.



Vikram Sud

- ∞ Joined Kotak in 2006; **Current charge** | Group COO
- ∞ **On being a professional entrepreneur** | For 20 years I worked with Citibank, first in India and then in the Far East and the US. This is an exciting time to be in India so I decided to move back. The big draw for me at Kotak was the entrepreneurial culture and the amazing opportunities in a rapidly growing business. There is huge room for growth. Building efficiencies and scale is what I view as one of my main challenges.



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