

# Report on Corporate Governance

The Bank believes in adopting and adhering to the best standards of corporate governance to all the stakeholders. The Bank's corporate governance is, therefore based on the following principles:

- Appropriate composition, size of the Board and commitment to adequately discharge its responsibilities and duties
- Transparency and independence in the functions of the Board
- Independent verification and assured integrity of financial reporting
- Adequate risk management and Internal Control
- Protection of shareholders' rights and priority for investor relations
- Timely and accurate disclosure on all matters concerning operations and performance of the Bank

The Bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, regulators, the government and other parties. The Bank and its Directors understand and respect their fiduciary role and responsibility to all its stakeholders.

The report on the Bank's corporate governance, as per the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

## BOARD OF DIRECTORS

### Composition, Meeting and Attendance

The composition of the Board of Directors of the Bank is governed by the Banking Regulation Act, 1949 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31<sup>st</sup> March, 2018, the Board of Directors, comprising a combination of executive and non-executive Directors, consisted of ten members, of whom eight were non-executive Directors. The Chairman of the Board was a Non-Executive Director and five of the Directors were independent. The Board mix provides a combination of professionalism, knowledge and experience required in the banking industry. The responsibilities of the Board *inter alia* include formulation of overall strategy for the group, taking new initiatives, formulating policies, performance review, monitoring of plans, pursuing of policies and procedures. The Board is responsible for the business and overall affairs of the Bank and the reporting structure of the Bank is consistent with the same.

A brief description of the Directors, along with the companies in which they hold directorship and the membership of the committees of the Board, as on 31<sup>st</sup> March, 2018, are furnished hereunder:

#### Dr. Shankar Acharya, Non-Executive Chairman

(DIN: 00033242)

Dr. Shankar Acharya, B.A. (Hons.) from Oxford University and PhD (Economics) from Harvard University, aged 72 years, has considerable experience in various fields of economics and finance. He is a Honorary Professor at the Indian Council for Research on International Economic Relations (ICRIER). He was Chief Economic Adviser, Ministry of Finance, Government of India; Member, Securities and Exchange Board of India (SEBI) and Member, Twelfth Finance Commission. He has held several senior positions in the World Bank, including Director of World Development Report (1979) and Research Advisor.

He is on the Board of Great Eastern Shipping Co. Ltd.

#### Mr. Uday Kotak, Managing Director & CEO

(DIN: 00007467)

Mr. Uday Kotak, aged 59 years, holds a Bachelor's degree in Commerce, and a MMS degree from Jamnalal Bajaj Institute of Management Studies, Mumbai. He is the Managing Director & CEO of the Bank and its promoter. Under Mr. Kotak's leadership, over the past 32 years, the Kotak Group established a prominent presence in major areas of financial services including Banking, Stock broking, Investment banking, Car finance, Insurance and Asset Management. He is a Member of the International Advisory Board of GIC Private Limited, Singapore and International Advisory Panel of Monetary Authority of Singapore, Member of the Board of Governors of Indian Council for Research on International Economic Relations and The Anglo Scottish Education Society (Cathedral & John Connon School). He is also a Governing Member of the Mahindra United World College of India.

Mr. Kotak has been awarded the 'EY World Entrepreneur of the Year Award' in 2014 by Ernst & Young, 'Economic Times Business Leader of the Year Award' in 2015 by the Economic Times, 'Best Transformational Leader Award 2015' by Asian Centre for Corporate Governance Sustainability in 2016, 'Businessman of the Year 2016' by Business India and Lifetime Achievement Award at Financial Express Best Banks' Awards 2016 amongst many others.

He is on the Board of the following companies:

Kotak Mahindra Asset Management Company Limited	Kotak Mahindra Prime Limited
Kotak Mahindra Capital Company Limited	Kotak Mahindra Investments Limited
Kotak Mahindra Life Insurance Company Limited	Kotak Securities Limited

Mr. Uday Kotak is also a member of the Stakeholders Relationship Committee of the Bank and Chairman of the Audit Committee of Kotak Mahindra Capital Company Limited.

**Mr. Dipak Gupta, Joint Managing Director**

(DIN: 00004771)

Mr. Dipak Gupta, B.E. (Electronics), PGDM-IIM, Ahmedabad, aged 57 years, is the Joint Managing Director of the Bank and has over 32 years of experience in the financial services sector, 26 years of which have been with the Kotak Group. Mr. Dipak Gupta was responsible for overseeing the wealth management business, alternative investments business which included private equity funds and real estate funds, treasury and asset reconstruction business of the Bank.

Mr. Dipak Gupta was responsible for leading the Kotak Group's initiatives into the banking arena. He was the Executive Director of Kotak Mahindra Prime Limited. Prior to joining the Kotak Group, he was with A. F. Ferguson & Company.

With effect from 1<sup>st</sup> May, 2018, Mr. Dipak Gupta is responsible for overseeing Digital & IT, HR, operations, alternative investments business and asset reconstruction business.

He is on the Board of the following companies:

Kotak Mahindra Investments Limited*	Kotak Investment Advisors Limited
Kotak Mahindra Capital Company Limited	Kotak Mahindra Life Insurance Company Limited
Kotak Infrastructure Debt Fund Limited	Kotak Mahindra (UK) Limited
Kotak Mahindra Inc.	

\* ceased to be a Director w.e.f. 1<sup>st</sup> April, 2018

Mr. Dipak Gupta is also a member of the Stakeholders Relationship Committee of the Bank and Audit Committees of Kotak Mahindra Investments Limited (ceased w.e.f. 1<sup>st</sup> April, 2018), Kotak Mahindra Capital Company Limited and Kotak Investment Advisors Limited.

**Mr. C. Jayaram**

(DIN: 00012214)

Mr. C. Jayaram, B. A. (Economics), PGDM-IIM, Kolkata, aged 62 years, is the non-executive director of the Bank. He has varied experience of over 38 years in many areas of finance and business. Mr. Jayaram headed the wealth management business, alternative investments business including private equity funds and real estate funds and international operations for Kotak Group till his retirement in April, 2016. He was with the Kotak Group for 26 years and was instrumental in building a number of new businesses at Kotak Group. Prior to joining the Kotak Group, he was with Overseas Sanmar Financial Ltd. He is on the Board of Financial Planning Standards Board India.

He is also on the Board of the following companies:

Kotak Mahindra Asset Management Company Limited	Allsec Technologies Limited
Multi Commodity Exchange of India Limited	Multi Commodity Exchange Clearing Corporation Limited

Mr. C. Jayaram is a member of the Audit Committees of Kotak Mahindra Asset Management Company Limited, Allsec Technologies Limited and Multi Commodity Exchange of India Limited.

**Mr. Prakash Apte**

(DIN: 00196106)

Mr. Prakash Apte, B.E. (Mechanical), aged 64 years, served as Managing Director of Syngenta India Ltd (SIL), agricultural business company in India, until April, 2011. SIL is a subsidiary of Syngenta Group one of the largest research based agribusiness across the world. Since April, 2011, he has been the non-executive Chairman of Syngenta India Limited. He was instrumental in setting up the Syngenta Foundation India which focuses on providing knowledge and support for adopting scientific growing systems to resource poor farmers and enabling their access to market.

Mr. Apte has considerable experience in agricultural sector. In a career spanning over 36 years, he has extensive experience in various areas of management and business leadership. During more than 16 years of successful leadership experience in agriculture business, he has gained diverse knowledge in various aspects of businesses and has been involved with many initiatives for technology, knowledge and skills upgradation in this sector, which is vital for India's food security. He is on the Board of Syngenta Foundation India, Indo-Swiss Centre of Excellence and Swiss Indian Chamber of Commerce.

He is also on the Board of the following companies:

Syngenta India Limited

Kotak Mahindra Life Insurance Company Limited

Fine Organic Industries Limited

Mr. Apte is the Chairman of the Audit Committee of Bank, Syngenta India Limited and Kotak Mahindra Life Insurance Company Limited. He is also a member of the Stakeholders Relationship Committee of Syngenta India Limited and Fine Organic Industries Limited.

#### Mr. Amit Desai

(DIN: 00310510)

Mr. Amit Desai, B.Com, LLB, aged 59 years, is an eminent professional with 37 years of experience. He is also on the Board of Kotak Mahindra Trustee Company Limited.

#### Prof. S. Mahendra Dev

(DIN: 06519869)

Prof. S. Mahendra Dev, PhD from the Delhi School of Economics, aged 60 years is currently Director and Vice Chancellor, Indira Gandhi Institute of Development Research (IGIDR), Mumbai, India. He was Chairman of the Commission for Agricultural Costs and Prices (CACAP), Govt. of India, Delhi. He was Director, Centre for Economic and Social Studies, Hyderabad for 9 years during 1999 to 2008. He has done his Post-doctoral research at Yale University and was faculty member at the Indira Gandhi Institute of Development Research, Mumbai for 11 years.

