



**January 2010**



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# Group Overview

# Our Vision

## The Global Indian Financial Services Brand

- ∞ A Global Indian brand that best understands customer needs and delivers customized pragmatic solutions across multiple platforms
- ∞ To be a world-class Indian financial services group. Our technology and best practices will be benchmarked along international lines while our understanding of customers will be uniquely Indian. We will be a single window to every financial service in a customer's universe

## The Most Preferred Employer in Financial Services

- ∞ A culture of empowerment and a spirit of enterprise attract bright minds with an entrepreneurial streak to join us and stay with us

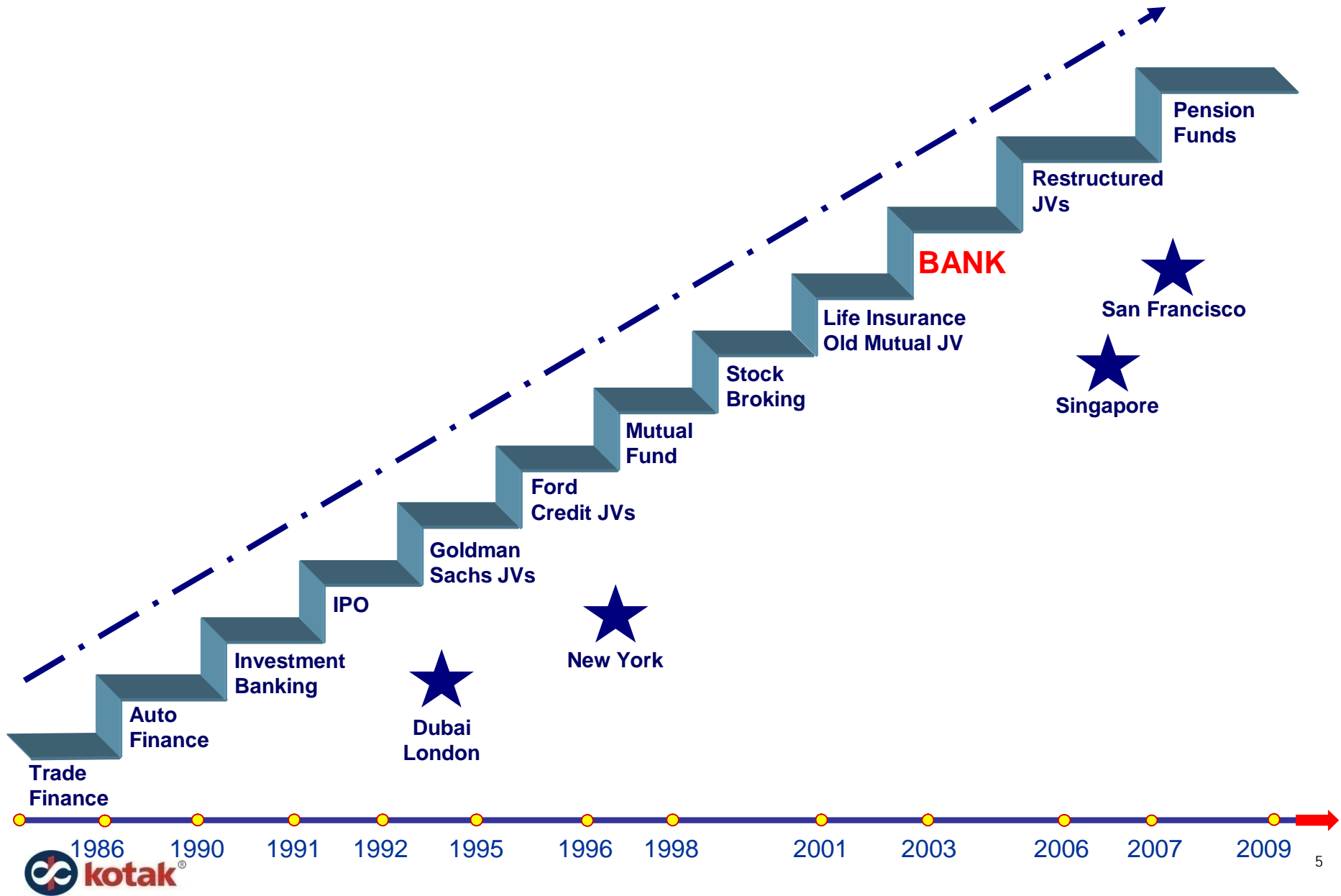
## The Most Trusted Financial Services Company

- ∞ Create an ethos of trust across all our constituents. Adhering to high standards of compliance and corporate governance will be an integral part of building trust

## Value Creation

- ∞ Value creation rather than size alone will be our business driver

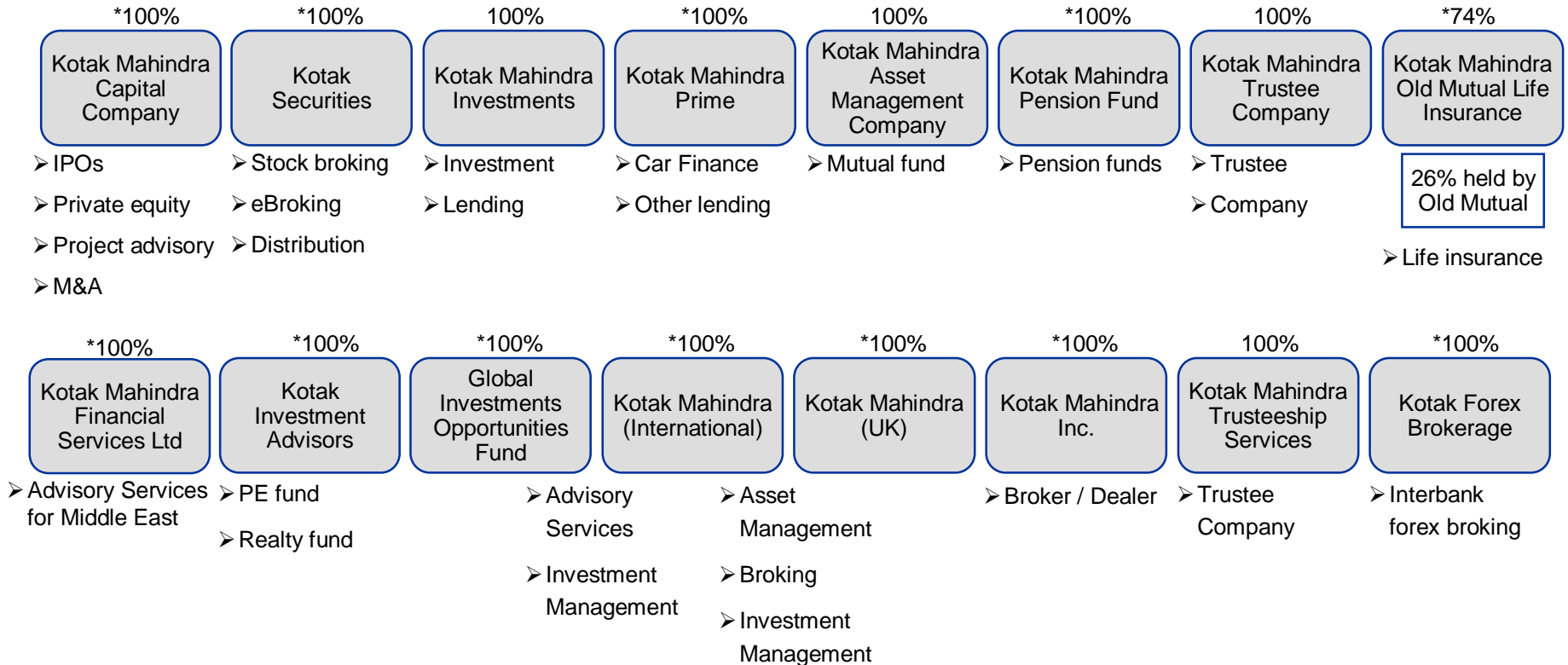
# The Journey so far...



