

**Group  
Overview  
Dec 2010**



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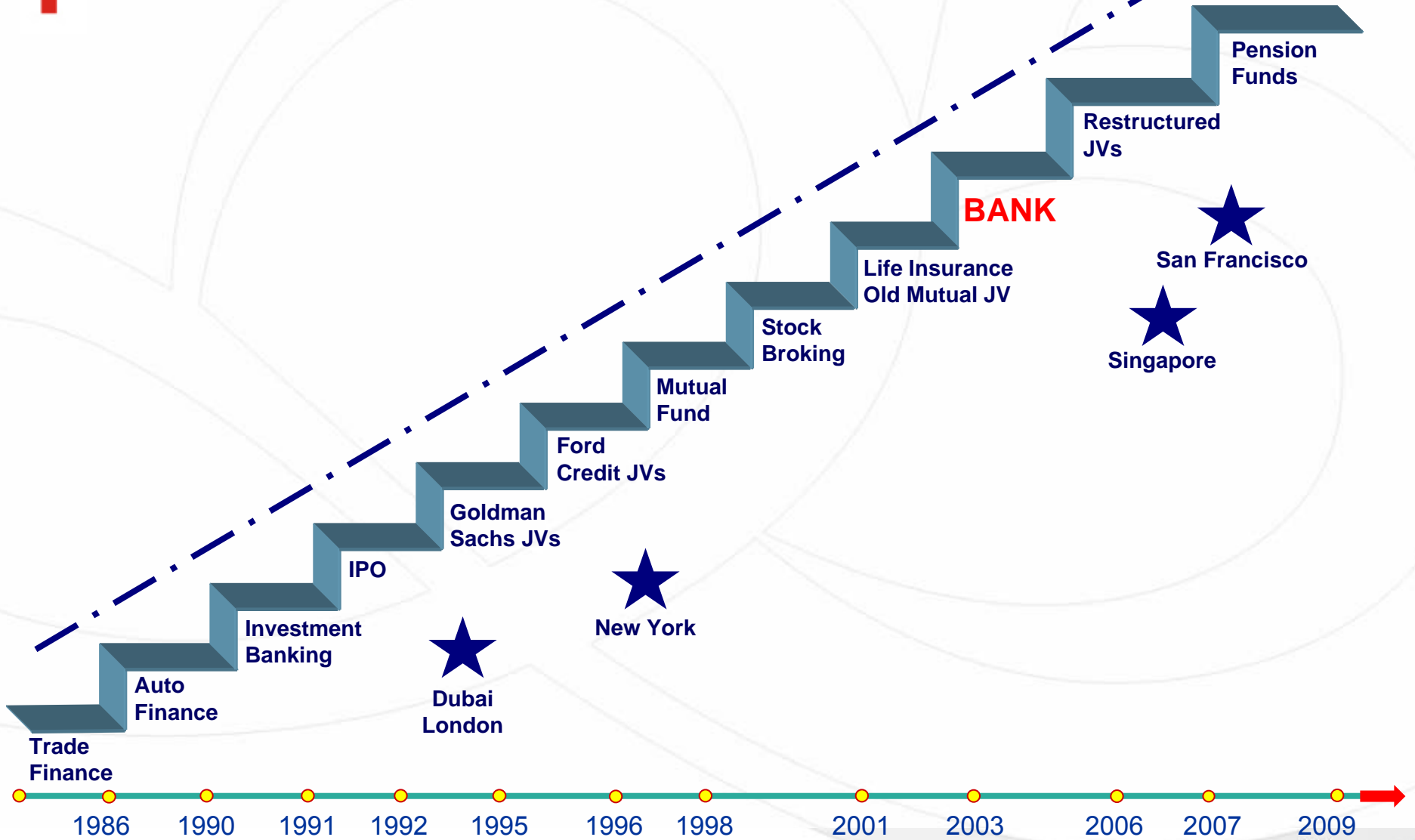
**Kotak Mahindra**