He has been a member of several government committees including the Prime Minister's Task Force on Employment and Rangarajan Commission on Financial Inclusion. He has received honors for eminence in public service. He is the Chairman of the Committee on Terms of Trade on agriculture constituted by the Ministry of Agriculture, Government of India. He was a member and Acting Chairman of the National Statistical Commission in the rank of Minister of State, Government of India. He received prestigious Malcolm Adiseshiah Award for outstanding research work on development studies. He is on the Board of Trustees of International Food Policy Research Institute (IFPRI), Washington D.C.

He is also on the Board of Kotak Mahindra Prime Limited. Prof. Dev is the Chairman of the Stakeholders Relationship Committee of the Bank and a member of the Audit Committees of the Bank and Kotak Mahindra Prime Limited.

#### Ms. Farida Khambata

(DIN: 06954123)

Ms. Farida Khambata, aged 68 years, is Master of Arts in Economics from the University of Cambridge, a Master of Science in Business Management from the London Business School and a Chartered Financial Analyst. She is currently Global Strategist of Cartica Management, LLC and a member of its Investment Committee. She was earlier with International Finance Corporation (IFC) and was a member of IFC's Management Group, the senior leadership team of IFC. In her last position at IFC she served as Regional Vice President in charge of all operations in East Asia and the Pacific, South Asia, Latin America and the Caribbean and the Global Manufacturing Cluster. Ms. Khambata joined IFC in 1986 from the World Bank where she managed pension fund assets.

She is a member on the Advisory Board of ADM CEECAT Fund and Bancroft II and III Funds. She is also on the Board of Dragon Capital Group Limited, Vietnam, Cargills Foods Company Private Limited, Sri Lanka and Tata Sons Limited.

Ms. Khambata is a member of the Audit Committee of Tata Sons Limited.

#### Mr. Mark Edwin Newman

(DIN : 03518417)

Mr. Mark Edwin Newman, aged 52 years is a Chartered Accountant and has obtained Mathematics (Honours) degree from King's College London. Mr. Mark Newman is Head of Retail Challengers and Growth Markets, Asia. He started his career at Deloitte Haskins and Sells where he qualified as a Chartered Accountant before joining ING Group in 1992, in London. He moved to Asia in 1996 where he held a number of roles including Head of Financial Markets, Asia and CEO Wholesale Banking, Asia.

He is a Director on the Board of ING Bank Australia Limited and a member of the Audit Committee of ING Bank Australia Limited.

#### Mr. Uday Khanna

(DIN : 00079129)

Mr. Uday Chander Khanna, aged 68 years is a Chartered Accountant by qualification. Mr. Khanna is currently the Non-Executive Chairman of Bata India Ltd. Mr. Khanna was Managing Director & CEO of Lafarge India from July, 2005 to July, 2011 and the Non-Executive Chairman of Lafarge India from July, 2011 to September, 2014. He joined the Lafarge Group in Paris in June, 2003 as Senior Vice President for Group Strategy, after an extensive experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally. His last position before joining Lafarge was Senior Vice President - Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director - Exports, after having served as Financial Controller and Treasurer of the company. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever - North America, based in the USA. He is a Member of the Board of Governors of The Anglo Scottish Education Society and Jt. Managing Trustee of the Indian Cancer Society.

He is also on the Board of the following companies:

Bata India Limited	Pidilite Industries Limited
Castrol India Limited	DSP Blackrock Investment Managers Private Limited
Pfizer Limited	

Mr. Khanna is the Chairman of the Audit Committees of Castrol India Limited and DSP Blackrock Investment Managers Private Limited and Stakeholders Relationship Committees of Bata India Ltd. and Pfizer Limited. He is also a member of the Audit Committees of the Bank, Bata India Limited, Pfizer Limited and Pidilite Industries Limited.

Note: The Committee Memberships of only Audit Committee and Stakeholders Relationship Committee have been considered.

The following table gives the composition of Bank's Board and the number of outside directorships held by each of the Directors and the committee positions held by the Directors as on 31<sup>st</sup> March, 2018:

Name of Directors	Position	Special Knowledge	No. of Directorships in other Companies		No. of Committee Positions held in the Bank and other Public Companies	
			Indian Public Companies	Other Indian Companies	Chairman	Member
Dr. Shankar Acharya*	Non-Executive Chairman	Economics & Finance	1	-	-	-
Mr. Uday Kotak**	Executive Vice-Chairman & Managing Director, Promoter	Banking, Finance & Management	6	2	1	1
Mr. C. Jayaram	Non-Executive Director	Finance, Economics & Management	4	1	-	3
Mr. Dipak Gupta	Joint Managing Director	Finance, IT & Management	5	-	-	4
Mr. Prakash Apte***	Independent Non-Executive Director	Agriculture, Rural Economy & Management	3	2	3	3
Mr. Amit Desai	Independent Non-Executive Director	Law	1	-	-	-
Prof. S. Mahendra Dev	Independent Non-Executive Director	Agriculture & Rural Economy	1	-	1	2
Ms. Farida Khambata	Independent Non-Executive Director	Economics, Finance & Management	1	-	-	1
Mr. Mark Newman	Non-Executive Director	Banking, Treasury, Finance & Accountancy	-	-	-	-
Mr. Uday Khanna	Independent Non-Executive Director	Business Management, Accountancy & Finance	4	2	3	4

\* Dr. Acharya retires by rotation as a Director at the forthcoming Annual General Meeting of the Bank and is not seeking re-appointment as he has completed 70 years of age.

\*\* The Board of Directors have re-designated Mr. Uday Kotak as Managing Director & CEO with effect from 1<sup>st</sup> May, 2018, in line with good governance practice.

\*\*\* The Board of Directors at its meeting held on 30<sup>th</sup> April, 2018 has, subject to necessary approvals, approved the appointment of Mr. Apte as non-executive part-time Chairman of the Bank with effect from 20<sup>th</sup> July, 2018 till 31<sup>st</sup> December, 2020.

**Notes:**

- The Committee Memberships mentioned above are of only Statutory Committees as per Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely Audit Committee and Stakeholders Relationship Committee.

2. *None of the Directors on the Board is a member of more than ten committees and the Chairman of more than five committees in all, the companies in which he is a Director (for this purpose the membership of Audit Committee and Stakeholders Relationship Committee have been taken into consideration). All the Directors have made disclosures regarding their membership on various committees in other companies.*
3. *In compliance with Regulation 24(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Prakash Apte, an independent director on the Board of the Bank has been a director on the Board of Kotak Mahindra Life Insurance Company Limited, an unlisted material Indian subsidiary of the Bank.*

## BOARD MEETINGS

### Scheduling and selection of agenda items for board meetings

Dates of the board meetings are decided in advance. The board meetings are convened by giving appropriate notice after obtaining the approval of the Chairman and the Managing Director & CEO. The Board meets at least once a quarter to review the results and other items on the agenda, once a year for approval of annual budgets and strategy. When necessary, additional meetings are held.

The agenda of the board meetings is drafted by the Company Secretary along with the explanatory notes and these are distributed in advance to the directors. Every Board member is free to suggest the inclusion of items on the agenda. All divisions/departments in the Bank are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/ approval/ decision in the board/ committee meetings.

All such matters are communicated to the Company Secretary in advance so that the same could be included in the agenda for the board meetings.

The agenda papers are prepared by the concerned officials of the respective department and are approved by the Joint Managing Director and/or Managing Director & CEO. Agenda papers are circulated to the Board by the Company Secretary. Additional items on the agenda are permitted with the permission of the Chairman and with the consent of all the directors present at the meeting.

The Board also passes resolutions by circulation on need basis. Conference calls are arranged to enable the directors to discuss in detail the items to be approved by circulation and seek clarification as may be required. The Bank has been providing the directors with an option to participate in the board meetings through electronic mode.

The minutes of all the Committees of the Board of Directors of the Bank and the minutes of the meetings of the Board of Directors of the subsidiary companies of the Bank are placed before the Board.

The quarterly, half-yearly and the annual results for the consolidated entity and for the Bank standalone are first placed before the Audit Committee of the Bank and thereafter the same are placed before the Board of Directors.

A Compliance Certificate, signed by the Managing Director & CEO in respect of various laws, rules and regulations applicable to the Bank is placed before the Board, every quarter.

The Bank has put in place a post meeting follow-up, review and reporting process for the action taken on decisions of the Board. The Company Secretary submits follow-up Action Taken Report to the Board at each meeting on the compliance of the decisions/instructions of the Board.

During the year under review, eight meetings of the Board of Directors were held on 27<sup>th</sup> April, 2017, 15<sup>th</sup> May, 2017, 20<sup>th</sup> July, 2017, 14<sup>th</sup> September, 2017, 25<sup>th</sup> October, 2017, 2<sup>nd</sup> December, 2017, 19<sup>th</sup> January, 2018 and 16<sup>th</sup> March, 2018. The maximum time gap between any two meetings was not more than one hundred and twenty days. The average duration of the board meetings held is approximately eight hours.