# Group Structure



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

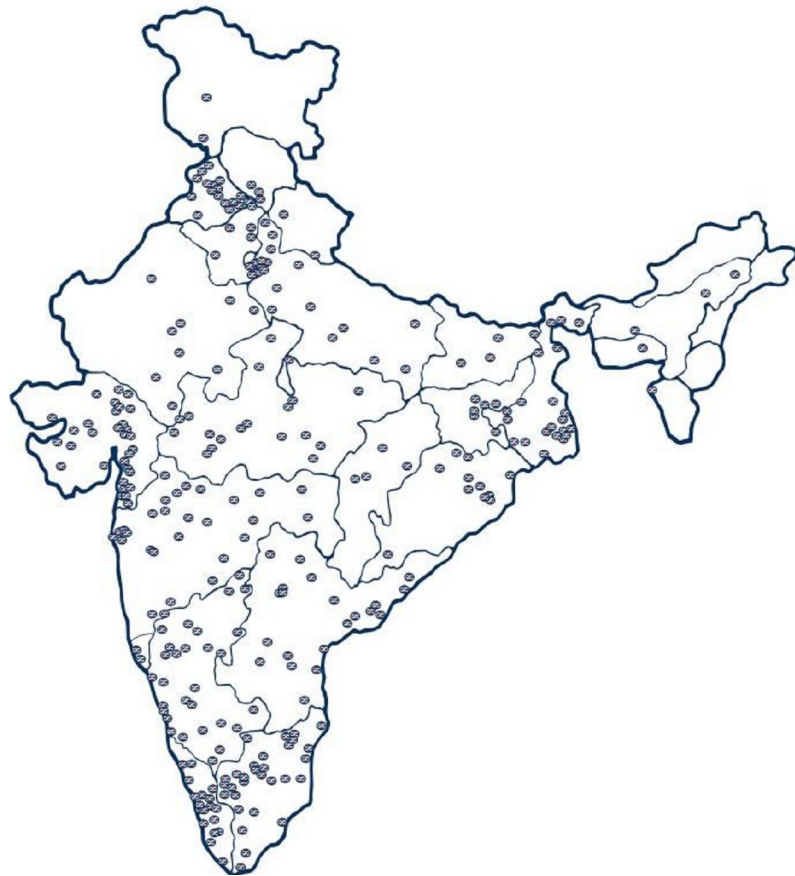


\*Includes direct and indirect holdings



# Geographical Presence

Strong National Footprint...



...with Multiple Points of Presence

Business	Number of Branches
Banking	245
Securities	1,048
Life Insurance	214
Others	140
Total	1,647

Servicing 6.7 mn customer accounts across India

# Awards & Recognition



- ∞ Adjudged India's "Best Private Banking Services" by Euromoney for 2009



- ∞ Kotak Mahindra Bank awarded Hewitt Best Employers in India 2009



- ∞ Ranked No. 1 in Asia for companies with "Best Corporate Governance Practices" in Asia/ Pacific by IR Global Rankings 2009
- ∞ Ranked No. 2 globally among Financial Services firms with "Best Corporate Governance Practices"



Indian Banks' Association

- ∞ Awarded "Best IT Team of the Year" at the Indian Banking Technology Awards 2008 for the third successive year



- ∞ Best Investment Bank 2009
- ∞ Best Domestic Equity House in India 2009 by Asiamoney
- ∞ Best Domestic Investment Bank 2009 by Asset Asia
- ∞ Best Private Bank in India 2009
- ∞ Best Brokerage Firm in India by Asiamoney

# Kotak Uniqueness

## The 4<sup>th</sup> Largest Banking & Financial Services Conglomerate\*

### Integrated Financial Services Business Model

- ∞ Mature businesses across most financial services products
- ∞ 6.7 mn customers across banking, insurance and asset management

### Robust Financials & Track Record of Value Creation

- ∞ Strong capital base: Group CAR at 20.5% (as on 31 Dec 09)
- ∞ Among the highest Net Interest Margins in the Indian Banking sector (6.3%)
- ∞ Consistently high growth in profitability of more than 40% CAGR over 5 years
- ∞ Record of successful partnerships and alliances across businesses (e.g., Ford, Goldman Sachs, Old Mutual)

