

Kotak Mahindra Bank Limited

NOTICE FOR EXTRAORDINARY GENERAL MEETING



Notice

Notice is hereby given that an Extraordinary General Meeting of the Members of the Bank is convened to be held on Tuesday, 27th July 2010 at Indian Merchants' Chamber, Walchand Hirachand Hall, 4th Floor, Churchgate, Mumbai – 400 020, at 3.30 p.m. to transact the following business:

Special Business – Issue and allotment of equity shares on a preferential basis

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (“Companies Act”) (including any statutory modifications or re-enactments thereof, for the time being in force), the Memorandum of Association and Articles of Association of the Bank, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time (“SEBI ICDR Regulations”), the provisions of any other applicable laws and regulations and listing agreement(s) entered into by the Bank with the stock exchanges where the securities of the Bank are listed and subject to such other approvals including from the Reserve Bank of India (“RBI”), permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Bank (hereinafter referred to as the “Board”, which expression shall be deemed to include person(s) authorised or any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution), the consent of the Bank be and is hereby accorded to the issue and allotment of 1,64,00,000 equity shares of the Bank of face value of Rs. 10/- each (“Subscription Shares”), representing approximately 4.5% of the paid up capital of the Bank post preferential allotment (where, paid up capital of the Bank, post preferential allotment means, the aggregate of the pre-allotment paid up capital of the Bank as on 25th June 2010 and the Subscription Shares) to Sumitomo Mitsui Banking Corporation, a public limited company registered under the laws of Japan, with its registered office at 1-2, Yurakucho 1-chome, Chiyoda-ku, 100-0006, Japan (“SMBC”) on a preferential basis at a price per equity share of Rs. 833/- (Rupees Eight Hundred Thirty Three only) (“Subscription Price”) for a total consideration of Rs. 1366,12,00,000/- (Rupees One Thousand Three Hundred Sixty Six Crores and Twelve Lakhs Only) through the Foreign Direct Investment (“FDI”) route, on such terms and conditions as the Board may deem fit and proper.

“RESOLVED FURTHER that in the event of the proposed sub-division of equity shares of the Bank becoming effective prior to the allotment of Subscription Shares, the number of shares to be allotted to SMBC pursuant to the preferential allotment and the price per share be adjusted in the following manner:

- i. Subscription Shares shall be read as 3,28,00,000 equity shares of face value of Rs. 5/- each of the Bank; and
- ii. Subscription Price shall be an amount of Rs. 416.50.

“RESOLVED FURTHER that:

- (i) the Subscription Shares to be so issued and allotted shall be in dematerialised form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Bank;
- (ii) the Subscription Shares shall rank *pari passu* with the existing equity shares of the Bank in all respects; and
- (iii) the relevant date for the preferential issue, for the purpose of SEBI ICDR Regulations, is 27th June 2010, which is the date, 30 days prior to the date of this Extraordinary General Meeting i.e. 27th July 2010.

“AND RESOLVED FURTHER that for the purpose of giving effect to the foregoing resolution the Board be and is hereby authorized and directed to execute such deeds, documents, and agreements and do all such acts, deeds, matters, or things as it in its sole discretion may deem necessary or desirable for such purpose without being required to seek any further consent or approval of the Bank or otherwise to the extent that they shall be deemed to have given their approval hereto expressly by the authority of this resolution and with power on behalf of the Bank to settle any question, difficulty, or doubt that may arise in this regard as it may in its absolute discretion deem fit and proper, including without limitation the power to agree to any amendment, alteration, or modification to the terms of the investment and the issue of the Subscription Shares.”

By Order of the Board of Directors

Bina Chandarana

Company Secretary & Executive Vice President

Place : Mumbai,

Date : 29th June 2010

Registered Office:

36-38A, Nariman Bhavan,

227, Nariman Point,

Mumbai 400 021

NOTES:

1. The explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956, with respect to the abovementioned business is enclosed.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be a member of the Bank. Proxies in order to be effective must be completed, signed, stamped and deposited with the Bank at its Registered Office at least 48 hours before the commencement of the meeting.
3. Members are requested to promptly notify any change in address to the Registrar at the following address:

Karvy Computershare Private Limited
(Unit : Kotak Mahindra Bank Limited)
Plot No. 17-24,
Vittal Rao Nagar, Madhapur,
Hyderabad – 500 081.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

