



Directors' Report

To the Members,

KOTAK MAHINDRA BANK LIMITED

Your Directors have pleasure in presenting the Thirty-Seventh Annual Report of Kotak Mahindra Bank Limited ("Bank") together with the audited Financial Statements for the financial year ("FY") ended 31st March, 2022.

FINANCIAL HIGHLIGHTS

(A) Consolidated*:

	(₹ in crore)	
	FY 2021-22	FY 2020-21 ^A
Total Income	58,882.82	56,296.47
Total expenditure, excluding provisions and contingencies	42,162.87	40,275.70
Operating Profit	16,719.95	16,020.77
Provisions and contingencies, excluding provision for tax	771.65	2,852.43
Profit Before Tax	15,948.30	13,168.34
Provision for Taxes	4,016.43	3,265.44
Profit After Tax	11,931.87	9,902.90
Add: Share in Profit of Associates	157.52	87.30
Consolidated Profit for the Group	12,089.39	9,990.20
Earnings per equity share:		
Basic (₹)	60.76	50.53
Diluted (₹)	60.73	50.49

*The Financial Statements of the subsidiaries and associates used for preparation of the consolidated financial statements are in accordance with the Generally Accepted Accounting Principles in India ("GAAP") specified under Section 133 and relevant provisions of the Companies Act, 2013 ("Act"). The financial statements of Indian subsidiaries (excluding insurance companies) and associates are prepared as per Indian Accounting Standards in accordance with the Companies (Indian Accounting Standards) Rules, 2015.

(B) Standalone:

	(₹ in crore)	
	FY 2021-22	FY 2020-21 ^A
Total Income	33,393.17	31,846.79
Total expenditure, excluding provisions and contingencies	21,342.30	20,084.76
Operating Profit	12,050.87	11,762.03
Provisions and contingencies, excluding provisions for taxes	689.56	2,459.04
Profit Before Tax	11,361.31	9,302.99
Provision for Taxes	2,788.62	2,338.15
Profit After Tax	8,572.69	6,964.84
Add: Surplus brought forward from the previous year	24,749.78	20,511.81
Amount available for appropriation	33,322.47	27,476.65
Appropriations:		
Statutory Reserve under Section 17 of the Banking Regulation Act, 1949	2,143.18	1,741.21
Transfer to Capital Reserve	9.47	14.50
Transfer to Special Reserve	95.00	110.00
Transfer to Investment Fluctuation Reserve Account	400.00	820.66
Dividend paid **	218.96	40.50
Surplus carried to Balance Sheet	30,455.86	24,749.78

Notes:

**The Bank has paid interim dividend at the rate of ₹ 0.405 per share on the Perpetual Non-Cumulative Preference Shares ("PNCPs") for FY 2021-22 (Previous Year: ₹ 0.405 per share), to all holders of PNCPs whose names appeared in the Register of Members / Beneficial holders' list on the book closure date of 18th March, 2022. Further, the Reserve Bank of India ("RBI") has allowed banks to pay dividend on equity shares from the profits for FY 2021-22, subject to the quantum of dividend being not more than the amount determined as per the dividend pay-out ratio prescribed in the RBI circular dated 4th May, 2005 and subject to the banks complying with the criteria laid down in the said circular. The Bank has complied with all the criteria specified in the above RBI circular and the Board of Directors of the Bank have proposed a dividend of ₹ 1.10 per share (Face Value ₹ 5/-) for FY 2021-22 (previous year: ₹ 0.90 per share). As per the requirements of revised AS 4 - 'Contingencies and Events Occurring after the Balance Sheet Date, this dividend pay out has been appropriated from the amount available for appropriation in the year of pay-out.

^APrevious year amounts have been re-classified for consistency with the current year presentation.

FINANCIAL PERFORMANCE

On a Standalone basis, Profit after Tax ("PAT") of the Bank was ₹ 8,572.69 crore in FY 2021-22 compared to ₹ 6,964.80 crore in FY 2020-21. Net Interest Income ("NII") of the Bank for FY 2021-22 was ₹ 16,817.91 crore as against ₹ 15,339.60 crore in FY 2020-21.

The Consolidated PAT was ₹ 12,089.39 crore in FY 2021-22 compared to ₹ 9,990.20 crore in FY 2020-21. Further, the Group had Net Worth of ₹ 96,634.08 crore as on 31st March, 2022 (₹ 84,336.45 crore as on 31st March, 2021). The book value per equity share was at ₹ 486.90 as on 31st March, 2022 (₹ 425.55 as on 31st March, 2021).