### Strong Governance Culture & Talent Pool

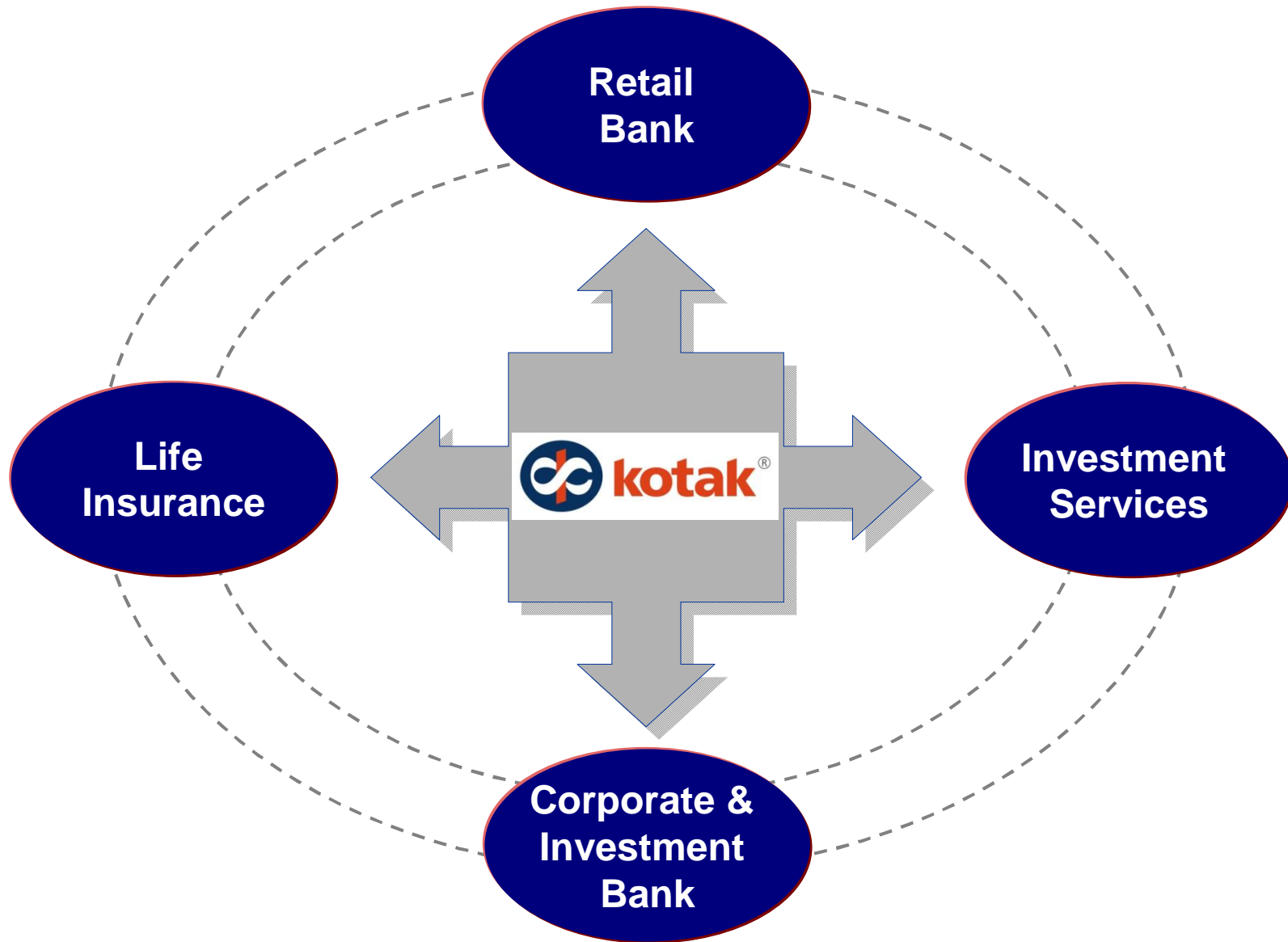
- ∞ Recognised as amongst India's most trusted financial services brands and the best employers
- ∞ Stable leadership team – majority of whom have been with the Group for over 10 years
- ∞ Ability to spot opportunities and trends ahead of time (e.g. retail brokerage, asset reconstruction, domestic private banking)

\* In the Private sector, by Market Capitalisation



# Kotak Group Businesses

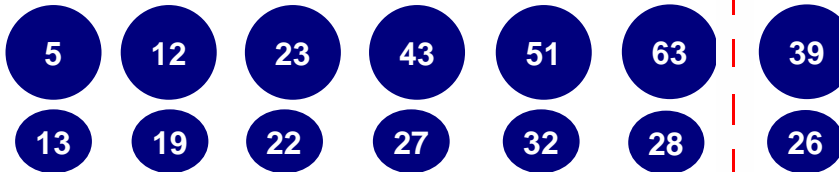
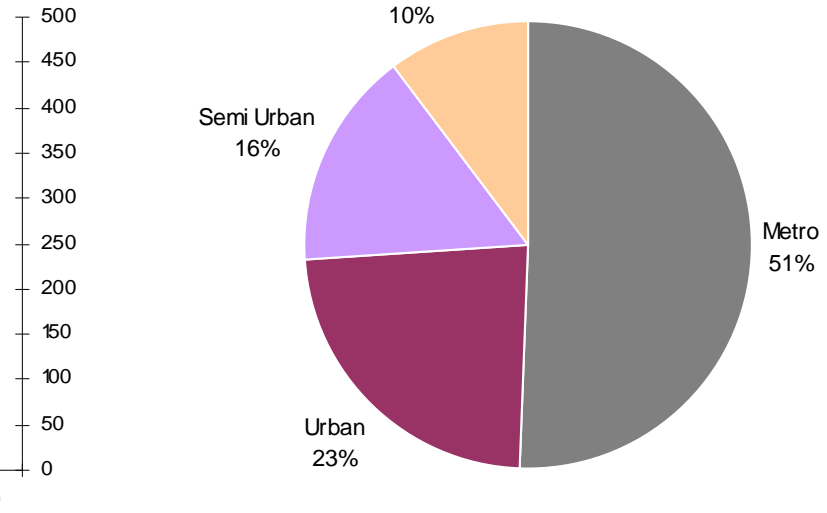
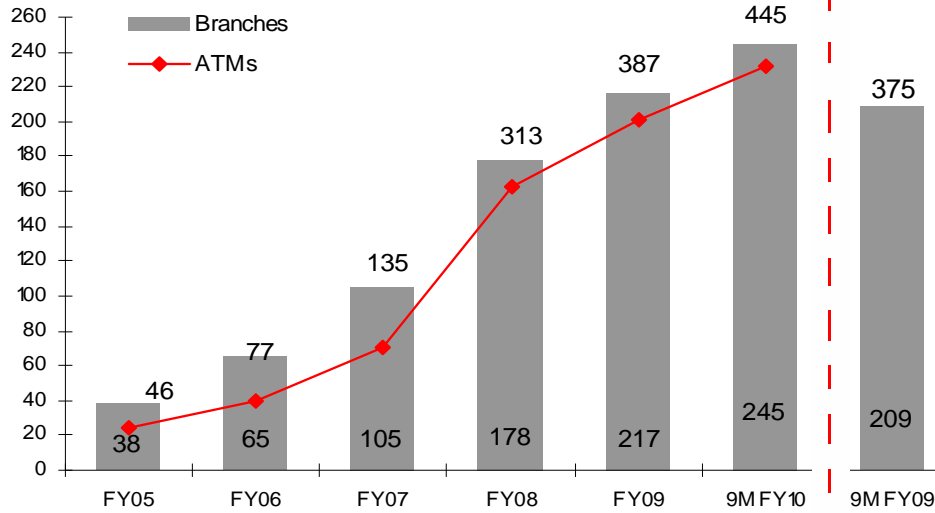
# Integrated Financial Services