- (1) It is proposed to issue and allot 1,64,00,000 equity shares of the Bank of face value of Rs. 10/- each ("Subscription Shares") to Sumitomo Mitsui Banking Corporation, a public limited company registered under the laws of Japan, with its registered office at 1-2, Yurakucho 1-chome, Chiyoda-ku, 100-0006, Japan ("SMBC") on a preferential basis at a price per equity share of Rs. 833/- (Rupees Eight Hundred Thirty Three only) ("Subscription Price") for a total consideration of Rs. 1366,12,00,000/- (Rupees One Thousand Three Hundred Sixty Six Crores and Twelve Lakhs Only) through the FDI route.
- (2) The Subscription Shares when allotted to SMBC, shall represent approximately 4.5% of the paid up capital of the Bank post preferential allotment (where, paid up capital of the Bank, post preferential issue means, the aggregate of the pre-allotment paid up capital of the Bank as on 25th June 2010 and the Subscription Shares).
- (3) In May 2010, the Board of the Bank has approved the sub-division of each equity share of the Bank of face value Rs 10/- into two shares of Rs. 5/- each. This is pending necessary approvals. In the event of the proposed sub-division of equity shares of the Bank becoming effective prior to the allotment of shares to SMBC, the number of shares and the price per share will be adjusted in the following manner:
 - (i) Subscription Shares shall be read as 3,28,00,000 equity shares of face value of Rs. 5/- each of the Bank; and
 - (ii) Subscription Price shall be an amount of Rs. 416.50.
- (4) The Bank and SMBC have also entered into a Memorandum of Understanding for Business Co-operation dated 29th June 2010. The intent of this cooperation between the two groups is to explore opportunities arising from cross border business, investment and trade flows, with a substantial focus on the India-Japan corridor. The cooperation would cover various businesses of mutual interest including asset management, alternate assets, investment banking, and wholesale banking such as infrastructure finance and external commercial borrowings, subject to relevant regulations.
- (5) Section 81(1A) of the Companies Act, 1956 provides, inter alia, that a company may increase its subscribed capital by further issue/offer and allotment of its shares to any person in any manner whatsoever if the company passes a special resolution approving the same in a general meeting of its shareholders.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other provisions of the Companies Act, 1956.

- (6) In terms of Regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), the following disclosures are being made:

(i) **Objects of the preferential issue**

The Bank is desirous of raising funds by way of Tier I capital for expansion of Bank's business activities and for the purpose of diluting the combined shareholding of the Bank's promoters and of Mr. Anand Mahindra, his family and entities controlled by them, in the Bank as a step towards meeting the requirement of the Reserve Bank of India (RBI), to 49%.

(ii) **The proposal of the promoters/directors/key management persons to subscribe to the offer:**

The promoters/directors/key management persons would not subscribe to the offer.

(iii) **Shareholding pattern of the Bank before and after the proposed preferential issue and allotment of equity shares pursuant to the resolution**

Shareholding pattern of the Bank before and after the preferential allotment:

Category	Pre- issue*		Post- Preferential Allotment	
	No. of Shares held (of face value Rs. 10/-)	Percentage of share holding	No. of Shares held (of face value Rs. 10/-)	Percentage of share holding
A. Promoters Holding				
1. Promoters				
— Indian Promoters	16,79,02,644	48.2	16,79,02,644	46.0
— Foreign Promoters	Nil	Nil	Nil	Nil
2. Persons acting in concert	Nil	Nil	Nil	Nil
Sub Total	16,79,02,644	48.2	16,79,02,644	46.0
B. Non-Promoters Holding				
1. Institutional Investors				
a. Mutual Funds and UTI	85,84,576	2.5	85,84,576	2.4
b. Banks, Financial Institutions, Insurance Companies, (Central/ State Government Institutions/ Non-Government Institutions)	1,12,90,484	3.2	1,12,90,484	3.1
c. FIs	8,54,94,551	24.5	8,54,94,551	23.4
Sub Total	10,53,69,611	30.2	10,53,69,611	28.9
2. Others				
a. Private Corporate Bodies	1,18,30,025	3.4	1,18,30,025	3.2
b. Indian Public	4,82,35,119	13.8	4,82,35,119	13.2
c. NRIs/OCBs	44,34,954	1.3	44,34,954	1.2
d. Clearing Members	1,08,12,915	3.1	1,08,12,915	3.0
e. Global Depository Shares (Depository)	9,131	0.0	9,131	0.0
f. SMBC	Nil	Nil	1,64,00,000	4.5
Sub Total	7,53,22,144	21.6	9,17,22,144	25.1
Grand Total	34,85,94,399	100.0	36,49,94,399	100.0

* As on 25th June 2010.

- The shareholding pattern post preferential allotment as stated above reflects capital as on June 25, 2010 added only with the proposed allotment under this resolution.
- The above shareholding pattern assumes that the proposed sub-division of shares of the Bank has not become effective on the date of allotment of the Subscription Shares under this resolution.