# 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 – 1<sup>st</sup> Indian  
Company to convert  
into a Bank**



**2010**

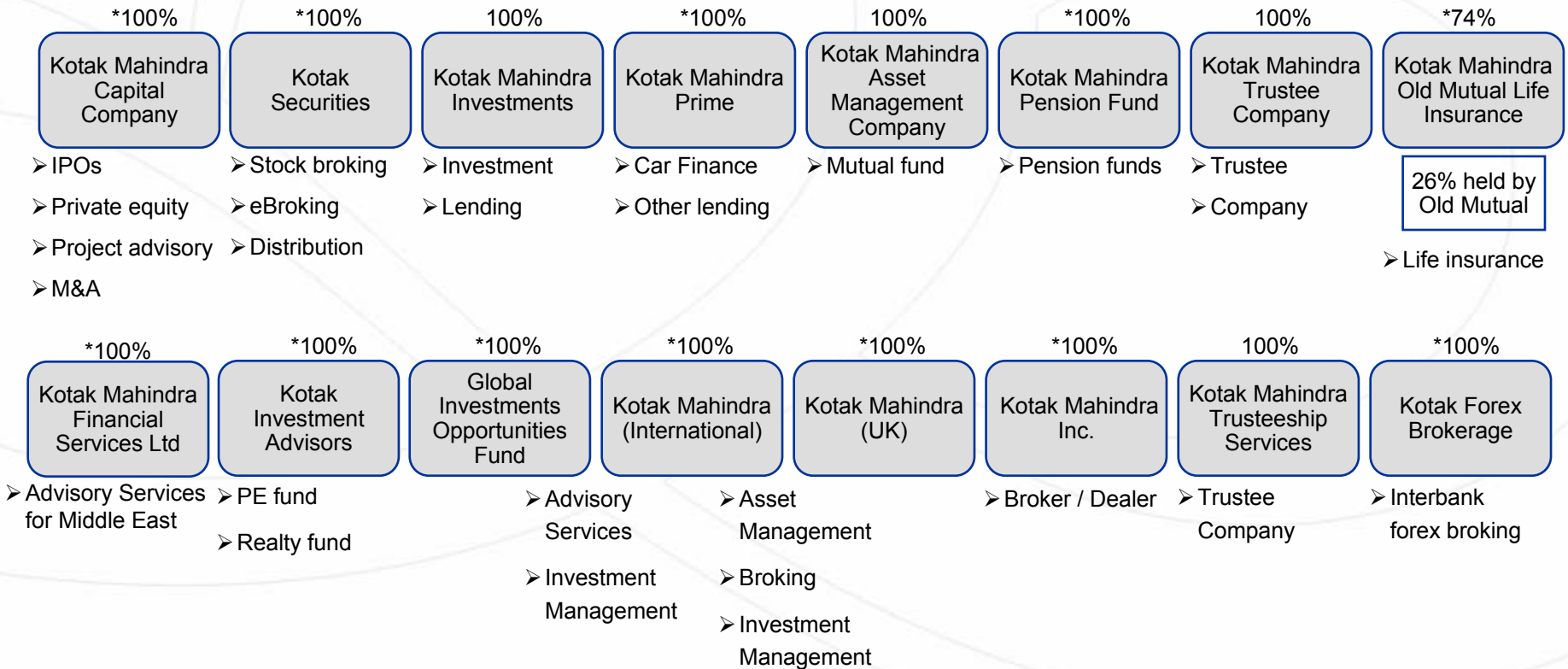
**25<sup>th</sup> Year**



# Group Structure



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

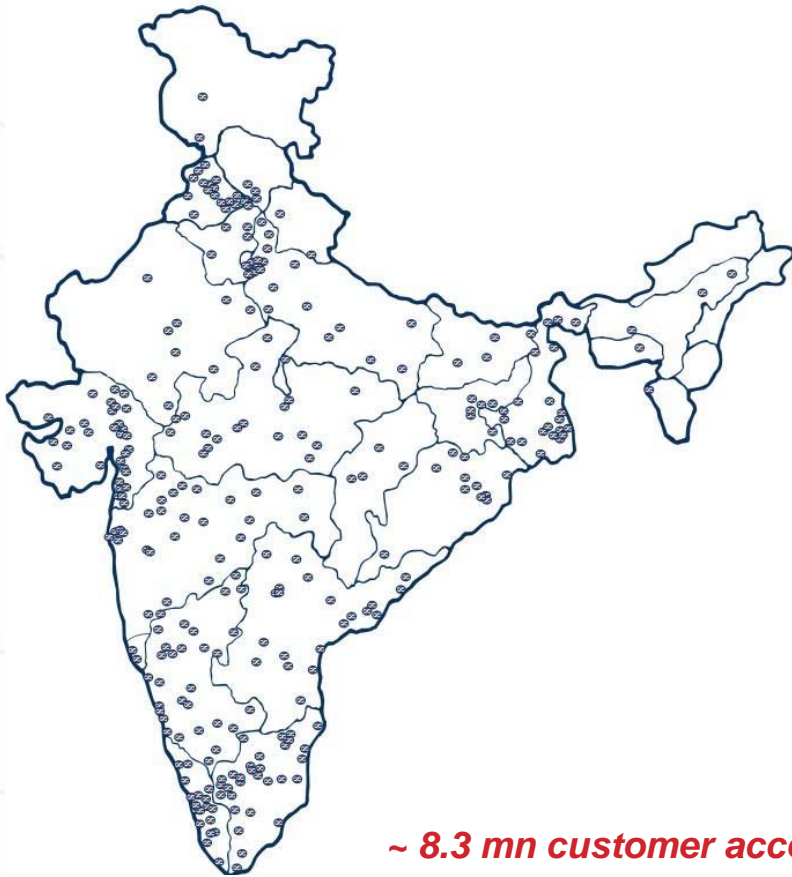


\*Includes direct and indirect holdings



# Geographical Presence

**Wide National Footprint...**



*~ 8.3 mn customer accounts*  
*~ 20,000 employees*

**...with Multiple Points of Presence**

<b>Business</b>	<b>Branch Dec 10</b>
Banking	298
Securities	1,358
Life Insurance	203
Mutual Fund & Others	140
<b>Total</b>	<b>1,999</b>

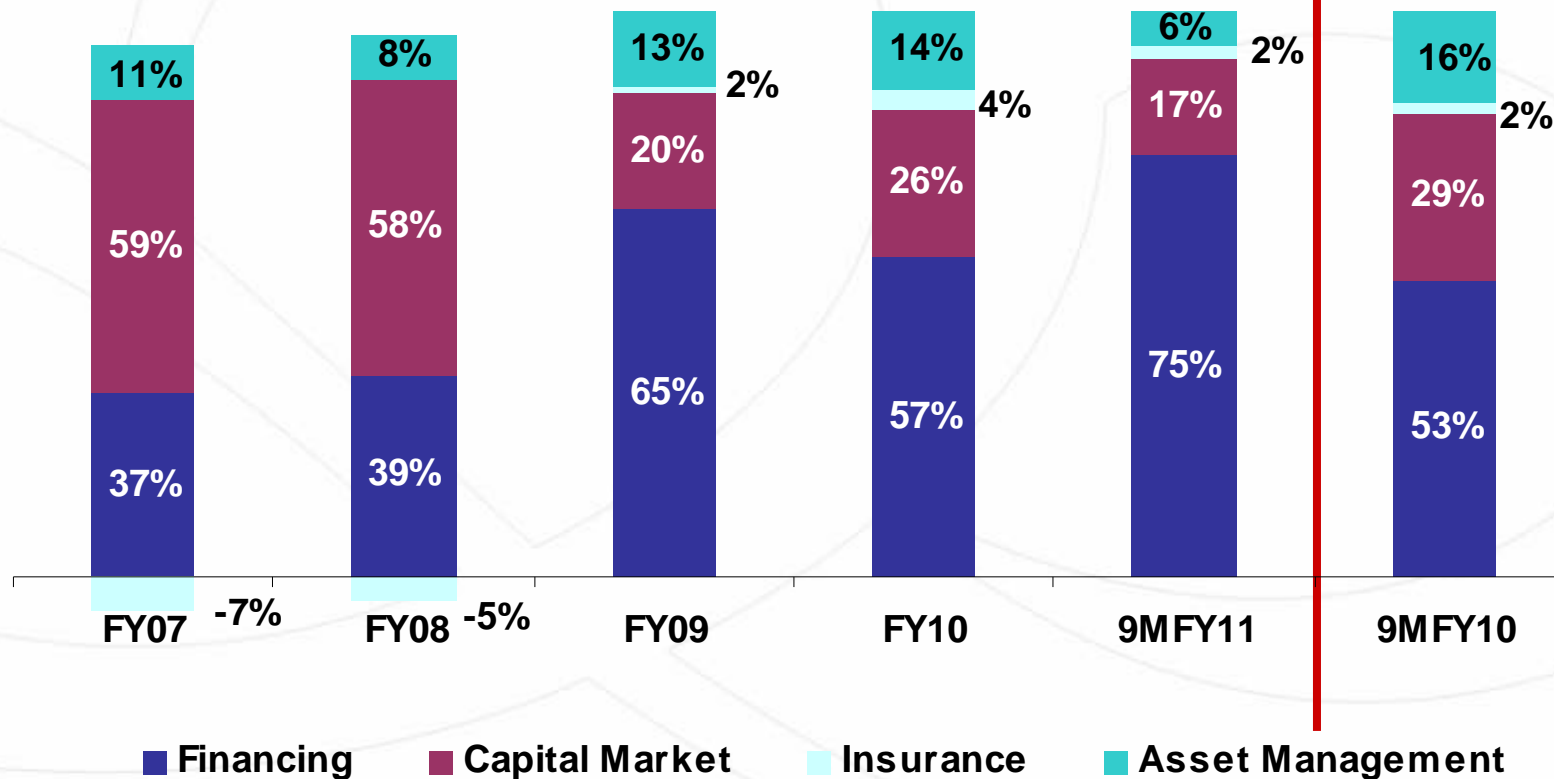
# Financial Summary

# Group Highlights – 9MFY11

- ◆ Consolidated PAT for 9MFY11 up 21% to ₹ 10,754 mn
  - financing businesses share, a significant portion
- ◆ Consolidated advances up 37% to ₹ 401 bn
  - NIM at 5.4%
- ◆ Consolidated Capital Adequacy 17.6%
- ◆ Asset managed / advised by the Group at ₹ 510bn