# Branch Banking

## Footprint

## Bank Branch Presence (Dec- 09)



← CASA Deposits INR bn

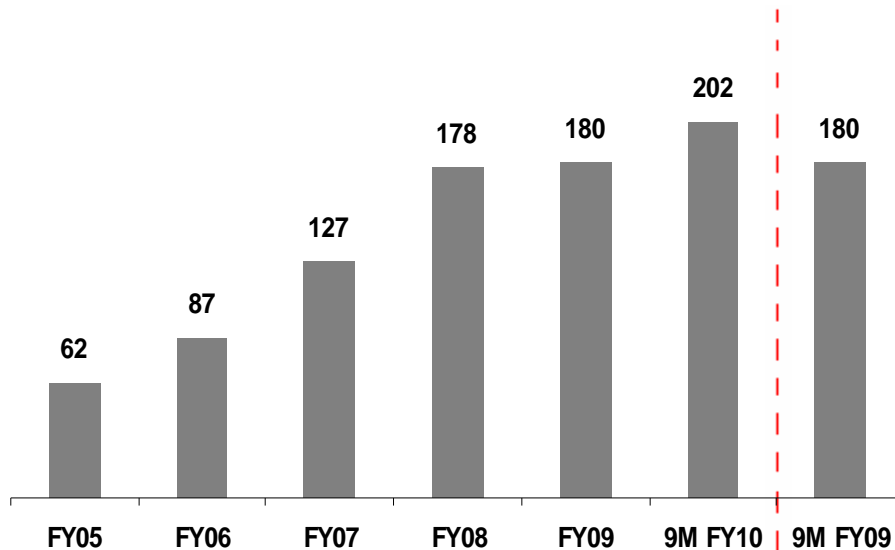
← CASA %

**Over 1.7 mn customer accounts**

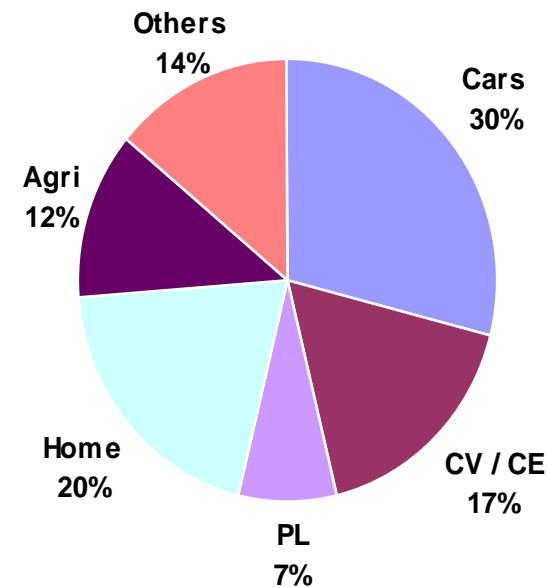
- >CASA – Current Accounts & Savings Accounts
- >CASA calculated excluding monies held as collection bankers to IPO's
- >Financial year ends 31<sup>st</sup> March

# Retail Advances

## Total Retail Advances (INR bn)

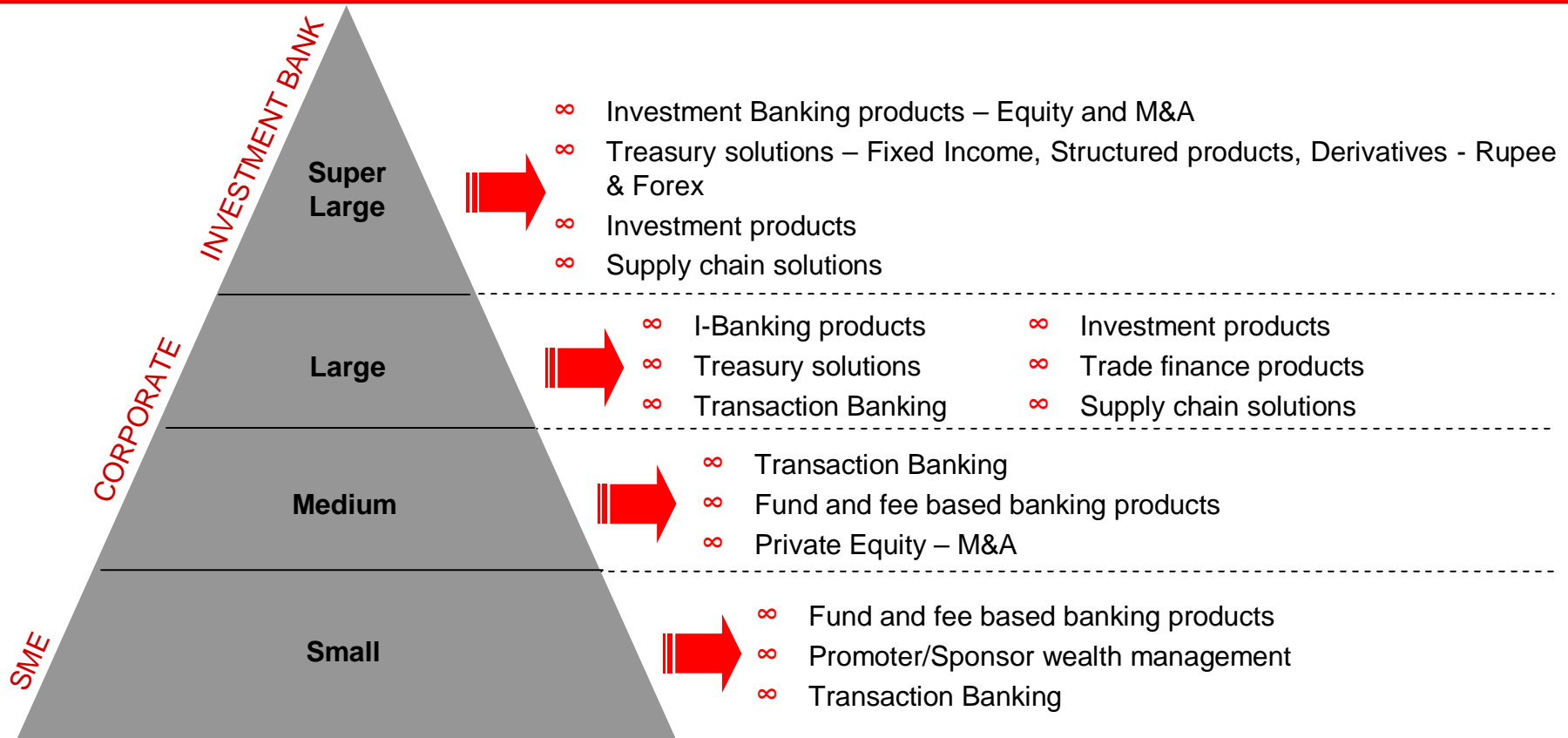


## Retail Advances Mix (Dec - 09)



- ∞ Retail advances form a larger proportion of total advances
- ∞ In depth market understanding, skills and processes to manage retail lending to the Indian consumer
  - Evolved over the last 20 years
  - Shown in our industry-leading NIM margins of 6%

# Corporate Banking – An ‘Integrated Approach’



## WAL★MART– Illustrating the Integrated Approach

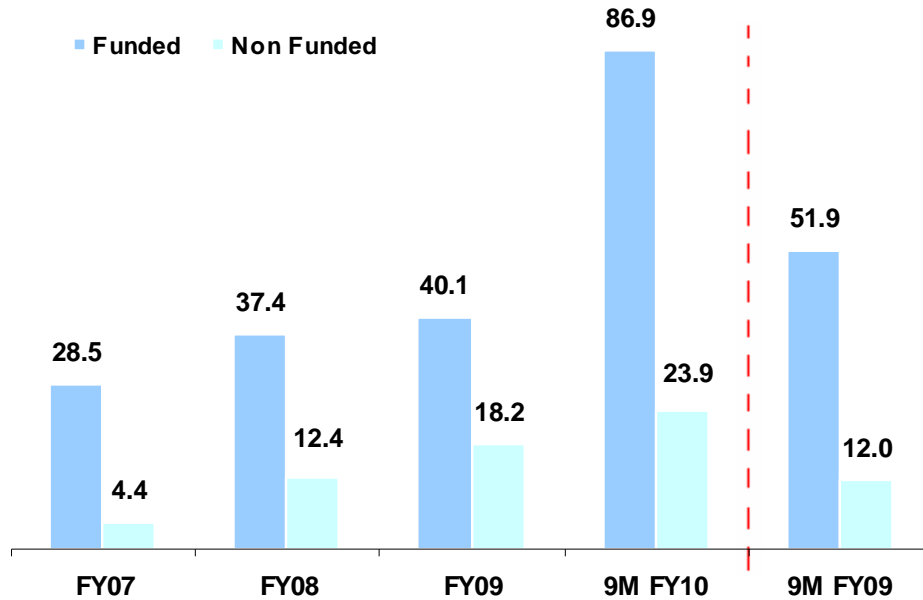
**WAL★MART**

- ∞ Kotak Investment Banking were exclusive financial advisors to Wal-Mart on their India entry strategy, culminating in formation of a JV with Bharti Enterprises, India’s leading telecom services player
- ∞ Our relationship with Wal-Mart has evolved to cover commercial banking services –
  - Cash management services
  - In-store ATMs
  - Co-branded credit card