The details of directors attendance at board meetings held during the year commencing 1<sup>st</sup> April, 2017 and ending 31<sup>st</sup> March, 2018 and at the last AGM are as under:

Sr. No.	Directors	Board Meetings attended during the year 2017-18	Whether attended last AGM held on 20 <sup>th</sup> July, 2017
1.	Dr. Shankar Acharya	7	YES
2.	Mr. Uday Kotak	8	YES
3.	Mr. C. Jayaram	6	YES
4.	Mr. Dipak Gupta	8	YES
5.	Mr. Prakash Apte	8	YES
6.	Mr. Amit Desai	5	NO
7.	Prof. S. Mahendra Dev	7	YES
8.	Ms. Farida Khambata	5	YES
9.	Mr. Mark Newman	5	NO
10.	Mr. Uday Khanna	7	YES

**Note:** *Mr. Mark Newman and Dr. Shankar Acharya participated in one Board Meeting each by way of a conference call. The same is not included in the meetings attended.*

### Separate Meeting of Independent Directors

A meeting of the Independent Directors of the Bank was held on 16<sup>th</sup> March, 2018. The same was chaired by an Independent Director and attended by all the Independent Directors of the Bank. At the said meeting, there were a few suggestions from the Independent Directors for improving the performance of the Board viz. apprising the Board of the latest developments in Information Technology from time to time and the continuing education of the Board from governance prospective.

### Information supplied to the Board

The directors are presented with important information on operations of the Bank as well as that which requires deliberation at the highest level. Information is provided on various critical items such as annual operating plans and budgets, minutes of meetings of the Audit Committee and other committees of the Board, details of joint ventures and non-compliance, if any with regulatory or statutory guidelines or with the listing requirements etc.

Disclosures of interest are duly received from all directors and there is no potential conflict of interest in any transaction of the Bank with any directors.

### Directors' Remuneration

(Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The details of remuneration to the Executive Directors for the year ended 31<sup>st</sup> March, 2018 is as follows:

Particulars	Mr. Uday Kotak	Mr. Dipak Gupta
	(₹ '000) *	(₹ '000) *
Basic	18,960.00	18,480.00
Allowances	3,625.00	3,350.00
Provident Fund	2,275.20	2,217.60
Superannuation	-	100.00
Annual Incentive	7,000.00	7,000.00
Number of stock options granted during the year	-	68,570

(Series10/2015)

\* The amount shown above excludes gratuity payable and value of car perquisites under the Income Tax Act, 1961.

Annual Incentive is the incentive for the year ended 31<sup>st</sup> March, 2017 paid out during the year.

The details of the options granted during the year, under the Kotak Mahindra Equity Option Scheme 2015, to the Directors are as under:

Name of Director	Date of Grant	No. of Options granted	Exercise Price	Exercise Period	Options Vested	Vesting Date
Series 10/2015 of Kotak Mahindra Equity Option Scheme 2015						
Mr. Dipak Gupta	15 <sup>th</sup> May, 2017	68,570	₹ 700/- per share	9 <sup>th</sup> October, 2018 to 28 <sup>th</sup> February, 2019	30%	9 <sup>th</sup> October, 2018
				31 <sup>st</sup> October, 2019 to 30 <sup>th</sup> April, 2020	30%	31 <sup>st</sup> October, 2019
				30 <sup>th</sup> June, 2020 to 31 <sup>st</sup> December, 2020	20%	30 <sup>th</sup> June, 2020
				31 <sup>st</sup> December, 2020 to 31 <sup>st</sup> March, 2021	20%	31 <sup>st</sup> December, 2020

**Note:** The above are the only stock options which have been granted at a discount to the then prevailing market price.

Dr. Shankar Acharya, Non-Executive Chairman, was paid remuneration of ₹ 30,00,000/- for the year.

The Reserve Bank of India (RBI) has approved (i) the revision in remuneration to Mr. Uday Kotak and Mr. Dipak Gupta for the year 2017-18 (ii) the annual incentive payable for the financial year ended 31<sup>st</sup> March, 2017 (iii) the stock options granted (as indicated above) to Mr. Dipak Gupta and (iv) the revision in remuneration of Dr. Shankar Acharya, Non-Executive Chairman.

The details of sitting fees and commission paid to the Non-Executive Directors are as follows:

Sr. No.	Name of Director	Sitting fees (₹ '000)	Commission (₹ '000)
		(Paid for the year ended 31 <sup>st</sup> March, 2018)	(Paid for the year ended 31 <sup>st</sup> March, 2017)
1.	Dr. Shankar Acharya	900.00	-
2.	Mr. Prakash Apte	1,740.00	1,000.00
3.	Mr. Amit Desai	900.00	800.00
4.	Prof. S. Mahendra Dev	1,600.00	1,000.00
5.	Ms. Farida Khambata	540.00	1,000.00
6.	Mr. Mark Newman*	-	-
7.	Mr. C. Jayaram	880.00	1,000.00
8.	Mr. Uday Khanna	1,240.00	750.00
9.	Mr. N.P. Sarda**	N.A.	500.00
10.	Mr. Asim Ghosh***	N.A.	200.00

\* Mr. Mark Newman has waived off the amount of sitting fees and commission payable to him.

\*\* Ceased to be a Director of the Bank w.e.f. 22<sup>nd</sup> July, 2016, the date of the annual general meeting where he was eligible to be reappointed as per Companies Act, but did not as he had crossed the age of 70 years.

\*\*\* Ceased to be a Director of the Bank w.e.f. 9<sup>th</sup> May, 2016, pursuant to the provisions of Section 10(2A)(i) of the Banking Regulation Act, 1949, on his completing a tenure of eight years as a director of the Bank.

#### Notes:

- The Board of Directors of the Bank decides the performance bonus to be paid to the Managing Director & CEO and the Joint Managing Director on the basis of the performance of the Bank and the fulfillment of responsibilities assigned to them and after considering the recommendations by the Nomination & Remuneration Committee.
- The terms of employment of Mr. Uday Kotak and Mr. Dipak Gupta provide for termination by mutual consent or by giving not less than three month's notice in writing. In the event of termination of employment, the liability of the Bank shall be limited to providing only the salary and perquisites as prescribed by the terms of employment for a period of three months from the date of notice.

#### COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted several committees to deal with specific matters and delegated powers for different functional areas. These Committees monitor the activities falling within their terms of reference. Details of some of the key Committees are given below:

##### Audit Committee

The Audit Committee of the Bank comprises of three members, with any two forming the quorum. The terms of reference of the Audit Committee of the Bank are as follows:

##### Documents/Reports Review and Financial Reporting Process

- Review and update the Audit Committee Charter periodically, as conditions dictate
- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Review the organization's annual financial statements and any reports or other financial information submitted to any regulatory body, or the public, including any certification, report, opinion, or review rendered by the independent auditors or firm of accountants
- Review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with regulatory guidelines, listing agreement and other legal requirements relating to financial statements
  - Disclosure of any related party transactions

- g. Qualifications in the draft audit report
  - h. Going concern assumption
  - i. Compliance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India
  - j. Review significant related party transactions.
  - k. Approval or any subsequent modification of transactions of the company with related parties
  - l. Scrutiny of inter-corporate loans and investment
  - m. Valuation of undertakings or assets of the company, wherever it is necessary
  - n. Evaluation of internal financial controls and risk management systems
- Review, with the management, the quarterly financial statements before submission to the board for approval
  - Review Management discussion and analysis of financial condition and results of operations
  - Review the regular internal reports to management prepared by the internal auditing department and management's response, including those pertaining to internal control weaknesses
  - Discuss with independent statutory auditors significant issues raised in the Long Form Audit Report and follow up there on
  - Discuss with internal auditors any significant findings and follow up there on
  - Review reasons for revenue leakage and approve corrective action plan and monitor them at regular interval. Monitor areas of repeat occurrences, if any and ensure immediate actions are taken to prevent such repeat occurrences of revenue leakage
  - Review the financial statements of unlisted subsidiary company/ies and more particularly the investments made by them
  - Review the internal audit reports and minutes of meetings of Audit Committee of the subsidiaries
  - Reviewing, with the management, the statement of uses / application of funds, wherever necessary, raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter wherever necessary