# Consolidated – Profit Mix

## PBT Mix



# Consolidated PAT

₹ mn	FY07	FY08	FY09	FY10	9MFY11	9MFY10
Kotak Mahindra Bank	1,414	2,939	2,761	5,611	5,695	3,586
Kotak Mahindra Prime	573	1,006	1,570	1,664	2,310	1,078
Kotak Securities	2,557	4,087	1,065	2,601	1,458	2,093
Kotak Mahindra Capital Company	679	1,153	128	239	219	106
Kotak Mahindra Life Insurance	(432)	(719)	143	692	301	248
Kotak Mahindra AMC & Trustee Co	115	79	161	725	137	578
International subsidiaries	350	645	243	803	361	665
Kotak Investment Advisors	3	135	480	397	268	327
Kotak Mahindra Investments	263	426	137	346	183	278
Other subsidiaries	(3)	(1)	4	(4)	(1)	(3)
<b>Total</b>	<b>5,519</b>	<b>9,751</b>	<b>6,693</b>	<b>13,074</b>	<b>10,931</b>	<b>8,955</b>
Minority Interest, Equity Affiliates, others	(137)	162	(169)	(4)	(178)	(70)
<b>Consolidated PAT</b>	<b>5,382</b>	<b>9,912</b>	<b>6,524</b>	<b>13,070</b>	<b>10,754</b>	<b>8,885</b>

# Consolidated PAT - Quarterly

₹ mn	Q3FY11	Q3FY10
Kotak Mahindra Bank	1,879	1,424
Kotak Mahindra Prime	937	494
Kotak Securities	466	592
Kotak Mahindra Capital Company	76	16
Kotak Mahindra Life Insurance	236	193
Kotak Mahindra AMC & Trustee Company	72	229
International subsidiaries	82	226
Kotak Investment Advisors	54	114
Kotak Mahindra Investments	28	61
Other subsidiaries	(-)	(1)
<b>Total</b>	<b>3,830</b>	<b>3,348</b>
Minority Interest, Equity Affiliates, others	5	(34)
<b>Consolidated PAT</b>	<b>3,836</b>	<b>3,314</b>

# Consolidated - Ratios

₹ mn	FY08	FY09	FY10	9MFY11	9MFY10
NIM	5.6%	6.1%	6.3%	5.4%#	6.2%#
Book value per share (₹)	84.5	94.3	113.6	142.6	108.0
Return on average Net worth	22.3%	10.5%	18.2%	15.6%	16.9%
Group CAR	20.2%	22.8%	19.3%	17.6%	18.3%
CAR % (standalone)	18.7%	19.9%	18.4%	18.7%	17.0%
Tier I (standalone)	14.5%	16.0%	15.4%	16.5%	13.9%
AUM (₹ bn)	365	339	452	510	524
Advances (₹ bn)	220	225	297	401	293
Total Assets (₹ bn)	406	402	551	700	522
Net NPA%*	0.33%	1.18%	1.14%	0.51%	1.46%

\*excluding stressed assets portfolio

# For Dec quarter

# Bank Highlights – 9MFY11

- ◆ Standalone Bank PAT for 9MFY11 up 59% to ₹ 5,695 mn
- ◆ NII up 22% to ₹ 16,235 mn
- ◆ Deposits up 28% at ₹ 283 bn; CASA at 28%
- ◆ Advances up 35% to ₹ 289 bn
- ◆ Net NPAs\* - 0.57%
- ◆ Provision Coverage Ratio – 72%
- ◆ Bank Capital Adequacy 18.7% ; Tier I 16.5%
- ◆ Stressed assets carrying value ₹ 2,234 mn

\* (excl stressed assets)

# Financial results – Bank Standalone

₹ mn	FY07	FY08	FY09	FY10	9MFY11	9MFY10
Net Interest Income	6,199	12,258	15,185	18,581	16,235	13,321
Other Income	3,187	4,634	2,736	6,282	4,417	3,767
Net Total Income	9,386	16,892	17,921	24,864	20,652	17,088
<i>Employee Cost</i>	<i>2,697</i>	<i>4,839</i>	<i>5,568</i>	<i>5,558</i>	<i>5,329</i>	<i>3,818</i>
<i>Other Operating Expenses</i>	<i>3,430</i>	<i>5,354</i>	<i>6,396</i>	<i>6,336</i>	<i>5,756</i>	<i>4,656</i>
Operating Expenditure	6,127	10,193	11,964	11,894	11,085	8,474
Operating Profit	3,258	6,699	5,957	12,970	9,568	8,614
Provisions & Contingencies	1,226	2,721	1,697	4,859	1,443	3,583
<b>PBT</b>	<b>2,033</b>	<b>3,978</b>	<b>4,261</b>	<b>8,111</b>	<b>8,126</b>	<b>5,031</b>
<b>PAT</b>	<b>1,414</b>	<b>2,939</b>	<b>2,761</b>	<b>5,611</b>	<b>5,695</b>	<b>3,586</b>

# Segment results – Bank Standalone

₹ mn	FY07	FY08	FY09	FY10	9MFY11	9MFY10
Treasury & BMU*	236	(58)	1,293	3,675	1,984	2,655
Corporate/Wholesale Banking	1,096	3,365	2,253	3,855	3,742	2,280
Retail Banking						
(i) Lending	1,124	2,167	3,664	3,775	4,882	2,421
(ii) Branch Banking	(423)	(1,467)	(2,253)	(1,890)	(1,968)	(1,329)
(iii) Credit Cards	-	(77)	(698)	(1,274)	(516)	(996)
<b>Retail Banking</b>	<b>701</b>	<b>623</b>	<b>713</b>	<b>611</b>	<b>2,398</b>	<b>96</b>
<b>Sub-total</b>	<b>2,033</b>	<b>3,930</b>	<b>4,259</b>	<b>8,140</b>	<b>8,123</b>	<b>5,031</b>
Unallocated income	-	48	2	(29)	3	-
<b>PBT</b>	<b>2,033</b>	<b>3,978</b>	<b>4,261</b>	<b>8,111</b>	<b>8,126</b>	<b>5,031</b>
<b>PAT</b>	<b>1,414</b>	<b>2,939</b>	<b>2,761</b>	<b>5,611</b>	<b>5,695</b>	<b>3,586</b>