In the event of the proposed sub-division of equity shares of the Bank becoming effective prior to the allotment of the Subscription Shares to SMBC, the number of shares in the column relating to shares held post preferential allotment in the above table, including that of SMBC, will double, with no consequential change in the percentage of shareholding.

(iv) **Proposed time within which the issue and allotment will be completed**

As required under the SEBI ICDR Regulations, the allotment as aforesaid is proposed to be made within 15 days from the date of passing of this resolution or if the allotment of Subscription Shares would require any approval(s) from any regulatory authority or the Central Government, within 15 (fifteen) days from the date of such approval(s) being received, as the case may be.

- (v) **Identity of the proposed allottee and the percentage of paid up capital post preferential allotment that may be held by the said allottee**

Identity of proposed allottee	% of post preferential allotment equity capital*
Sumitomo Mitsui Banking Corporation, a public limited company registered under the laws of Japan, with its registered office at 1-2, Yurakucho 1-chome, Chiyoda-ku, 100-0006, Japan	4.5 %

* The paid up capital post preferential allotment as stated above reflects capital as on 25th June 2010 added only with the proposed allotment under this resolution.

- (vi) No Rights to SMBC: There will be no rights granted to SMBC pursuant to the preferential allotment of the Subscription Shares in the management of the affairs of the Bank and as such, no change in control of the Bank shall take place pursuant to the preferential allotment.
- (vii) The Board of Directors of the Bank has already approved the issue and allotment of Subscription Shares of the Bank on a preferential basis to the above entity.
- (viii) Statutory Auditor's Certificate: A certificate from M/s S. R. Batliboi & Co., Chartered Accountants, the statutory auditors of the Bank shall be obtained, certifying that the above preferential issue of Subscription Shares to SMBC is in accordance with the provisions of Chapter VII of the SEBI ICDR Regulations and shall be laid before the shareholders at the time of the meeting of the shareholders of the Bank.
- (ix) Lock-in: Pursuant to the SEBI ICDR Regulations, the Subscription Shares shall be subject to a lock-in for a period of one year from the date of their allotment.
- (7) Such issue and allotment of equity shares to SMBC would also require approvals, including from the RBI, and satisfaction of other activities as agreed between SMBC and the Bank (customary to such transactions, as contemplated under the agreement between SMBC and the Bank in this behalf), before the Bank can affect the allotment and if such approvals/activities are not obtained/completed by 30th September 2010 or any further date contemplated under the agreement between the parties, the preferential issue and allotment may not occur. It may further be noted that there are certain mutual obligations to be carried out by the Bank and SMBC until the completion of the allotment, as is customary. In the event of non-fulfillment of these, the agreement may be terminated by the concerned party and the allotment may not occur.
- (8) The Board recommends the abovementioned resolution to be passed as a special resolution.
- (9) No Director of the Bank is interested or concerned in this item of business.

By Order of the Board of Directors

Bina Chandarana

Company Secretary & Executive Vice President

Place : Mumbai,

Date : 29th June 2010

Registered Office:

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

Kotak Mahindra Bank Limited

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

EXTRAORDINARY GENERAL MEETING ATTENDANCE SLIP

I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of the Bank at Walchand Hirachand Hall, of the Indian Merchants Chamber, 4th floor, Churchgate, Mumbai 400 020 on Tuesday, 27th July 2010 at 3.30 p.m.

Signature_____

Attending Member/Proxy

NOTE: Member/Proxyholder wishing to attend the Meeting must bring the Attendance Slip duly signed to the Meeting and hand it over at the entrance.

Kotak Mahindra Bank Limited

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

PROXY

I/We.....of
.....in the district ofbeing a Member of Kotak
Mahindra Bank Limited hereby appoint.....ofin the
district ofor failing him/her.....of
in the district of.....as my/our Proxy to attend and vote for me/us and on my/our behalf at the
Extraordinary General Meeting of the Bank, to be held on Tuesday, 27th July 2010 at 3.30 p.m..

Folio No.

Physical Holding : KMF.....

Electronic Holding :

DP ID.....

Client ID.....

No. of Shares.....

Signature_____

Affix
Revenue
stamp

Signed this day of 2010.

NOTE : The Proxies must reach the Bank's Registered Office not less than FORTY EIGHT HOURS before the time for holding the aforesaid Meeting.

BOOK POST

If undelivered, please return to:

Registered Office:

Kotak Mahindra Bank Limited

36-38A, Nariman Bhavan,

227, Nariman Point,

Mumbai 400 021