#### **Independent Statutory Auditors**

- Recommend to the Board of Directors the appointment, re-appointment, replacement and removal of the independent statutory auditors, considering independence and effectiveness and approve terms of appointment, the fees and other compensation to be paid to the independent statutory auditors
- Approve all payments for services rendered other than as statutory auditors
- Review and monitor, with management, independence, the performance of the statutory auditors and effectiveness of audit process
- Periodically consult with the independent statutory auditors in the absence of management about internal controls and the fullness and accuracy of the organization's financial statements
- Discuss with the independent statutory auditors before commencement of the audit, the nature and scope of the audit
- Discuss and ascertain from the independent statutory auditors post the completion of the audit, areas of concern, if any
- Review management letters / letters of internal control weaknesses issued by the statutory auditors

#### **Internal Audit Department**

- Approve appointment, re-appointment, replacement and removal of the concurrent auditors and outsourced internal auditors and fees and other compensation to be paid to them
- Review with management, performance of internal auditors and adequacy of the internal control systems
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit
- Review the findings of any internal investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board of Directors
- Approve, review and monitor the Risk Based Internal Audit Plan each year
- Review appointment, removal, performance and terms of Head – Internal Audit



**Inspections conducted by regulators**

- Read the audit inspection reports of the inspection team of Reserve Bank of India or any other regulator, approve action plans for corrective actions to be taken and monitor compliance thereof

**Risk Management**

- Review the adequacy of Bank's financial and risk management policies and report the matter to the Board of Directors
- Review the overall exposure to Capital Market

**Process Improvement**

- Establish regular and separate systems of reporting to the Audit Committee by each of management, the independent statutory auditors and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments
- Following completion of the annual audit and internal audit plan, review separately with each of management, the independent statutory auditors and the internal auditing department any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information
- Review any significant disagreement among management and the independent statutory auditors in connection with the preparation of the financial statements
- Review any significant disagreement among management and the internal audit department in connection with the observations made in the internal audit report
- Review with the independent statutory auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

**Ethical and Legal Compliance**

- Establish, review and update periodically a Code of Conduct and ensure that management has established a system to enforce this Code
- Review management's monitoring of the Bank's compliance with the organization's Code of Conduct and ensure that management has the proper review system in place to ensure that Bank's financial statements, reports and other financial information disseminated to regulators and the public satisfy legal requirements
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of dividend declared) and creditors
- Review the functioning of the Whistle Blower mechanism
- Review reports from the Bank's compliance officer
- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate
- Perform any other activities consistent with the Charter, the Bank's By-laws and governing law, as the Committee or the Board deems necessary or appropriate

The Audit Committee presently consists of Mr. Prakash Apte (Chairman), Prof. S. Mahendra Dev and Mr. Uday Khanna.

All the members of the Committee are Independent Non-Executive Directors. All the members of the Committee are financially literate within the meaning of Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Uday Khanna possesses accounting and financial management expertise.

The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee Mr. Prakash Apte was present at the last Annual General Meeting to answer the queries of the shareholders. The members of the Audit Committee meet the statutory auditors independently at least once a year.

During the year, seven meetings of the Committee were held on 27<sup>th</sup> April, 2017, 9<sup>th</sup> May, 2017, 19<sup>th</sup> July, 2017, 24<sup>th</sup> October, 2017, 20<sup>th</sup> November, 2017, 18<sup>th</sup> January, 2018 and 15<sup>th</sup> March, 2018. All the members attended all the seven meetings. The Committee meets for approximately six hours. The maximum time gap between any two meetings was not more than one hundred and twenty days.

The Bank has constituted a First Tier Audit Committee (FTAC) as per the guidelines issued by the Reserve Bank of India. The Committee was re-constituted w.e.f. 1<sup>st</sup> April, 2018 and currently consists of four members viz., Mr. Jaimin Bhatt (Chairman) – President & Group CFO, Mr. T.V. Sudhakar, Head – Compliance, Mr. Devang Gheewalla, Head - Operations and Mr. Rajiv Gurnani, Head - Credit. Where the internal audit report pertains to specific businesses, the specific Business Head also attends the meeting. The Committee screens the matters entrusted to the Audit Committee and also the routine matters such as overseeing the programme of inspections and compliance of inspection reports so as not to burden the Audit Committee with matters of detail. FTAC also reviews functioning of internal audit department closely to guide and enable independence as well as effectiveness. During the year, 14 meetings of the Committee were held. The Committee meets for approximately four hours.

The Bank has adopted a charter of the Audit Committee of the Board of Directors which includes the purpose, composition, roles, responsibilities & duties and powers of the Audit Committee. The said charter also includes the purpose and composition of FTAC.

#### **Internal Audit framework**

Internal Audit Department (IAD) in Kotak Mahindra Bank is an independent function reporting directly into the Audit Committee of the Bank. It is governed by the Internal Audit Policy approved by the Board of Directors of the Bank. The said Policy defines the Independence, Reporting, Authority, Accountability and functional responsibility.

IAD has full access to the organization's records, personnel and activities to review, assess the effectiveness of risk management, controls, governance, and operations for objective & constructive recommendations for improvement.

IAD comprises of around 200 members located across 5 locations PAN India, majority of whom are qualified auditors, viz Chartered Accountants, Certified Internal Auditors, Certified Information System Auditors and experienced Bankers. Internal Audit team members regularly attend audit and related workshops, conferences and training on specialized topics within the Banking Industry. The team members are encouraged and supported for acquiring additional skillsets / certifications of topical relevance.

#### **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee of the Bank presently consists of three members, Prof. S. Mahendra Dev (Chairman), Mr. Uday Kotak and Mr. Dipak Gupta, with any two forming the quorum. The Committee reviews the complaints received from the shareholders and ensures redressal thereof. The constitution and composition of the Committee is in accordance with the provisions of Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the criteria specified by the Reserve Bank of India. The Company Secretary acts as the Secretary of the Committee.

During the year, three meetings of the Committee were held on 7<sup>th</sup> July, 2017, 20<sup>th</sup> November, 2017 and 27<sup>th</sup> March, 2018. All the members attended all the three meetings.

During the year under review, 9 investor complaints were received and no investor complaint was pending as on 31<sup>st</sup> March, 2018. As on 31<sup>st</sup> March, 2018, there were no instruments of transfer of shares, pending. No penalties or strictures were imposed on the Bank by any of the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

#### **Nomination & Remuneration Committee**

The Nomination & Remuneration Committee of the Bank consists of Mr. Amit Desai (Chairman), Dr. Shankar Acharya and Mr. Prakash Apte with any two forming the quorum. A brief description of the terms of reference of the Committee is as follows:

1. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
3. while formulating the policy ensure that—
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

During the year, three meetings of the Committee were held on 15<sup>th</sup> May, 2017, 19<sup>th</sup> July, 2017 and 24<sup>th</sup> October, 2017. All the members attended all the three meetings. The Committee meets for approximately one hour.

The Bank has a Remuneration policy in place, the details of which have been mentioned in the Directors' Report.

#### **Share Transfer and Other Matters (STOM) Committee**

The STOM Committee of the Bank consists of Mr. Uday Kotak (Chairman), Mr. C. Jayaram and Mr. Dipak Gupta, with any two forming the quorum.

The terms of reference of the STOM Committee is as follows:

- (a) To approve transfer, transmission, transposition, name deletion, consolidation and splitting of share and debenture certificates of the Company.
- (b) To issue duplicate share/debenture certificates.