\* 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



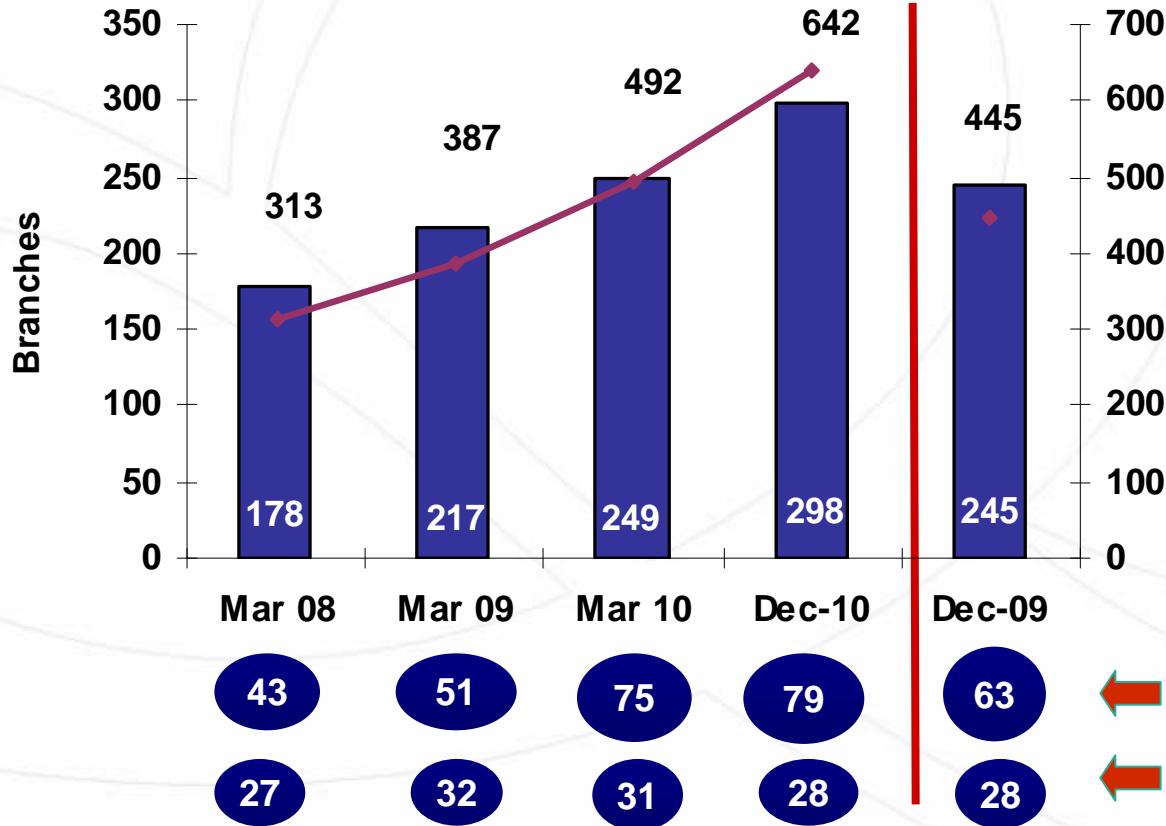
- ◆ Best Local Cash Management Bank Asiamoney 2010
- ◆ Best Private Bank by Finance Asia Country



# Business Overview

# Branch Banking

## Number of Branches and ATMs



- ◆ Sweep Deposits -8% of total deposits – not part of CASA
- ◆ Assets advised as on Dec 10 ₹ 177 bn
- ◆ Increased cross sell of asset products
- ◆ 320 branches by Mar 11
- Around 500 by Dec 12

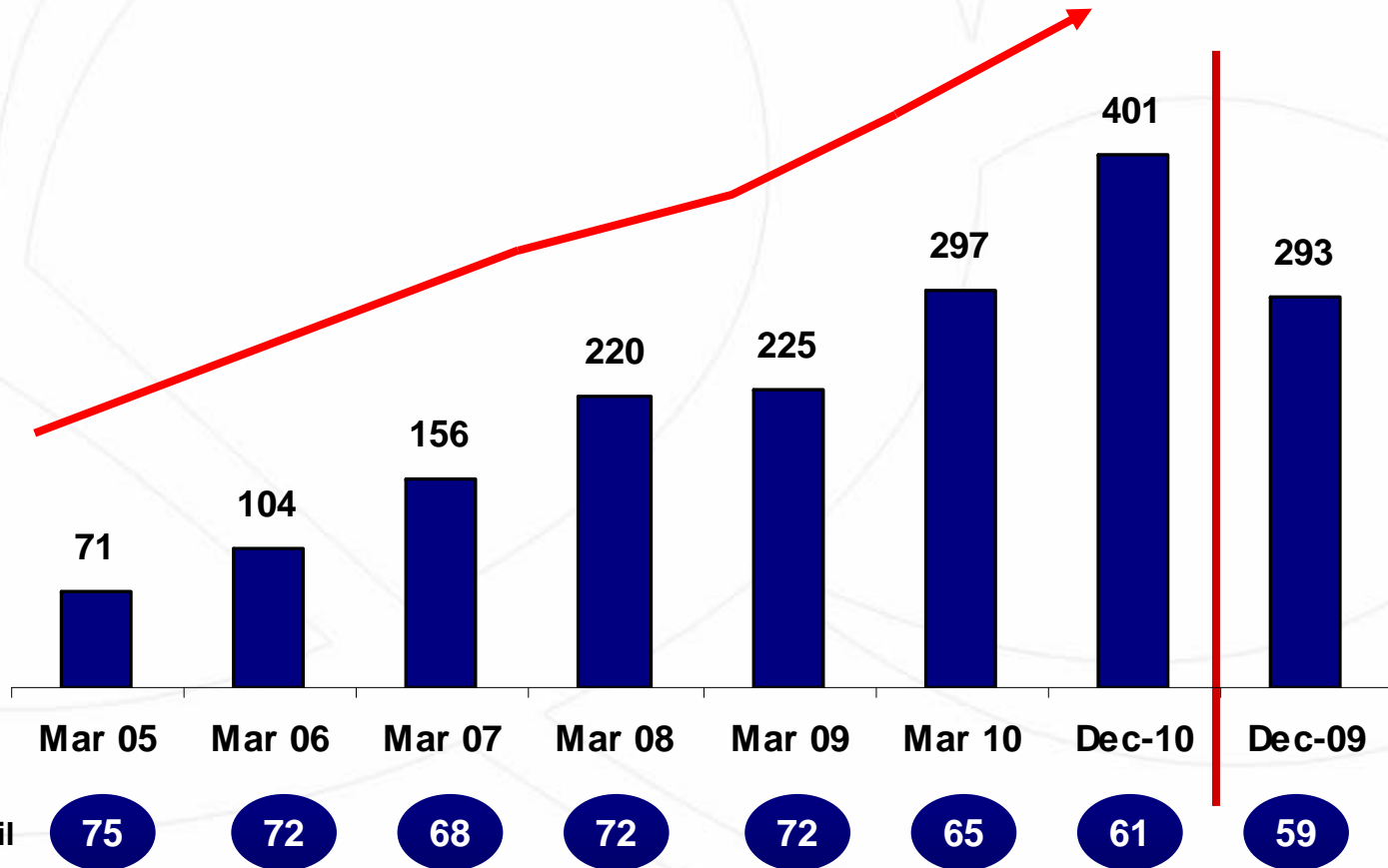
← CASA Deposits ₹ bn (excl float)

← CASA % (excl float)