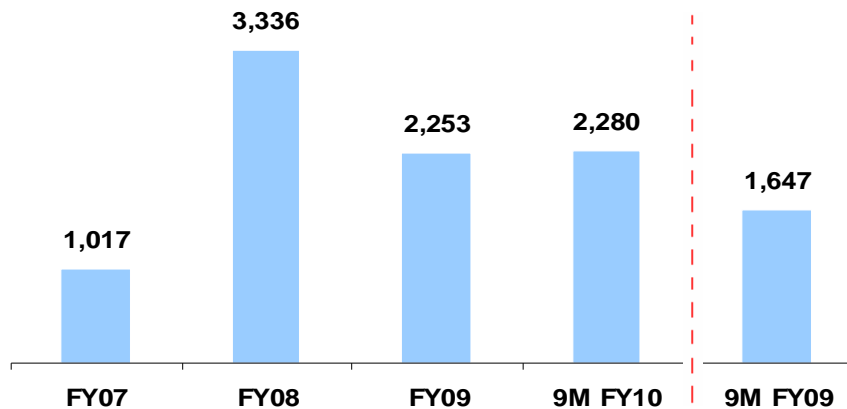
# Corporate Banking

## Advances (INR bn)



- ∞ Expanding and deepening franchise
  - Oct'08 crunch used as an opportunity to enter & expand relationships
  - Advances increased by 68% YoY
  - Increased cross-selling
- ∞ Products emphasis
  - Transaction banking – Trade and cash
  - Debt Capital markets
  - Funded working capital products
  - Supply chain initiatives
- ∞ Negligible restructuring of assets
- ∞ Stressed Assets
  - Leveraging strengths in Asset Reconstruction and Recovery
  - Current Portfolio of INR 2 bn

## Profits (INR mn)




























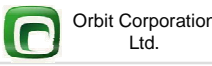

# Investment Banking

## ∞ Awards & Rankings

- ✿ Ranked No. 1 Book Running Lead Manager in Initial Public Offerings between FY07 – YTD FY10 by Prime Database and also for YTD FY10.
  - ✿ Ranked No. 4 in value of announced M&A Transactions in India (inbound + outbound) in CY 2009 by Bloomberg
  - ✿ Best Investment Bank in India by FinanceAsia, 2009, for the fourth year in a row
  - ✿ Best Domestic Equity House by Asiamoney, 2009 & 2008
  - ✿ Best Investment Bank in India by Global Finance, 2009 & 2008
  - ✿ Best Domestic Investment Bank by Asset Asian Awards, 2009, for the fourth year in a row
  - ✿ India Equity House of the Year by IFR Asia, 2008
  - ✿ Best Equity House in India by FinanceAsia, 2008
- 
- ∞ Alliance with Renaissance Capital, the leading investment bank in Russia/CIS and Sub-Saharan Africa, for cross-border M&A advisory.
  
  - ∞ Tie up with GCA Savvian of Japan for Indo-Japan cross-border opportunities

# Investment Banking

## Deals - YTD Dec 2010

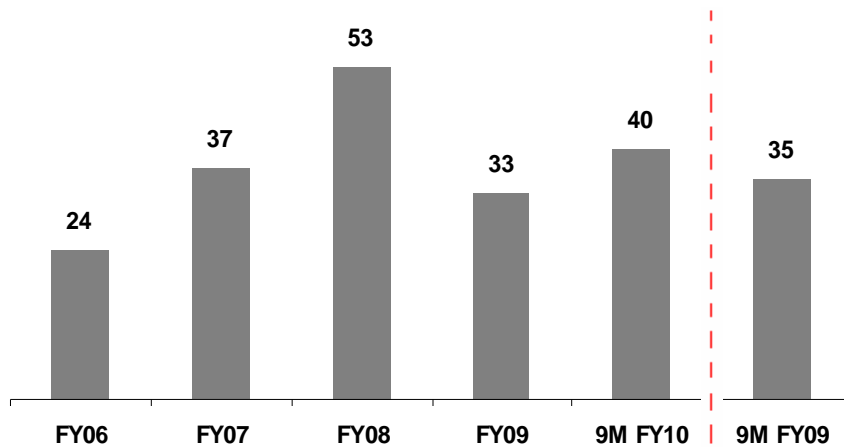
Client	Transaction	Size (USD mn)	Client	Transaction	Size (USD mn)
 Reliance Petroleum Limited	Amalgamation of Reliance Petroleum with Reliance Industries	9,400.0*	 LIC HOUSING FINANCE LTD.	Qualified Institutional Placement	135.5
 NHPC	Initial Public Offering (IPO)	1,261.7	 PTC INDIA LTD.	Qualified Institutional Placement	105.5
 HDFC	First ever QIP of NCD with detachable warrants	882.8	 PIP UAU SHIPYARD	Initial Public Offering (IPO)	103.1
 ADANI	Initial Public Offering (IPO)	625.7	 Godrej PROPERTIES	Initial Public Offering (IPO)	100.2
 Mahindra Tech	Acquisition of controlling stack in Satyam Computers Services Ltd	591.0	 DB Corp Ltd	Initial Public Offering (IPO)	82.6
 JSW	Initial Public Offering (IPO)	581.4	 NCC	Qualified Institutional Placement	75.2
 HDIL Creating Value Manufacturing   Megaprojects   Infrastructure	Qualified Institutional Placement	350.3	 Patel	Qualified Institutional Placement	75.0
 भारतीय स्टेट बैंक State Bank of India With you - all the way	Acquisition of State Bank of Indore by State Bank of India	283.0	 Kustomjee® Come Home RETAIL - CONSUMER GOODS	Entity Level Private Equity	60.0
 Zee News Ltd.	Acquisition of 6 regional channels from Zee News Ltd.	259.0	 Club Mahindra HOLIDAYS	Initial Public Offering (IPO)	56.8
 SHRIRAM Commercial Vehicle Finance	Public Issue of Debt	200.0	 Network 18	Qualified Institutional Placement	43.4
 Godrej CONSUMER PRODUCTS LIMITED	Merger of Godrej ConsumerBiz. Pvt Ltd. and Godrej Hygiene Care Pvt. Ltd. with Godrej Consumer Products Ltd.	188.0	 Piramal Glass knowledge action care	Rights Issue	38.0
 GVK	Qualified Institutional Placement	150.0	 sunteck creating destinations	Qualified Institutional Placement	34.0
 Cipla	Qualified Institutional Placement	140.3	 Orbit Corporation Ltd.	Qualified Institutional Placement	30.0
			 FIITJEE LIMITED (FORUM FOR IIT-JEE)	Private placement of shares	20.0