- (c) To apply for registration of the Company with various authorities of any state or Centre including sales tax authorities, income tax authorities, shops & establishment authorities, and to do or perform all matters relating to such matters.
- (d) To apply, in the name of and for the Company for telephone, telex, fax and other telecommunication and electrical/electronic connections and to do all matters relating to such applications.
- (e) To open, operate and close Bank Accounts of the Company and change the operating instructions of existing Bank Accounts of the Company.
- (f) To authorise persons to sign on behalf of the Company Share Certificates, Share Allotment Letters, Deposit Receipts.
- (g) To authorise persons to represent the Company at General Meetings of any company or cooperative society of which the Company is a shareholder/ member.
- (h) To fix the dates for Closure of the Company's Register of Members and Debenture holders and Transfer Books of Shares or Debentures and/or fixing Record Dates, in consultation with the Stock Exchanges.
- (i) To authorise the opening of Securities General Ledger Account or any other account with any scheduled banks or with any department of the Reserve Bank of India.
- (j) To authorise persons to execute Loan Agreements, Demand Promissory Notes and any other documents as may be necessary for lending out of any line of credit sanctioned to the Company.
- (k) To authorise officials of the Company to execute transfer deeds on behalf of the Company.
- (l) To authorise officials of the Company to sign documents for registration of motor vehicles and to do all acts and things for the transfer of any such motor vehicles.
- (m) To authorise employee(s) or others to execute, for and on behalf of the Company, agreements, applications, deeds, documents and any other writings in connection with the business of the Company and, if required, to issue Power of Attorney in favour of such persons for the purpose.
- (n) To authorise employee(s) or others to represent the Company before any Court, Tribunal, Consumer Redressal Forum or any Statutory or other Authority on any matter relating to the operations of the Company or with which the Company is in any way connected or to represent the Company generally or for any specific purpose or purposes and, if required, issue Power of Attorney in favour of such persons for the purpose.
- (o) To appoint or change nominees to hold shares for and on behalf of the Company in any subsidiary/associate companies.
- (p) To grant permission and authorise incorporation of companies, with a prefix "Kotak Mahindra" before the name.
- (q) To authorise the use of the Common Seal of the Company and to appoint persons to sign/countersign documents, etc. on which the Common Seal is to be affixed.
- (r) To approve appointment of any employee /Director of the Bank or any other person as a nominee on the Board of other companies under certain circumstances to protect the interest of the Bank's exposures / investments in such companies.
- (s) To approve appointment of any employee of the Bank as a part-time employee of any other company under certain circumstances to protect the interest of the Bank's exposures / investments in such companies.
- (t) To approve appointment of any employee /Director of the Bank or any other person as an appointee on the Board of other companies (including Section 8 companies), LLPs, firms, if so invited.
- (u) To carry out the following activities in respect of equity shares of erstwhile ING Vysya Bank Ltd. being rights shares held in abeyance for various reasons:
- Allotment of shares in respect of rights shares held in abeyance and bonus entitlement thereon, after the resolution of the Court case, transmission, dispute etc. as the case may be and upon receipt of application money and other necessary documents.
  - Authorize officials of the Bank to take necessary action for credit of shares to the demat account of the concerned shareholder(s) or issue of physical share certificates as the case may be.
  - Authorize officials of the Bank to make the necessary applications to the Stock Exchanges for listing and trading of the shares so allotted, file the various regulatory returns and refund the excess share application money received, if any.
- (v) To authorise employee(s) to delegate authority to any other employee(s) or others in respect of any of the matters stated herein subject to it being permissible under applicable law.

### Committee on Frauds

Pursuant to the directives of the Reserve Bank of India, the Bank has constituted a Committee on Frauds for monitoring and reviewing all the frauds involving amounts of ₹ 1 crore and above. The Committee presently consists of four members, Mr. Uday Kotak, Mr. Dipak Gupta, Mr. Prakash Apte and Mr. Uday Khanna.

During the year, one meeting of the Committee was held on 20<sup>th</sup> November, 2017 and was attended by all the members. The Committee meets for approximately one hour.

### Customer Services Committee

The Bank has, pursuant to the directives issued by the Reserve Bank of India, constituted a Customer Services Committee. The Committee comprises of three members viz; Prof. S. Mahendra Dev (Chairman), Mr. Uday Kotak and Mr. Dipak Gupta. The Committee has been constituted to bring about ongoing improvements in the quality of customer services provided by the Bank. The Committee would also oversee the functioning of the Customer Service Standing Committee, compliance with the recommendations of the Committee on Procedures and Performance Audit and Public Services (CPPAPS) and also mount innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of cliental, at all times.

During the year, three meetings of the Committee were held on 7<sup>th</sup> July, 2017, 14<sup>th</sup> December, 2017 and 27<sup>th</sup> March, 2018. All the members attended all the three meetings. The Committee meets for approximately thirty minutes.

### Corporate Social Responsibility Committee

The Bank has constituted a Corporate Social Responsibility Committee pursuant to the provisions of the Companies Act, 2013. The Committee comprises of three members viz; Mr. C. Jayaram, Prof. S. Mahendra Dev and Mr. Dipak Gupta, with any two members forming the quorum. The Committee has been constituted to:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Bank, as laid down in Schedule VII to the Act;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Monitor Bank's CSR Policy and implementation of CSR projects undertaken from time to time.

During the year, two meetings of the Committee were held on 27<sup>th</sup> April, 2017 and 15<sup>th</sup> March, 2018. All the members attended both the meetings. The Committee meets for approximately one hour.

### Committee on Promoter Dilution

The Bank has constituted a Committee on Promoter Dilution to study and advise the Bank on the future course of action in the matter of promoter holding in the Bank. The Committee comprises of three members viz; Dr. Shankar Acharya, Mr. Prakash Apte and Mr. Amit Desai.

During the year, two meetings of the Committee were held on 19<sup>th</sup> July, 2017 and 5<sup>th</sup> March, 2018. All the members attended both the meetings. The Committee meets for approximately two hours.

### Code of Conduct

The Bank has adopted a Code of Conduct which is applicable to the Board of Directors and Senior Management Personnel respectively.

Both the Code of Conduct have been posted on the website of the Bank viz URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

### Familiarisation programme for Independent Directors

The details of the familiarization programme conducted for the Independent Directors of the Bank are available on the Bank's website viz. URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

The profit and loss account of the Bank and its subsidiaries include the following fees paid / payable to their respective statutory auditors:

₹ in crore

Description	Auditors' Name	Statutory/ Audit Fees	Other Matters	Total
Kotak Mahindra Bank Limited	S. R. Batliboi & Co. LLP	1.93	0.18	2.11
Kotak Mahindra Prime Limited	Price Waterhouse Chartered Accountants LLP	0.64	0.53	1.17
Kotak Securities Limited	Deloitte Haskins & Sells LLP	0.85	0.03	0.88

Description	Auditors' Name	Statutory/ Audit Fees	Other Matters	Total
Kotak Mahindra Capital Company Limited	Deloitte Haskins & Sells LLP	0.16	-	0.16
Kotak Mahindra Life Insurance Company Limited (Formerly known as Kotak Mahindra Old Mutual Life Insurance Limited)	S. R. Batliboi & Associates LLP Haribhakti & Co. LLP	0.70	0.08	0.78
Kotak Mahindra General Insurance Company Limited	K.S. Aiyar & Co. V.C. Shah & Co	0.20	0.01	0.21
Kotak Mahindra Investments Limited	Price Waterhouse Chartered Accountants LLP	0.19	0.13	0.32
Kotak Mahindra Asset Management Company Limited	S. R. Batliboi & Co. LLP	0.20	0.00	0.20
Kotak Mahindra Trustee Company Limited	Price Waterhouse	0.02	0.00	0.02
Kotak Mahindra (International) Limited	KPMG	0.31	0.01	0.32
Kotak Mahindra (UK) Limited	KPMG LLP	0.96	0.01	0.97
Kotak Mahindra, Inc.	Citrin Cooperman & Company LLP	0.19	-	0.19
Kotak Investment Advisors Limited	Price Waterhouse	0.14	0.00	0.14
Kotak Mahindra Trusteeship Services Limited	Deloitte Haskins & Sells LLP	0.03	-	0.03
Kotak Infrastructure Debt Fund Limited	S. R. Batliboi & Associates LLP	0.05	0.00	0.05
Kotak Mahindra Pension Fund Limited	Khimji Kunverji & Co.	0.02	0.00	0.02
Kotak Mahindra Financial Services Limited	Ernst & Young	0.10	0.02	0.12
Kotak Mahindra Asset Management (Singapore) PTE. Limited	KPMG LLP	0.25	0.00	0.25
IVY Product Intermediaries Limited	Deloitte Haskins & Sells LLP	0.03	0.00	0.03
BSS Microfinance Limited (Formerly known as BSS Microfinance Private Limited)	Deloitte Haskins & Sells LLP	0.06	0.00	0.06
<b>Total</b>		<b>7.03</b>	<b>1.00</b>	<b>8.03</b>

The consolidated profit and loss account includes fees paid to statutory auditors of the Bank and their network firms as under:

Statutory auditor / their network firm	Kotak Mahindra Bank Limited		Kotak Mahindra Asset Management Company Limited		Kotak Infrastructure Debt Fund Limited		Kotak Mahindra Life Insurance Company Limited		Total	
	Statutory Audit Fees	Other Matters	Statutory Audit Fees	Other Matters	Statutory Audit Fees	Other Matters	Statutory Audit Fees	Other Matters	Statutory Audit Fees	Other Matters
S. R. Batliboi & Co. LLP	1.93	0.18	0.20	0.00	-	-	-	-	2.13	0.18
S. R. Batliboi & Associates LLP	-	-	-	-	0.05	0.00	0.35	0.05	0.40	0.05
<b>Total</b>	<b>1.93</b>	<b>0.18</b>	<b>0.20</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.35</b>	<b>0.05</b>	<b>2.53</b>	<b>0.23</b>

## General Meetings

During the last three years, the general meetings of the equity shareholders held are detailed below:

General Meetings	Day, Date and Time	Special Resolutions / Resolutions with requisite majority passed thereat
Thirty Second Annual General Meeting	Thursday, 20 <sup>th</sup> July, 2017 at 10.30 a.m. at Walchand Hirachand Hall, Indian Merchants Chamber, 4 <sup>th</sup> Floor Churchgate, Mumbai-400020	<ol style="list-style-type: none"> <li>1. Special Resolution for re-appointment of Prof. S. Mahendra Dev as an Independent Director of the Bank to hold office up to 14<sup>th</sup> March, 2021.</li> <li>2. Special Resolution for borrowing from time to time all such sums of money for the purpose of the business of the Bank notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Bank (apart from the temporary loans obtained or to be obtained from the bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board of Directors and outstanding shall not at any time exceed the sum of ₹ 60,000 crore (Rupees Sixty Thousand Crore Only).</li> <li>3. Special Resolution to issue unsecured, redeemable non-convertible debentures / bonds for an amount up to ₹ 5,000 crore.</li> </ol>
Extraordinary General Meeting	Tuesday, 9 <sup>th</sup> May, 2017 at 10.30 a.m. at Walchand Hirachand Hall, Indian Merchants Chamber, 4 <sup>th</sup> Floor Churchgate, Mumbai-400020	<ol style="list-style-type: none"> <li>1. Special Resolution for increasing the ceiling limit on total holdings of FIs and FPIs through primary or secondary route to such percentage as the Board may decide from time to time not exceeding 49% of the paid-up equity capital of the Bank.</li> <li>2. Special Resolution for issuing equity shares, GDRs, ADRs, and/or other permissible securities convertible into equity shares or any combination thereof, in one or more tranches, up to 6,20,00,000 equity shares of ₹ 5/- each, by way of a public issue or a private placement or a rights issue, including a qualified institutions placement.</li> </ol>
Thirty First Annual General Meeting	Friday, 22 <sup>nd</sup> July, 2016 at 10.30 a.m. at Walchand Hirachand Hall, Indian Merchants Chamber, 4 <sup>th</sup> Floor, Churchgate, Mumbai-400020	Special Resolution for payment to the Non-Executive Directors of the Bank, a sum not exceeding ₹ 10 lakh each by way of annual commission.
Thirtieth Annual General Meeting	Monday, 29 <sup>th</sup> June, 2015 at 11.30 a.m. at Y. B. Chavan Auditorium, Chavan Centre, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	<ol style="list-style-type: none"> <li>1. Special Resolution for borrowing from time to time all such sums of money for the purpose of the business of the Bank notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Bank (apart from the temporary loans obtained or to be obtained from the bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board of Directors and outstanding shall not at any time exceed the sum of ₹ 50,000 crore (Rupees Fifty Thousand Crore Only).</li> <li>2. Special Resolution for substitution of existing Clause V of the Memorandum of Association of the Bank, relating to Share Capital with new Clause V, consequent to the proposed issue of bonus shares by the Bank.</li> <li>3. Special Resolution for alteration of Articles of Association of the Bank in the form and manner as per the draft placed at the Meeting to incorporate the provisions of the Companies Act, 2013.</li> <li>4. Special Resolution to adopt the Share Based Employee Benefit Scheme of the Bank under the name and style of 'Kotak Mahindra Equity Option Scheme 2015' and to create, issue, offer and allot equity shares to the employees of the Bank under the said Scheme not exceeding in aggregate 1,82,00,000 equity shares of the Bank for cash being not more than 2% of the issued equity shares of the Bank.</li> </ol>

General Meetings	Day, Date and Time	Special Resolutions / Resolutions with requisite majority passed thereat
		<p>5. Special Resolution to adopt the Share Based Employee Benefit Scheme of the Bank under the name and style of 'Kotak Mahindra Equity Option Scheme 2015' and to create, issue, offer and allot equity shares to the employees of the subsidiaries and associate companies of the Bank under the said Scheme, not exceeding in aggregate 1,82,00,000 equity shares of the Bank for cash being not more than 2% of the issued equity shares of the Bank.</p> <p>6. Special Resolution to adopt the Share Based Employee Benefit Scheme of the Bank under the name and style of 'Kotak Mahindra Stock Appreciation Rights Scheme 2015' and to grant Stock Appreciation Rights to the employees of the Bank under the said Scheme not exceeding in aggregate 91,00,000 SARs for cash being not more than 1% of the issued equity shares of the Bank.</p> <p>7. Special Resolution to adopt the Share Based Employee Benefit Scheme of the Bank under the name and style of 'Kotak Mahindra Stock Appreciation Rights Scheme 2015' and to grant Stock Appreciation Rights to the employees of the subsidiaries and associate companies of the Bank under the said Scheme not exceeding in aggregate 91,00,000 SARs for cash being not more than 1% of the issued equity shares of the Bank.</p>

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has been providing remote e-voting facility to its members to enable them to cast their votes by electronic means on all resolutions.

#### Postal Ballot

No resolutions were passed through postal ballot during the last financial year.

#### Disclosures

- The Bank has not entered into any material financial or commercial transactions with the directors or the management or their relatives or the companies and firms etc., in which they are either directly or through their relatives interested as directors and/or partners. The Bank has not entered into any material financial or commercial transactions with its subsidiaries and other related parties as per AS-18 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that may have potential conflict with the interest of the Bank at large.
- During the last three years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market.
- None of the directors are related to any other director.
- The Bank has adopted the Whistle Blower Policy pursuant to which employees, directors and vendors of the Bank can raise their concerns relating to the fraud, malpractice or any other untoward activity or event which is against the interest of the Bank or society as a whole. The website for reporting the above mentioned concerns is managed and hosted by an independent third party service provider who has proven expertise in this area, thereby ensuring absolute confidentiality. The Bank hereby affirms that no personnel has been denied access to the Audit Committee.
- The Bank's Policies on dealing with Related Party Transactions, determining 'material' subsidiaries and determination of materiality of events or information are available on the Bank's website viz. URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

#### SHAREHOLDERS' INFORMATION

Date of Incorporation	:	21 <sup>st</sup> November, 1985.
Registration No.	:	11-38137 TA
Corporate Identification No.	:	L65110MH1985PLC038137
<b>Address for Correspondence</b>	:	
Registered Office	:	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051. Tel. No. (022) 61661615 Fax No. : (022) 67132403 Website: <a href="http://www.kotak.com">www.kotak.com</a>

Contact	:	Ms. Bina Chandarana, Company Secretary & Sr. Executive Vice President
Registrar & Share Transfer Agent	:	<b>Karvy Computershare Private Limited</b> (i) Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District, Nanakramguda Hyderabad- 500 032 Tel No. : (040) 67162222 Fax No. : (040) 23001153  (ii) 24/B, Raja Bahadur Compound, Ambalal Doshi Marg, Fort, Mumbai-400 023. Tel No. : (022) 66235412 / 66235406 Fax No. : (022) 66235333 Website : <a href="http://www.karvy.com">www.karvy.com</a>
Debenture Trustees	:	IDBI Trusteeship Services Limited (Contact Person: Mr. Ajit Guruji, Vice President) Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai – 400 001 Tel No.: (022) 40807001 Fax No.: (022) 66311776

#### Annual General Meeting:

Date and Time	:	Thursday, 19 <sup>th</sup> July, 2018 at 4.00 p.m.
Venue	:	Walchand Hirachand Hall of the Indian Merchants Chamber, 4 <sup>th</sup> Floor, Churchgate, Mumbai - 400020
Financial Year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of Book Closure	:	Friday, 13 <sup>th</sup> July, 2018 to Thursday, 19 <sup>th</sup> July, 2018 (both days inclusive)
Dividend Payment Date	:	On or before Monday, 30 <sup>th</sup> July, 2018

#### INVESTOR RELATIONS

The Bank publishes consolidated and standalone results on a quarterly basis. The same are also reviewed by the Audit Committee before submission to the Board. The consolidated and standalone financial results of the Bank and its subsidiaries are prepared and posted on the website of the Bank for the current as well as last five financial years. Also, the quarterly results and earnings update are posted on the website of the Bank. Every quarter, the Managing Director & CEO, and the Joint Managing Director alongwith the senior management officials participate on a call with the analysts / shareholders, the transcripts of which are posted on the website of the Bank. The Bank also has dedicated personnel to respond to queries from investors.

**Financial Calendar:** For each calendar quarter, the financial results are reviewed and taken on record by the Board within the statutory prescribed time period. The quarterly results and the annual accounts as at 31<sup>st</sup> March are approved by the Board, after a review thereof by the Audit Committee. The Annual General Meeting to consider such annual accounts is held in the first / second quarter of the financial year.

#### Stock Exchanges on which listed:

Sr. No.	Name & Address of Stock Exchange	Market Scrip Code
1.	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023	500247
2.	National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Bandra-Kurla Complex, Bandra, Mumbai 400 051	KOTAKBANK

The annual fees for 2018-19 have been paid to the BSE Limited and the National Stock Exchange of India Limited, where the shares of the Bank are listed.

**Trading of shares to be in compulsorily dematerialized form:** The equity shares of the Bank have been activated for dematerialisation with the National Securities Depository Limited with effect from 4<sup>th</sup> August, 1998 and with the Central Depository Services (India) Limited with effect from 26<sup>th</sup> February, 1999. Pursuant to the sub-division of the equity shares of the Bank, w.e.f. 15<sup>th</sup> September, 2010, the new ISIN is INE237A01028.