Over 2.1 mn customer accounts

# Financing

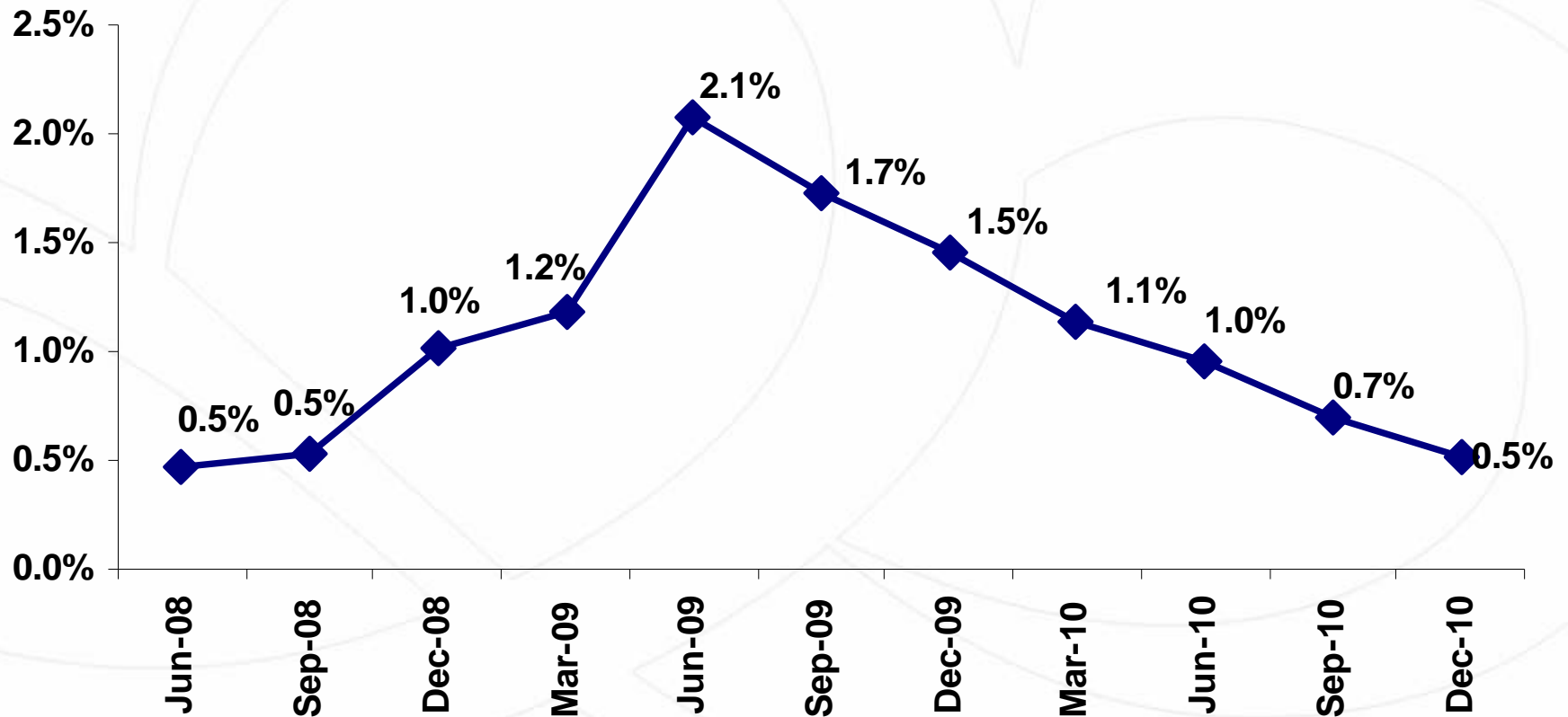
## Consolidated Advances ₹ bn



◆ Continuing growth momentum

— Grew 37% over Dec 2009

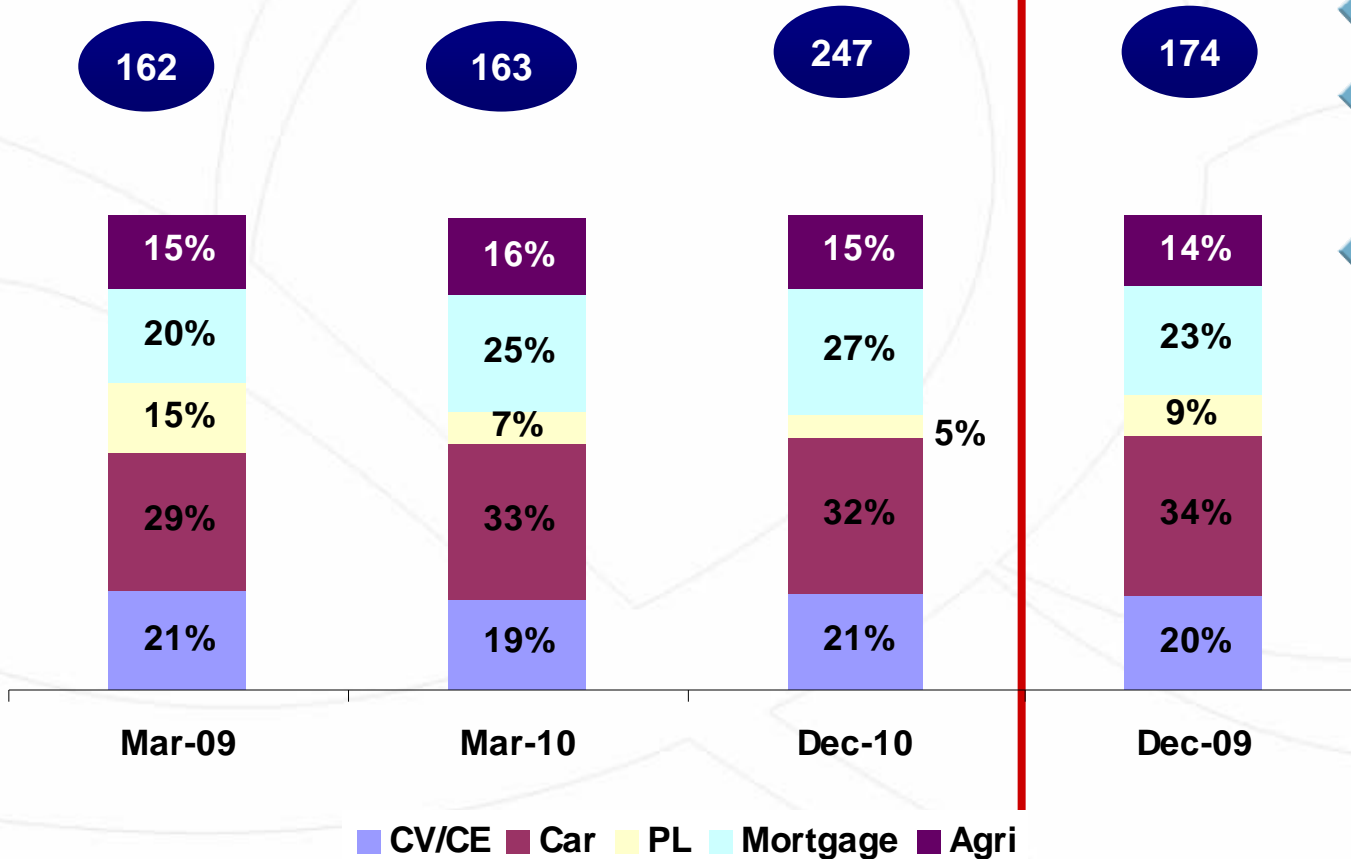
# NPA peaking out



*Consol Net NPA Excl Stressed Assets*

# Retail Lending

₹ bn

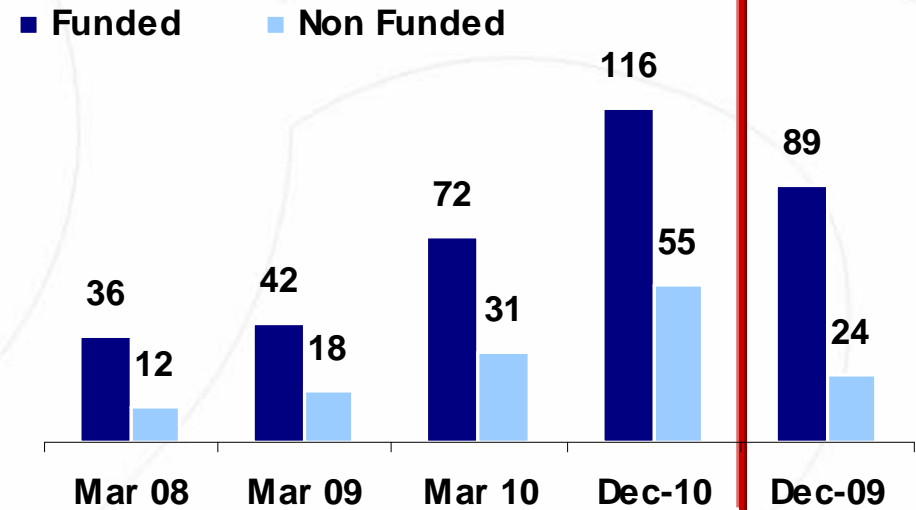


- ◆ Sharp drop in PL
- ◆ Focus on Cars, CVs, Mortgages
- ◆ Priority Sector Advances target met