Further, details on the financial performance of your Bank are available in the Management Discussion and Analysis Report.

CAPITAL

During the year, your Bank allotted 2,826,092 equity shares arising out of the exercise of Employees Stock Options granted to the Whole-time Directors and Eligible Employees of your Bank and its subsidiaries.

Post allotment of the aforesaid equity shares, the total issued, subscribed and paid-up share capital of the Bank as at 31st March, 2022 stood at ₹ 14,923,308,800 comprising 1,984,661,760 equity shares of ₹ 5 each and 1,000,000,000 preference shares of ₹ 5 each.

CAPPING ON PROMOTERS' VOTING RIGHTS

The Reserve Bank of India ("RBI"), vide its press release and guidance dated 26th November, 2021, intimated acceptance of certain recommendations of the Internal Working Group ("IWG") set up to review the Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks including, *inter alia*, a recommendation to raise the cap of promoters' stake in banks to 26% of paid-up voting equity share capital. Accordingly, the promoters' voting rights in the Bank have now been capped at 26%, instead of 15% earlier.

DIVIDEND

The Board of Directors of the Bank have, at their meeting held on 4th May, 2022, recommended a dividend of ₹ 1.10 per equity share for FY 2021-22. The dividend, if approved by the members, would entail a payout of approximately ₹ 218.40 crore based on the capital as on 30th June, 2022 (Previous Year: ₹ 178.46 crore). The dividend would be paid to all the equity shareholders, whose names would appear in the Register of Members / list of Beneficial owners on the Record Date fixed for this purpose i.e. 12th August, 2022.

Further, the Board of Directors of the Bank, at their meeting held on 18th / 19th March, 2022, declared an interim dividend on the Perpetual Non-Cumulative Preference Shares ("PNCPS") of the face value of ₹ 5 each issued by the Bank, carrying a dividend rate of 8.10% p.a., in respect of FY 2021-22, as per the terms of issuance of PNCPS. This has entailed a payout of ₹ 40.50 crore (Previous Year: ₹ 40.50 crore). The members are requested to confirm the payment of the aforesaid interim dividend on PNCPS at the ensuing Annual General Meeting ("AGM").

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and as reviewed and adopted by the Board of Directors of the Bank, is available on the Bank's website viz., URL: <https://www.kotak.com/content/kotakcl/en/investor-relations/governance/policies.html>

DEBENTURES AND BONDS

During the year under review, your Bank has not issued any capital under Tier II.

As on 31st March, 2022, outstanding Unsecured, Redeemable Non-Convertible, Subordinated Debt Bonds ("Bonds") aggregated ₹ 306 crore and outstanding Senior Unsecured Rated Listed Redeemable Long Term Bonds in the nature of Non Convertible Debentures aggregated ₹ 150 crore. These Bonds have been issued on a private placement basis and are listed on the Stock Exchanges viz., BSE Limited and / or National Stock Exchange of India Limited.

CAPITAL ADEQUACY RATIO

Your Bank has a Capital Adequacy Ratio ("CAR") of 22.69% as at 31st March, 2022 under Basel III, with Tier I being 21.67% (of which, Common Equity Tier I ("CET I") being 21.51%).

RATINGS OF VARIOUS DEBT INSTRUMENTS

The details of all credit ratings obtained by the Bank for various debt instruments outstanding as at 31st March, 2022, are disclosed in the Report on Corporate Governance, forming part of this Report.

DEPOSITS

Being a banking company, the disclosures required under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act, are not applicable to your Bank.

OPERATIONS

Your Bank organises its principal banking business activities into the following business units viz., Consumer Banking, Commercial Banking, Corporate Banking, Treasury and Other Financial Services. The Consumer, Commercial and Corporate Banking businesses correspond to the key customer segments of the Bank. The Treasury offers specialised products and services to these customer segments and also undertakes Asset Liability Management as well as Proprietary Trading for the Bank.

In addition to the banking activities, the Kotak Group offers a significant array of other financial products and services as well, which are operated through its subsidiaries. These products and services include Banking, Financing through Non-Banking Financial Companies ("NBFCs"), Asset Management, Insurance, Broking, Investment Banking, Private Banking and Asset Reconstruction.