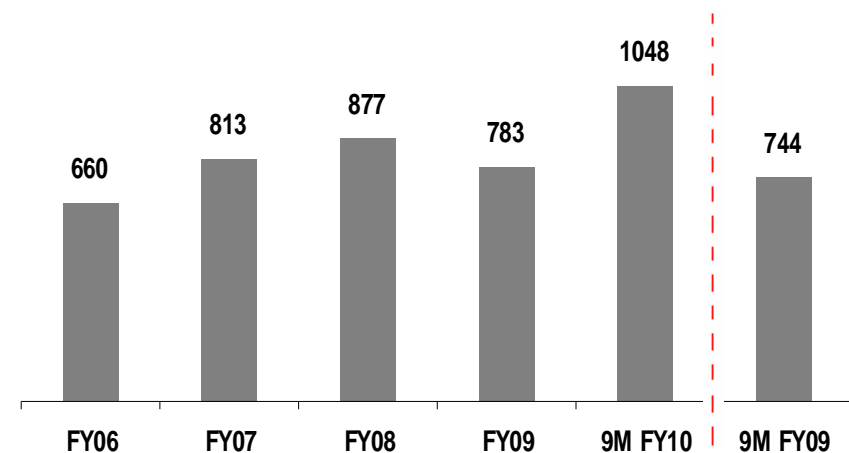
\*Enterprise value of Reliance Petroleum Ltd.

# Broking

## Average Daily Volumes (INR bn)



## Branches & Franchisees



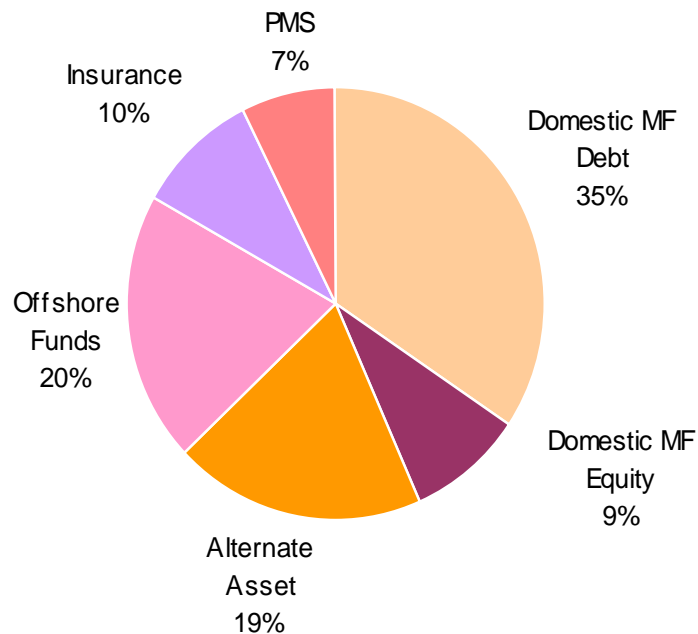
- ∞ Among the few brokerages in India to have a strong franchise both in retail as well as institutional segments
- ∞ Awarded Best Performing Equity Broker (National) for the year 2009 by UTI MF - CNBC TV 18
- ∞ Rated Best Brokerage Firm in India by Asiamoney - three years in a row
  - Market share of 4.2% for 9M FY10
  - In excess of 540,000 secondary market retail customers
- ∞ AsiaMoney brokers Poll 2009 awarded Kotak Institutional Equities with
  - No. 1 among local brokerages
  - No 2 in country Research Sales Service and Sales Trading across Domestic and International brokerages

# Asset Management

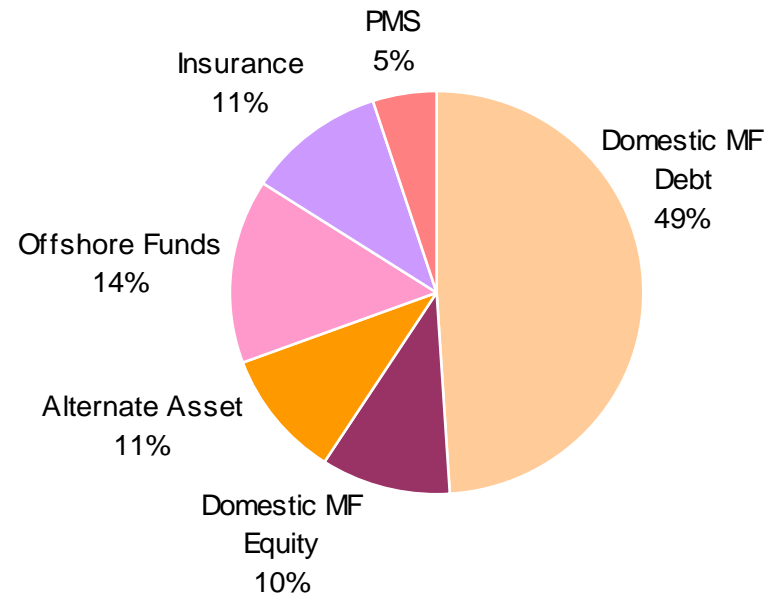
## Segment Summary

- ∞ Over USD 11 bn of assets managed / advised through mutual funds, insurance, portfolio management & offshore funds (including alternate assets) – 43% in equity
  - ∞ Total AUM as on Dec 2009 was INR 524 bn (Dec 2008 – INR 320 bn; March 2009 – INR 339 bn)