# Wholesale Lending

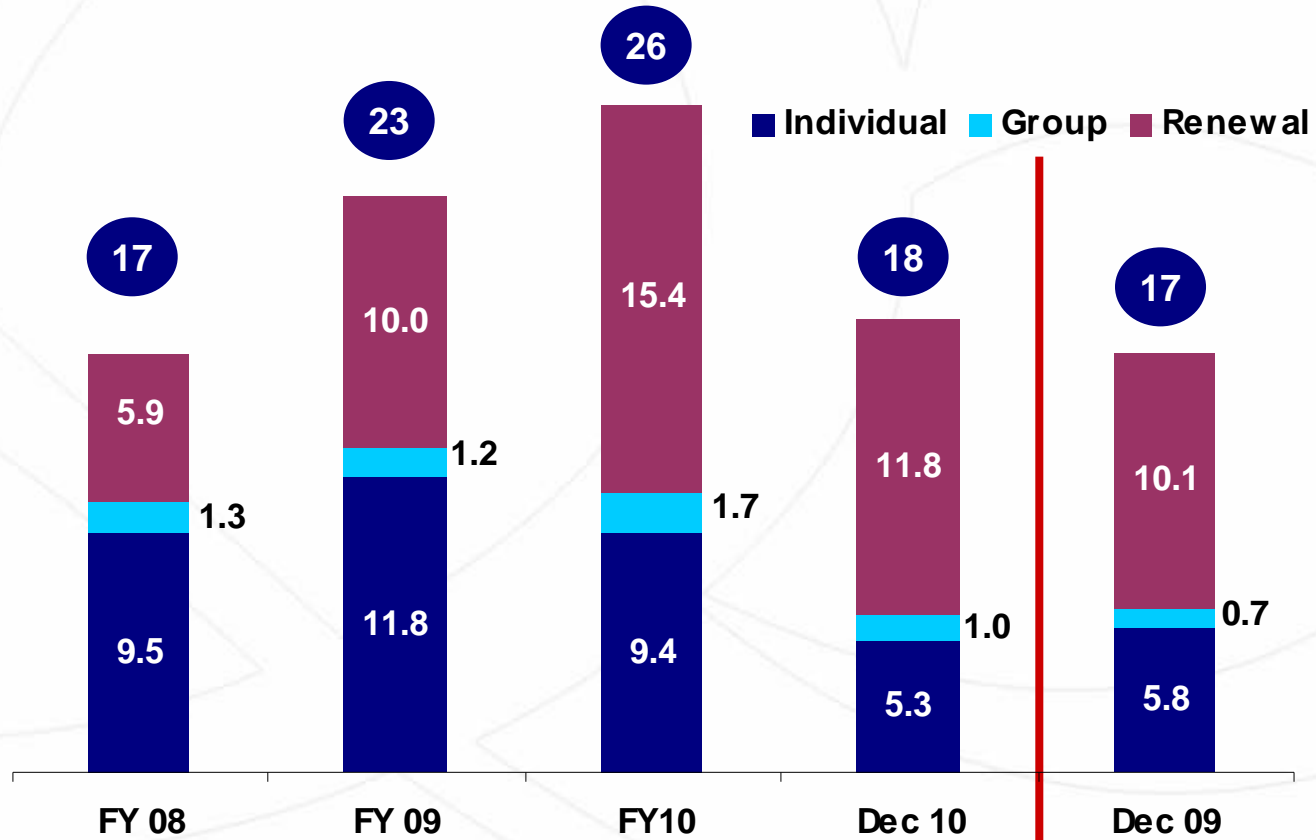
- ◆ Funded grew 30% over Dec 2009
- ◆ Non - funded grew 128% over Dec 2009
- ◆ Added > 200 Customers in YTD-FY11
- ◆ Continued focus on Trade Finance
- ◆ Surge in Cash Management Volumes
- ◆ Continued to strengthen presence in debt capital markets
- ◆ Deepen large corporate franchise & widen middle markets franchise

Funded and Non Funded ₹ bn



# Life Insurance

## Adjusted Premium Equivalent (APE) ₹ bn



Branches

150

197

214

203

214

Capital ₹ bn

5.3

5.6

5.6

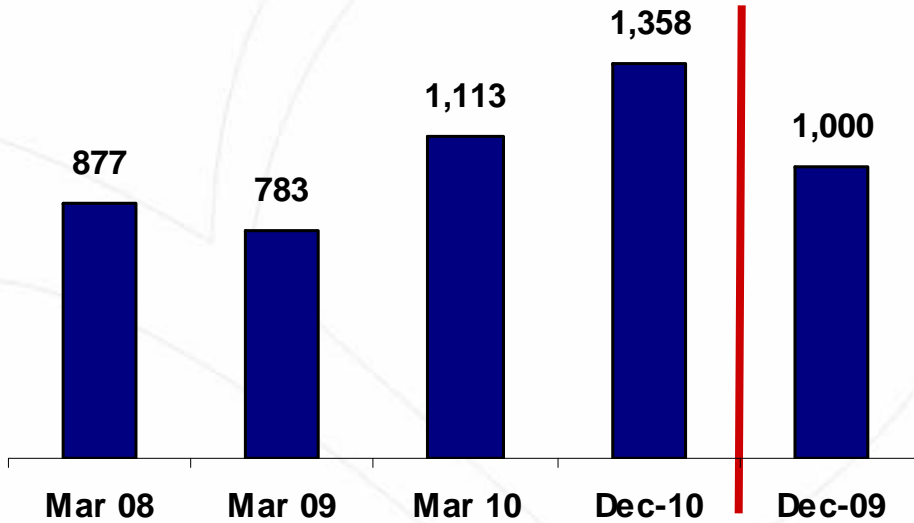
5.6

5.6

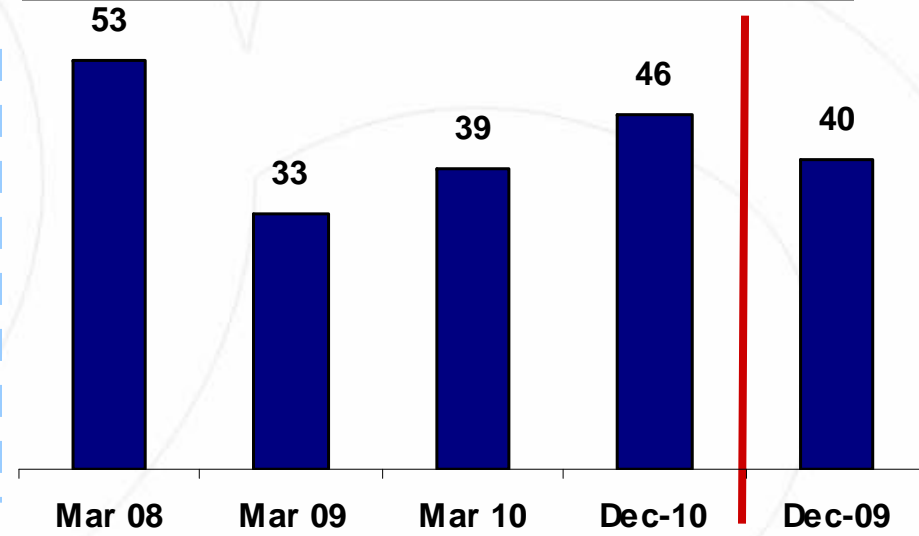


# Broking

## Branches & Franchisee



## Average Daily Volumes ₹ bn



- ◆ Over 1.2 mn secondary market customers
- ◆ Markets getting more fragmented
- ◆ Market volumes growth shift to F&O segment
