**Share Transfer System:** Applications for transfers, transmission and transposition are received by the Bank at its Registered Office or at the office(s) of its Registrars & Share Transfer Agents. As the shares of the Bank are in dematerialised form, the transfers are duly processed by NSDL/CDSL in electronic form through the respective depository participants. Shares which are in physical form are processed by the Registrars & Share Transfer Agents on a regular basis and the certificates despatched directly to the investors.

**Investor Helpdesk:** Share transfers, dividend payments, IEPF claims and all other investor related activities are attended to and processed at the office of our Registrars & Share Transfer Agents. For lodgement of Transfer Deeds and any other documents or for any grievances/complaints, kindly contact Karvy Computershare Private Limited, contact details of which are provided elsewhere in the Report.

For the convenience of the investors, transfers and complaints from the investors are accepted at the Registered Office between 9:30 a.m. to 5:30 p.m. from Monday to Friday except on bank holidays.

As advised by Securities and Exchange Board of India ("SEBI") the Bank has designated email- id of its Compliance Officer i.e. investor.grievances@kotak.com for the purpose of registering complaints by the investors. The same has also been displayed on the website of the Bank.

Kotak Mahindra Bank Limited

Registered Office : 27BKC, C 27, G Block, Bandra Kurla Complex,  
Bandra (E), Mumbai- 400 051.  
Tel. No.: (022) 61661615  
Fax No. : (022) 67132403  
E-mail : investor.grievances@kotak.com  
Website : [www.kotak.com](http://www.kotak.com)

**Transfer to Investor Education and Protection Fund:** Pursuant to Section 124 of the Companies Act, 2013, any dividend which remains unpaid or unclaimed for a period of seven years shall be transferred by the Bank to the Investor Education and Protection Fund ('IEPF') established by the Central Government. Further, all shares in respect of which the dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the Fund.

The table given below gives the dates of dividend declaration and the corresponding dates when unclaimed dividends are due to be transferred to the Fund:

Kotak Mahindra Bank Limited:

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
2010-11	Final	21 <sup>st</sup> July, 2011	20 <sup>th</sup> August, 2018
2011-12	Final	19 <sup>th</sup> July, 2012	18 <sup>th</sup> August, 2019
2012-13	Final	18 <sup>th</sup> July, 2013	17 <sup>th</sup> August, 2020
2013-14	Final	16 <sup>th</sup> July, 2014	14 <sup>th</sup> August, 2021
2014-15	Final	29 <sup>th</sup> June, 2015	28 <sup>th</sup> July, 2022
2015-16	Final	22 <sup>nd</sup> July, 2016	21 <sup>st</sup> August, 2023
2016-17	Final	20 <sup>th</sup> July, 2017	19 <sup>th</sup> August, 2024

Erstwhile ING Vysya Bank Limited (eIVBL):

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
2010-11	Final	7 <sup>th</sup> September, 2011	7 <sup>th</sup> October, 2018
2011-12	Final	29 <sup>th</sup> June, 2012	29 <sup>th</sup> July, 2019
2012-13	Final	25 <sup>th</sup> June, 2013	25 <sup>th</sup> July, 2020
2013-14	Final	24 <sup>th</sup> June, 2014	24 <sup>th</sup> July, 2021

Pursuant to the requirements of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules) and the subsequent various circulars / notifications issued by MCA in this regard, the Bank has transferred 2,452,525 equity shares to IEPF. The details of such shares transferred to IEPF are available on the Bank's website viz; <https://www.kotak.com/en/investor-relations/investor-information/investor-info.html>.

## SHARE PRICE DETAILS

The Monthly high and low quotation of shares traded on BSE:

Month	High	Low	Close	S&P BSE 100	Bankex
	(₹)	(₹)	(₹)		
April, 2017	922.00	867.80	901.60	9,669.96	25,325.27
May, 2017	980.20	901.00	964.50	9,928.65	26,547.35
June, 2017	1,004.75	936.85	955.45	9,852.86	26,277.96
July, 2017	1,030.85	940.25	1,019.75	10,432.76	28,386.54
August, 2017	1,024.00	962.30	975.95	10,315.16	27,440.82
September, 2017	1,045.00	968.25	1,001.90	10,172.64	27,025.26
October, 2017	1,114.35	986.50	1,024.55	10,776.46	28,284.00
November, 2017	1,049.90	983.35	1,000.20	10,705.43	28,631.42
December, 2017	1,049.00	992.50	1,009.10	11,029.78	28,856.77
January, 2018	1,128.70	992.50	1,109.75	11,419.07	30,986.13
February, 2018	1,132.50	1,019.35	1,088.75	10,864.95	28,313.85
March, 2018	1,117.00	1,028.65	1,048.60	10,502.61	27,197.88

The Monthly high and low quotation of shares traded on NSE:

Month	High	Low	Close	NIFTY 50	Nifty Bank
	(₹)	(₹)	(₹)		
April, 2017	921.00	867.20	901.95	9,304.05	22,358.25
May, 2017	981.45	900.00	966.05	9,621.25	23,424.80
June, 2017	1,004.65	936.00	955.75	9,520.90	23,211.20
July, 2017	1,031.70	940.20	1,021.65	10,077.10	25,103.65
August, 2017	1,024.00	962.00	976.00	9,917.90	24,318.40
September, 2017	1,045.40	968.00	1,002.25	9,788.60	24,053.00
October, 2017	1,115.05	985.15	1,025.05	10,335.30	25,019.35
November, 2017	1,050.00	982.55	1,000.30	10,226.55	25,332.40
December, 2017	1,038.45	992.50	1,010.20	10,530.70	25,539.45
January, 2018	1,119.50	992.50	1,108.95	11,027.30	27,379.45
February, 2018	1,131.00	1,018.20	1,090.55	10,492.85	25,107.40
March, 2018	1,108.50	1,028.40	1,047.80	10,113.70	24,263.35

## SHARE HOLDING:

Category	As on 31 <sup>st</sup> March, 2018		As on 31 <sup>st</sup> March, 2017	
	No. of Shares Held	Percentage of Shares	No. of Shares Held	Percentage of Shares
<b>A. Promoters Holding</b>				
Promoters	572,465,964	30.04	590,592,684	32.08
<b>Sub-Total</b>	<b>572,465,964</b>	<b>30.04</b>	<b>590,592,684</b>	<b>32.08</b>
<b>B. Non-Promoters Holding</b>				
Institutional Investors				
a Mutual Funds & UTI	134,869,280	7.08	99,559,809	5.41
b Banks, Financial Institutions, Insurance Companies (State / Central Govt. Institutions)	33,970,905	1.78	44,788,616	2.43
c. Foreign Institutional Investors / Foreign Portfolio Investors	753,887,641	39.56	709,851,172	38.56
<b>Sub-Total</b>	<b>922,727,826</b>	<b>48.42</b>	<b>854,199,597</b>	<b>46.40</b>

Category	As on 31 <sup>st</sup> March, 2018		As on 31 <sup>st</sup> March, 2017	
	No. of Shares Held	Percentage of Shares	No. of Shares Held	Percentage of Shares
<b>C. Others</b>				
a Private Corporate Bodies	59,458,969	3.12	44,347,210	2.41
b Indian Public including Directors & Relatives	195,988,260	10.28	201,965,769	10.97
c NRIs/ OCBs/Foreign Bodies DR	15,429,497	0.81	16,315,526	0.89
d Foreign Bank	32,800,000	1.72	32,800,000	1.78
e Foreign Bodies	97,166,170	5.10	97,166,170	5.28
f Foreign Nationals	1,450	0.00	1,650	0.00
g NBFCs	1,273,379	0.07	387,794	0.02
h Alternative Investment Fund	22,55,479	0.12	155,020	0.01
i Clearing Members	3,628,987	0.19	2,966,457	0.16
j IEPF Authority	2,452,525	0.13	-	-
<b>Sub-Total</b>	<b>410,454,716</b>	<b>21.54</b>	<b>396,105,596</b>	<b>21.52</b>
<b>Grand Total</b>	<b>1,905,648,506</b>	<b>100.00</b>	<b>1,840,897,877</b>	<b>100.00</b>

**Note:** The increase in capital during the financial year 2017-18 is due to allotment of 62,000,000 equity shares of ₹ 5/- by way of a qualified institutions placement and 2,750,629 equity shares of ₹ 5/- under various ESOP Schemes of the Bank.