### 9M FY09 – Rs. 320 bn

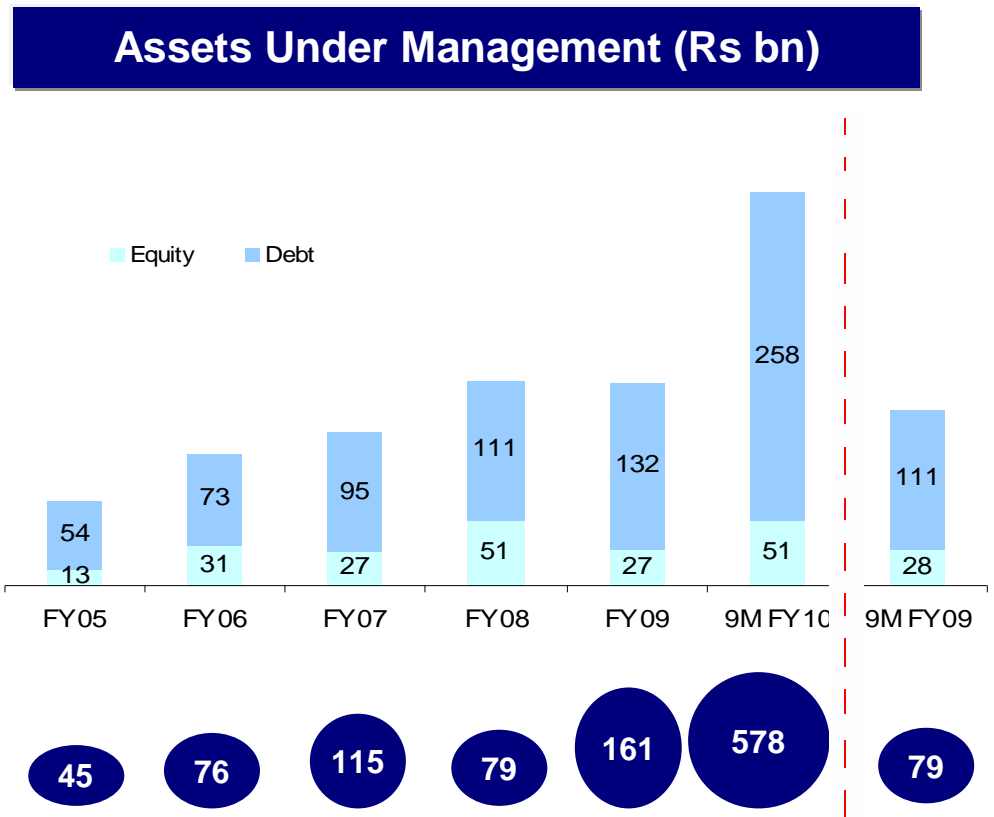


### 9M FY10 – Rs. 524 bn



# Mutual Fund

- ∞ AUM as on Dec 2009
  - ∞ ~ INR 309 bn
  - ∞ Equity – INR 51bn
- ∞ Over 1 mn investors
- ∞ 82 branches
- ∞ Awarded the Best Debt Fund House for a 3-year period ending June 2009 by Outlook Money NDTV Profit Awards 2009



AMCTC PAT INR mn



45

76

115

79

161

578

79

# Alternate Assets

**Total commitments - US\$ 1.2 bn.**

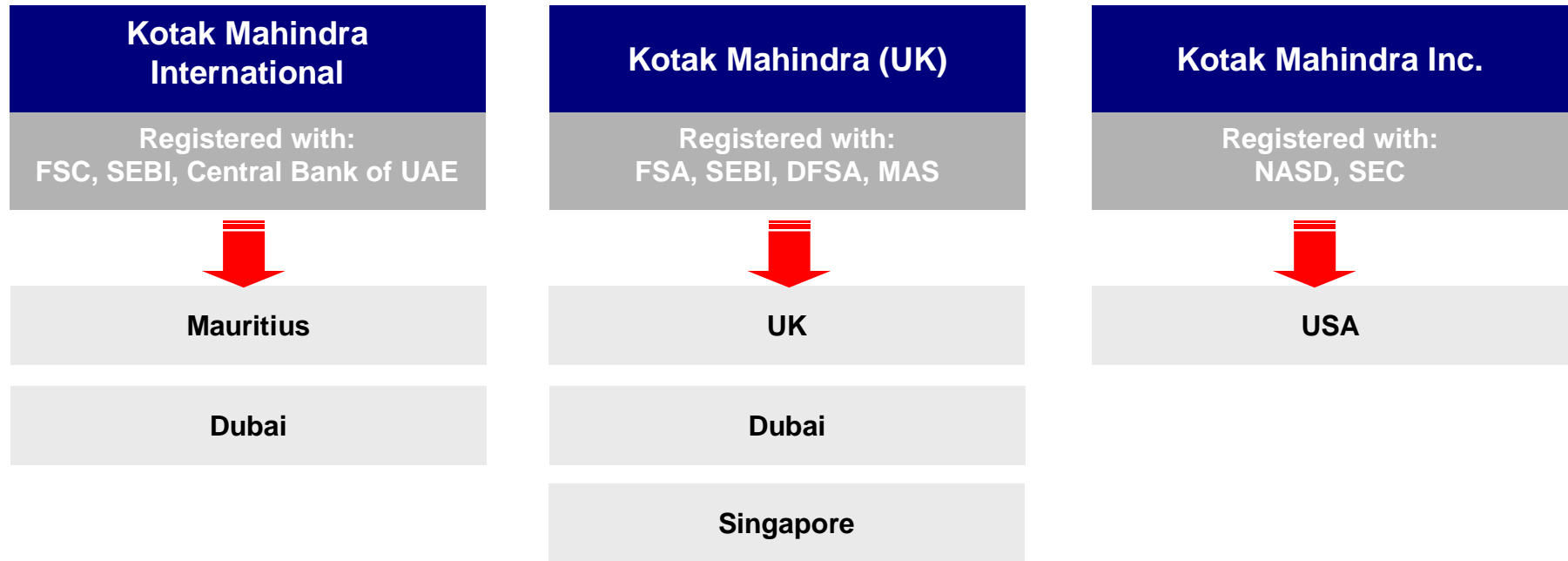
## Private Equity Funds

- ∞ **India Growth Fund**
  - ∞ Commitments - Rs 7.1bn
  - ∞ Invested in 15 companies
- ∞ **Kotak India Venture Fund I** (Focused on biotechnology & life sciences sector)
  - ∞ Commitments - Rs 2.1 bn (domestic)
  - ∞ Commitments – Rs 0.8 bn (offshore)
  - ∞ Invested in 3 companies
- ∞ **Kotak India Growth fund II**
  - ∞ Commitments – Rs 9.7 bn (domestic)
- ∞ **Kotak India Private Equity Fund Ltd.**
  - ∞ Commitments – Rs 3.5 bn (offshore)

## Realty Funds

- ∞ **Kotak India Real Estate Fund – I**
  - ∞ Commitments - Rs 4.6 bn
  - ∞ Invested in 10 companies
- ∞ **Kotak Alternate Opportunities (India) Fund**
  - ∞ Commitments - Rs 14.9 bn
  - ∞ Invested in 13 companies
- ∞ **Kotak India Realty Fund Limited**
  - ∞ Offshore : Commitments – Rs 12.0 bn
  - ∞ Invested in 3 companies