**ASIAMONEY**



- ◆ 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)
 Coal India Limited	Initial Public Offering	3,434
 Adani Enterprises Limited	Qualified Institutional Placement	870
 Piramal Healthcare	Buyback of equity shares	551
 Standard Chartered	Indian Depository Receipts	518
 JAYPEE INFRATECH	Initial Public Offering	507
 Ispat Industries	Exclusive Advisor to ISPAT Industries for Preferential Issue to JSW Steel	480
 RELIGARE Promoter Group	Open offer for Religare Enterprises Limited	465
 SKS MICROFINANCE	Initial Public Offering	354
 iGATE	Open Offer for Patni Computer Systems consequent to acquisition of controlling stake	300
 Prestige Estate Projects Ltd.	Initial Public Offering	268
 OBEROI REALTY	Initial Public Offering	232
 भारतीय स्टेट बैंक State Bank of India	Lead Manager to Debt Issue	220
 GAR	Private Placement of convertible shares to Temasek Holdings, the investment arm of Government of Singapore	200

# Investment Banking



**ASIAMONEY**

**Best Domestic Equity House  
2010**



**Best Investment Bank in India  
2010  
Best Equity House in India  
2010**



**GLOBAL  
FINANCE**

**Best Investment Bank in India  
2010**



**EUROMONEY**  
Award for Excellence

**Best Bank for Equity Finance in  
India (Real Estate)  
2010**



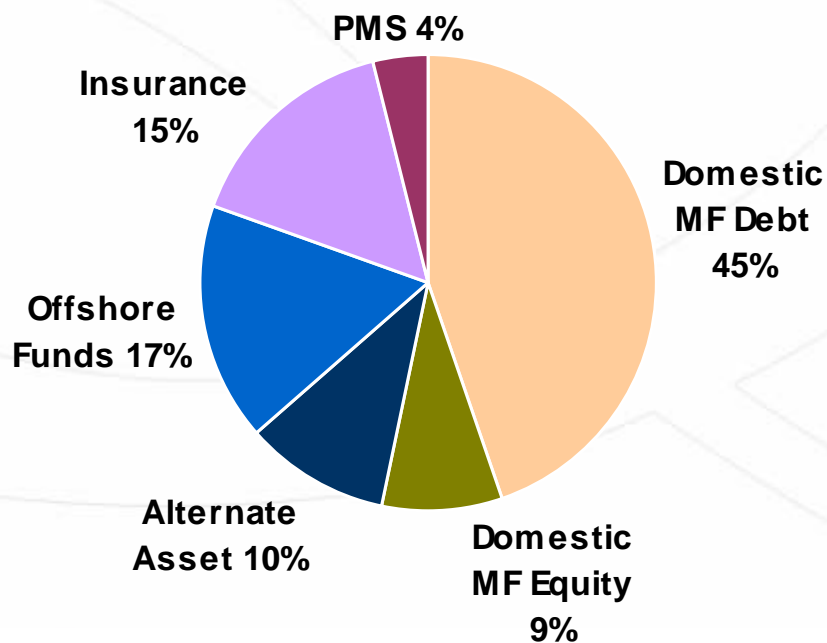
**Best Domestic Investment Bank  
2010**

# Asset Management

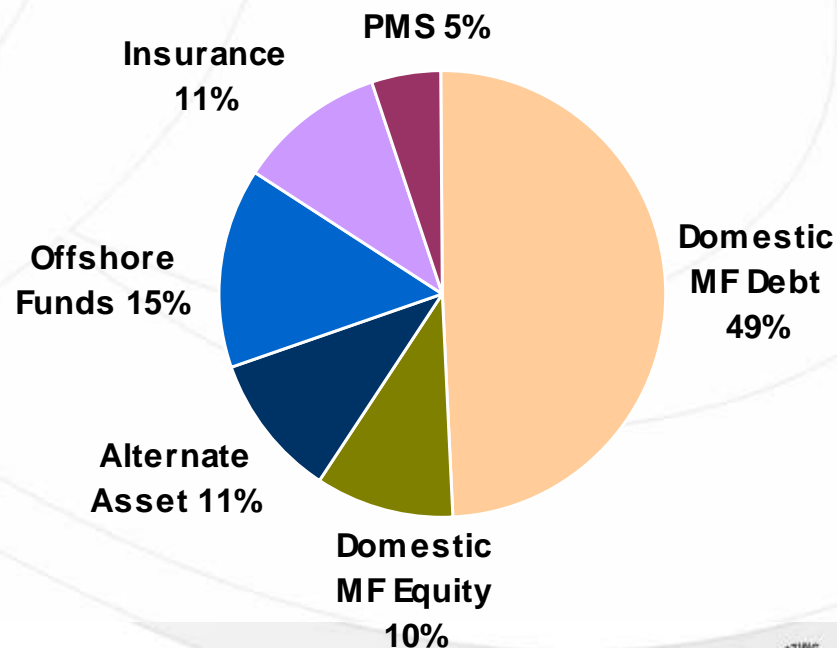
## Segment summary

- Over ₹ 510 bn of assets managed / advised through mutual funds, insurance, portfolio management, alternate assets & offshore funds