#### SHAREHOLDING OF DIRECTORS OF THE BANK:

Name of the Director	As on 31 <sup>st</sup> March, 2018	
	No. of Shares Held	Percentage of Shares
Dr. Shankar Acharya	-	-
Mr. Uday Kotak*	566,927,100	29.75
Mr. Amit K. Desai	1,554,750	0.08
Mr. Prakash Apte	-	-
Prof. S. Mahendra Dev	-	-
Ms. Farida Khambata	36,000	0.00
Mr. C. Jayaram	1,108,040	0.06
Mr. Dipak Gupta	1,324,405	0.07
Mr. Mark Newman	-	-
Mr. Uday Khanna	-	-

**Note :** \* In addition, as on 31<sup>st</sup> March, 2018, Kotak Trustee Company Pvt. Ltd. holds 6,24,556 equity shares of the Bank representing 0.03 % of the paid up capital of the Bank. Kotak Trustee Company Pvt. Ltd. holds these shares as trustee for USK Benefit Trust – II of which Mr. Uday Kotak is the sole beneficiary.

#### Top 10 Shareholders of Kotak Mahindra Bank Limited as on 31<sup>st</sup> March, 2018.

Sr. No.	Name of the investor	Total shares held	%
1	Uday Suresh Kotak	566,927,100	29.75
2	Canada Pension Plan Investment Board - Managed by IM2	115,163,850	6.04
3	Europacific Growth Fund	94,161,246	4.94
4	ING Mauritius Investments I	71,199,178	3.74
5	Oppenheimer Developing Markets Fund	57,073,844	2.99
6	Sumitomo Mitsui Banking Corporation	32,800,000	1.72
7	SBI Mutual Fund	31,615,462	1.66
8	Capital World Growth and Income Fund	28,150,731	1.48
9	Caladium Investment Pte Ltd	25,966,992	1.36
10	Caisse De Depot Et Placement Du Quebec	22,344,947	1.17

**Distribution Schedule as on 31<sup>st</sup> March, 2018**

Sr. No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 – 100	95,562	54.85	3,252,010	0.17
2	101 - 200	22,532	12.93	3,523,348	0.18
3	201 - 300	13,339	7.66	3,429,728	0.18
4	301 - 400	8,190	4.70	2,947,291	0.15
5	401 - 500	4,868	2.79	2,261,699	0.12
6	501 - 1,000	10,519	6.04	7,877,356	0.41
7	1,001 - 2,000	7,445	4.27	11,570,687	0.61
8	2,001 - 3,000	2,670	1.53	6,784,857	0.36
9	3,001 - 4,000	3,126	1.79	11,810,502	0.62
10	4,001 - 5,000	1,266	0.73	5,946,336	0.31
11	5,001 - 10,000	2,331	1.34	16,713,242	0.88
12	10,001 & Above	2,366	1.36	1,829,531,450	96.01
<b>TOTAL</b>		<b>174,214</b>	<b>100.00</b>	<b>1,905,648,506</b>	<b>100.00</b>

The break-up of the shares held in physical and electronic mode as on 31<sup>st</sup> March, 2018 is given in the below mentioned table:

Physical mode		Electronic mode	
Total Shares	% to Equity	Total Shares	% to Equity
8,650,793	0.45	1,896,997,713	99.55

**Credit Rating:**

Type of instrument	Credit Rating
₹ 516 Crore Lower Tier-II Bonds (Under Basel II)* [Reduced from ₹ 646 Crore]	CRISIL AAA/Stable (Reaffirmed)
₹ 480.80 Crore Lower Tier-II Bonds (Under Basel II) [Reduced from ₹ 620 Crore]	CRISIL AAA/Stable (Reaffirmed)
₹ 1800 Crore Infrastructure Bonds	CRISIL AAA/Stable (Reaffirmed)
₹ 250 Crore Upper Tier-II Bonds (Under Basel II)	CRISIL AAA/Stable (Reaffirmed)
Fixed Deposits	FAAA/Stable (Reaffirmed)
₹17000 crore Certificate of Deposits	FAAA/Stable (Reaffirmed)

\* Originally issued by erstwhile ING Vysya Bank Limited

There has been no change in the credit ratings during the year.

The Bank has complied with all the mandatory and some of the non mandatory requirements of the Code of Corporate Governance stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Compliance with Non-mandatory Requirements:**
**1) The Board**

The office of Non-Executive Chairman of the Bank is maintained by the Bank at its expenses and all the expenses incurred in performance of his duties are reimbursed by the Bank.

**2) Shareholder Rights**

The quarterly results of the Bank are published in one English and one Marathi newspaper. Further, the quarterly results are also posted on the website of the Bank viz URL: <https://www.kotak.com/en/investor-relations/financial-results.html> and on the websites of the Stock Exchanges with which the Bank is listed. Along with the quarterly results, detailed earnings updates are also given on the website of the Bank. Further, a quarterly investors'/ analysts' conference call is made to discuss the financial results and performance of the Bank and the Group, the transcripts of which are posted on the website of the Bank. The quarterly results are sent by email to those shareholders whose email Ids are registered with the Bank / Depository Participant for communication purposes. In view of the foregoing, the half-yearly results of the Bank are not sent to the shareholders individually.

**3) Audit qualifications**

During the period under review, there were no audit qualifications in the Bank's standalone and consolidated financial statements. The Bank continues to adopt best accounting practices and has complied with the Accounting Standards and there is no difference in the treatment.

**4) Separate Posts of Chairman and Managing Director & CEO**

Dr. Shankar Acharya, a Non-Executive Director is the Chairman and Mr. Uday Kotak is the Managing Director & CEO of the Bank.

**5) Reporting of Internal Auditor**

The Head - Internal Audit reports to the Audit Committee of the Board.

**Other Disclosures****(A) The Management Discussion & Analysis Report**

The Management Discussion & Analysis Report, giving an overview of the industry, the Bank's business and its financials is provided separately as a part of this Annual Report.

**(B) Means of Communication**

The Board of Directors of the Bank approves the unaudited financial results on a quarterly basis within the prescribed time period of 45 days from the end of the quarter and the audited annual financial results within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges and are published in one English and one Marathi (Regional Language) newspaper, within 48 hours of the conclusion of the Board Meeting. The results, earnings update as well as other press releases are simultaneously displayed on the Bank's website viz URL: <https://www.kotak.com/en/investor-relations/financial-results.html>. The website also displays all official news releases by the Bank from time to time as also the Earnings Updates and presentations made to investors and analysts. Further, the financial results are sent by email to those shareholders whose email Ids are registered with the Bank / Depository. The Bank also publishes its Balance Sheet and Profit and Loss Account together with the Auditors' Report in a newspaper as required in terms of Section 31 of the Banking Regulation Act, 1949 and Rule 15 of the Banking Regulation (Companies) Rules, 1949.

Pursuant to the Companies (Accounts) Rules, 2014, the Bank proposes to send the financial statements for the year ended 31<sup>st</sup> March, 2018, by electronic mode to the members whose email Ids are registered with the Bank / Depository Participant.

The financial results and other information filed by the Bank from time to time is also available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited. The said stock exchanges have introduced NSE Electronic Application Processing System (NEAPS) and BSE Listing centre. Various compliances as required / prescribed under the listing Regulations are filed through these systems.

**For Kotak Mahindra Bank Limited**

**Dr. Shankar Acharya**  
Chairman

Place : Mumbai  
Date : 19 May 2018

**Uday Kotak**  
Managing Director & CEO

Place : Mumbai  
Date : 19 May 2018

**DECLARATION**

In accordance with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Bank have affirmed compliance to the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2018.

**For Kotak Mahindra Bank Limited**

**Uday Kotak**  
Managing Director & CEO

Place : Mumbai  
Date : 19 May 2018

## **Independent Auditor's Report on compliance with the Conditions of Corporate Governance as per Provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Members of Kotak Mahindra Bank Limited  
Kotak Mahindra Bank Limited  
27 BKC, 6<sup>th</sup> Floor, C27, G Block  
Bandra Kurla Complex  
Bandra (East)  
Mumbai- 400 051

1. The Corporate Governance Report prepared by Kotak Mahindra Bank Limited (hereinafter the "Bank"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Bank for annual submission to the Stock exchange and to be sent to the Shareholders of the Bank.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Bank including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Bank complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Bank has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Bank and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on 31 March 2018 and verified that atleast one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following committee meetings held during the period 1 April 2017 to 31 March 2018:
    - (a) Board of Directors meeting;
    - (b) Audit committee;
    - (c) Annual General meeting;
    - (d) Nomination and remuneration committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Independent directors meeting; and
    - (g) Risk management committee;
  - v. Obtained necessary representations and declarations from directors of the Bank including the independent directors ; and
  - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Bank taken as a whole.

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Bank has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31 March, 2018, referred to in paragraph 3 above.

**Other matters and Restriction on Use**

9. This report is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.
10. This report is addressed to and provided to the members of the Bank solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

**ICAI Firm Registration Number:** 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

Place of Signature: Mumbai

Date: 21 May 2018