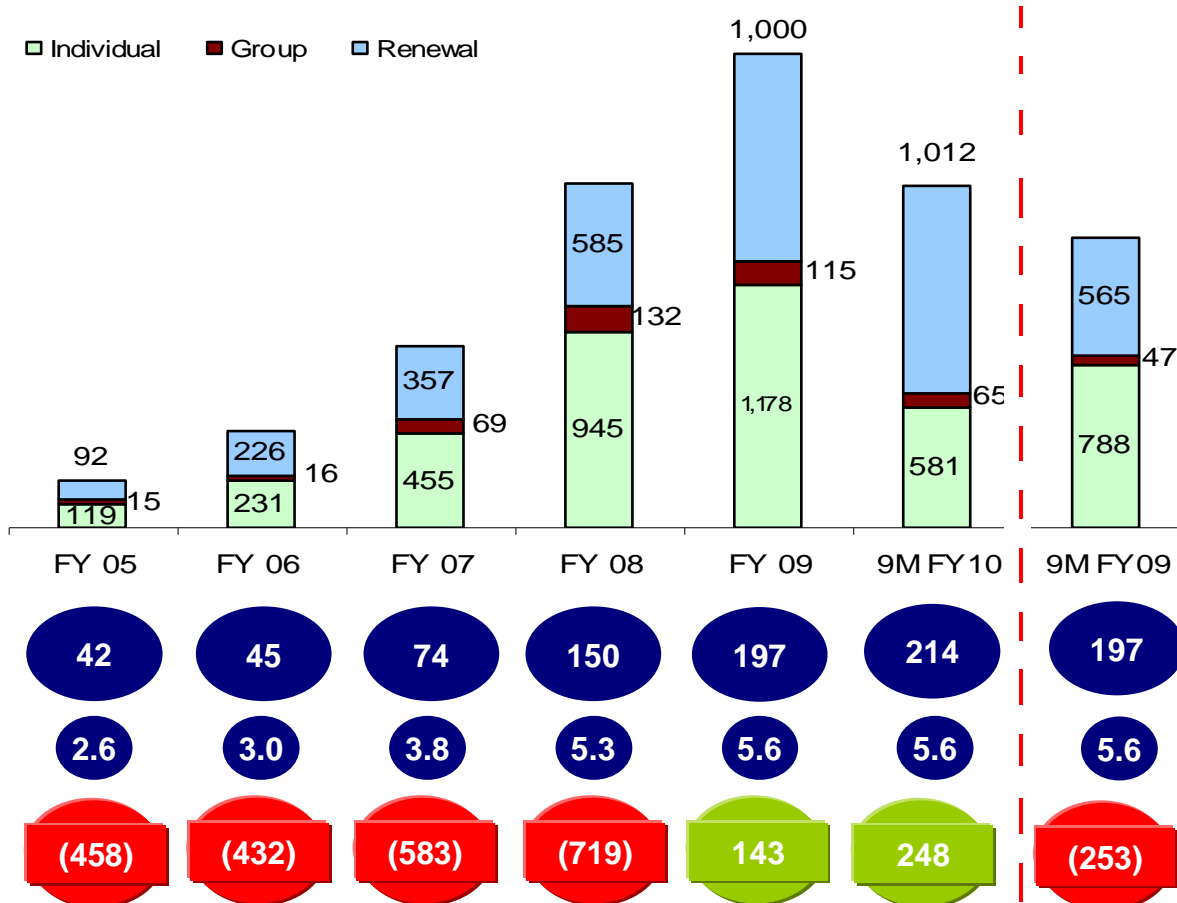
# International Subsidiaries



- ∞ Business
  - India-centric Investment advisory
  - Financial intermediation
  - Management of GDR, ADR and FCCB (Foreign Currency Convertible Bonds)
- ∞ No non-Indian asset on the Balance sheet
- ∞ Equity assets managed / advised: US\$ 1.6 bn

# Life Insurance

## Adjusted Premium Equivalent (INR cr)



### ∞ Highlights

- Renewal Premium grew 79% YoY during 9M FY10 to INR 10 bn
- Strong Bancassurance model - Kotak Group contributed to 28% of Individual premium (FY09)
- Capital deployed per Rupee of premium for FY09 at 0.43 - amongst the lowest in the industry
- Solvency Margin comfortable at 3.05

← Branches

← Capital (INR bn)

← Profit/(Loss) (INR mn)

Over 2.4 mn lives insured



# Financial Summary

## Consolidated Net Income (After Taxes) - Yearly

Company Name (INR Mn.)	FY 07	FY 08	FY 09	9M FY10	9M FY09
Kotak Mahindra Bank	1,414	2,939	2,761	3,586	1,735
Kotak Mahindra Prime	573	1,006	1,570	1,078	1,100
Kotak Mahindra Life Insurance	(584)	(719)	143	248	(253)
Kotak Securities	2,557	4,087	1,065	2,093	885
Kotak Mahindra Capital Company	679	1,153	128	105	167
Kotak Mahindra Investments	263	426	137	278	82
International Subsidiaries	350	645	243	665	224
Kotak Mahindra AMC / Trustee	115	79	161	577	79
Kotak Investment Advisors Limited	3	135	480	327	379
Others	(3)	(1)	4	(3)	4
<b>Total</b>	<b>5,367</b>	<b>9,751</b>	<b>6,693</b>	<b>8,955</b>	<b>4,402</b>
Equity Affiliates, MI & other adj.	15	162	(170)	(70)	16
<b>Consolidated Net Income After Taxes</b>	<b>5,382</b>	<b>9,912</b>	<b>6,524</b>	<b>8,884</b>	<b>4,417</b>

## Consolidated Net Income (After Taxes) - Quarterly

Company Name (INR Mn.)	Q3 FY10	Q3 FY09
Kotak Mahindra Bank	1,424	711
Kotak Mahindra Prime	494	333
Kotak Mahindra Life Insurance	193	94
Kotak Securities	592	40
Kotak Mahindra Capital Company	16	(19)
Kotak Mahindra Investments	61	(34)
International Subsidiaries	226	74
Kotak Mahindra AMC / Trustee	229	60
Kotak Investment Advisors Limited	115	133
Others	(1)	0
<b>Total</b>	<b>3,348</b>	<b>1,391</b>
Equity Affiliates, MI & other adj.	(34)	(82)
<b>Consolidated Net Income After Taxes</b>	<b>3,314</b>	<b>1,309</b>

# Key Business Parameters

	FY 07	FY 08	FY 09	9M FY10	9M FY09
NIM (%)	5.2	5.6	6.0	6.3	5.9
Book value per share (INR)	99	169	189	216	183
Return on average Net worth (%)	19.6	22.3	10.5	16.9	9.7
CAR % (Consolidated) #	15.6	20.2	22.8	20.5	19.8
CAR % (Standalone) #	13.5	18.7	20.0	18.5	17.0
AUM (INR bn)	236	365	339	524	320
Advances (INR bn)	156	220	225	293	239
Total Assets (INR bn)	286	406	402	522	402
Net NPL%*	0.17	0.33	1.18	1.46	1.01

\*excluding acquired stressed assets portfolio

# FY07, FY08 and 9M FY09 numbers are as per BASEL I



# The Path to Leadership

# The Path to Leadership

## Strong Capital Position

- ∞ Capital adequacy amongst the highest in the Indian banking sector
- ∞ Provides the basis for growth

## Aggressive Pursuit of Cross Sell Opportunities

- ∞ Robust bank platform and retail distribution network
- ∞ Pan-India reach of over 1,600 retail distribution points across Banking, Broking, Mutual Fund and Insurance
- ∞ Provides a platform for improving funding from low-cost liabilities – as can be seen in the improving CASA
- ∞ Strong Bancassurance model with 28% cross-sell ratio, ability to mine customer base

## Multiple Growth Engines

- ∞ Continue to evolve a stable annuity flow driven business model – balancing volatility inherent in capital market-linked revenues
- ∞ Leveraging world-class infrastructure and technology to drive cost-efficiencies
- ∞ Leverage “India asset class strength” to tap global investors – individual as well as institutional

## Attract & Retain Talent

- ∞ High degree of stability within the management team, many of whom have been with the Group for over a decade
- ∞ Preferred Employer status in the Financial Services sector allows us to attract the best people

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