Q3FY11 – ₹ 510 bn



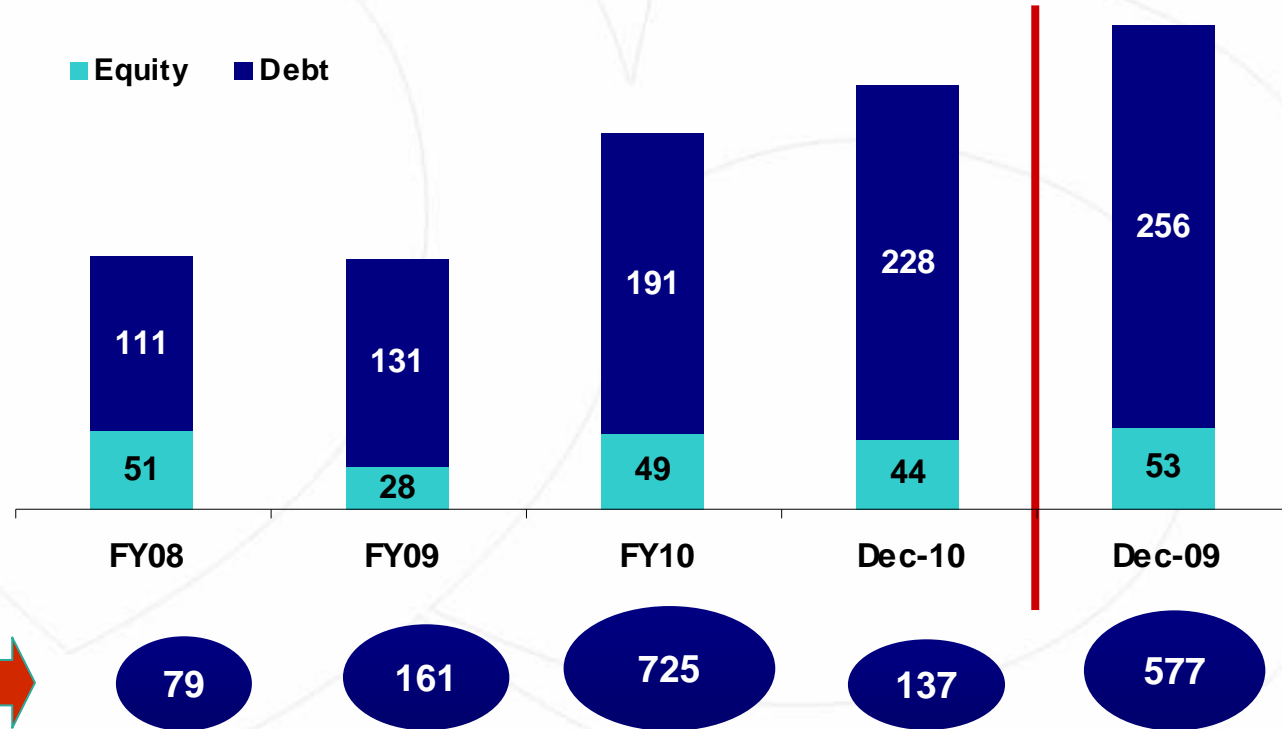
Q3FY10 – ₹ 524 bn



# Mutual Fund

## Asset Under Management – ₹ Bn

- ◆ Over 940,000 folios
- ◆ 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

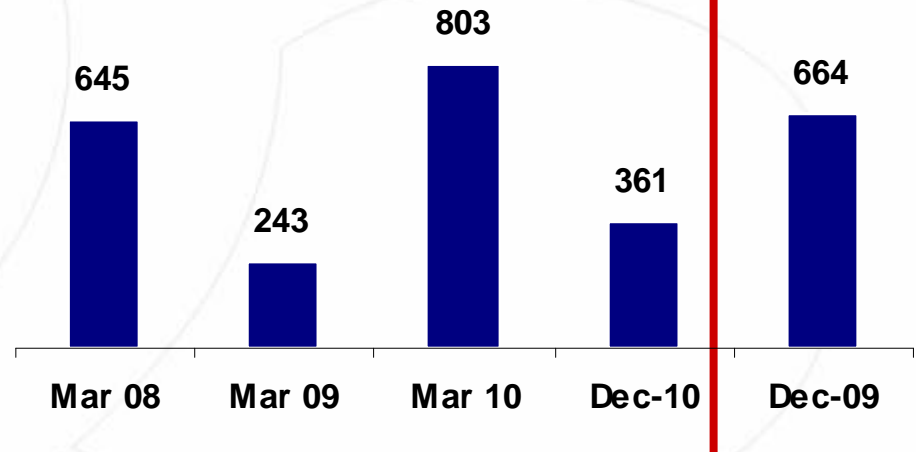
## ◆ Business

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

## ◆ Assets managed/advised: ₹ 87 bn

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

PAT ₹ mn



# 25 years

₹ mn	FY87	FY92	FY03	FY10	Dec 2010
Consolidated Advances	10	610	30,340	297,243	400,964
Consolidated PAT	3	220	733	13,070	10,754
Consolidated Net Worth	10	410	10,560	79,109	105,024
Market Capitalisation	-	342*	9,356	265,000	305,639

\* at issue price

₹ 100,000 invested at startup (1985) – now worth ₹ 3.3 bn

₹ 100,000 invested at IPO price (1992) – now worth ₹ 46 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 Shenoi

- ∞ 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 an 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

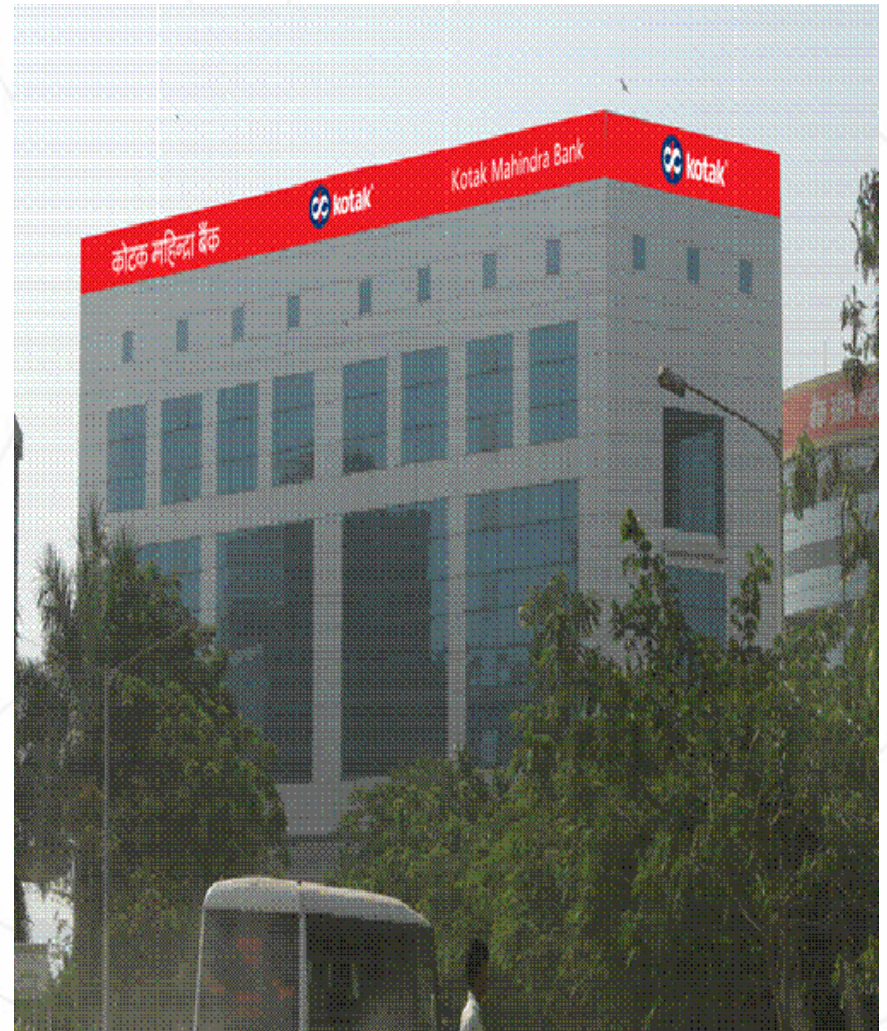


- ∞ Joined Kotak in 1991; **First charge** | Senior Manager – Bill Discounting; **Current charge** | Group Head – Corporate & Institutional Banking, Kotak Mahindra Bank
- ∞ **On being a professional entrepreneur** | I joined Kotak from a foreign bank. Since financial services was still a new area I was 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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