Consumer Banking

The Consumer Bank business services a wide spectrum of customers across domestic individuals and households, non-residents, small and medium business segments for a range of products from basic Savings and Current Accounts to Term Deposits, Credit Cards, Unsecured and Secured Loans, Working Capital, Digital Payments and Investments.

As on 31st March, 2022, your Bank had 1,700 branches and 2,705 Automated Teller Machines ("ATMs") and Recyclers. The Bank also has a branch at Dubai International Financial Centre ("DIFC") and Gujarat International Finance Tec-City ("GIFT City"). Due to the continued impact of the COVID-19 pandemic, network expansion plans were gradual on the uptake.

Your Bank is always looking for innovative ways to add value to the services offered to its customers. Keeping this in mind, Micro ATM, which would cut across geographies was introduced. This enablement will widen your Bank's network presence for customers and increase the touchpoints across India, thus ensuring your Bank's reach and enhanced customer service. There were 5,020 Micro ATMs at end of March 2022.

The Privy League Program offered by your Bank is the premium banking service for the High Net worth Customers. This flagship programme of your Bank has now been extended to senior executives of premium corporates and to high ranking Defence and Police officials, through an exclusive set of curated benefits. Your Bank continues to invest in the feature enrichment of this program via introduction of a power packed premium credit card with lifestyle benefits as well as a life time price waiver, available exclusively to programme members.

Kotak Silk, your Bank's program designed especially for women, believes financial independence leads to true empowerment for women. This International Women's Day, Silk unveiled a unique sculpture #MeriUdaan as a tribute to Indian Women on their journey towards becoming 'Aatmanirbhar'. Your Bank also offered an enhanced value proposition that bundled a bouquet of product offers during this period and felicitated its women customers at branches.

Kotak Grand, your Bank's program for senior citizens, tied up with Indian Health Organization to provide a Health Card to the customers, which entitles them to discounts on consultation, treatment and healthcare procedures.

Your Bank has improved the on-boarding experience for its Savings Accounts customers during FY 2021-22 by migrating to a new platform for assisted Biometric based account opening. The new platform offers seamless on-boarding experience to your Bank's customers with an improved User Interface, instant responses and a capability to handle higher business volumes. Your Bank has also rolled out biometric account opening facility for Business Correspondent channel, in order to reach out and financially empower the unbanked masses.

Your Bank was one of the few banks to be authorised for opening Salary Accounts and Drawing and Disbursing Officer (DDO) accounts of Government departments across Maharashtra. The Memorandum of Understanding ("MOU") was signed with Government of Maharashtra and with the Indian Navy for offering salary accounts to all the Naval personnel. A customised 'Veer Credit Card' was launched specially for the Armed Forces. Further, MOUs were signed with Maharashtra State Forest Department for opening salary accounts of their employees. Your Bank was the first private sector bank to sign an MOU with Prasar Bharati, India's own broadcasting company, for opening salary accounts of their employees PAN India. Apart from this, an MOU was signed with Food Safety and Standard Authority of India (FSSAI) for opening salary accounts of its employees.

'Pay your Contact', a new feature on the Kotak App that enabled customers to send money to a mobile number registered against any app was launched by your Bank this year. Being just one of the three providers of this service, it brought immense value addition to your Bank's digitally savvy customers. Further, product enhancements in this space would fuel future growth in transactions and also ensure a more engaged and loyal customer base.

During FY 2021-22, your Bank rolled out many initiatives on the Deposit side under the Financial Inclusion Program.

The 'My Team Image' cards in partnership with Indian Premier League (IPL) teams has been a very successful initiative.

In partnership with PVR, your Bank launched a co-branded debit card i.e. Kotak PVR Debit Card. This Debit Card comes with a host of exclusive privileges, such as customers earn PVR reward points on every purchase carried out using their Kotak PVR Debit Card. Reward Points earned can then be redeemed at PVR outlets for food, beverages or movie tickets.

Education loan tie-up with leading NFBCs was started to provide lending for domestic and international education.

One of the mandatory requirements of German education / employment Visa is to earmark certain sustenance fund in a blocked account. Your Bank is the only Indian bank which has been authorized to provide such facility. To ensure and enhance superior customer experience, a German Portal has been launched to service this request, end to end digitally. This would ensure more applications along with the new customer base.

Your Bank managed to break new grounds in the mobility product – 'FASTag'. Kotak FASTag count is now over 2 million as at 31st March, 2022, with monthly toll payment at more than ₹ 145 crore. In FY 2021-22, your Bank has achieved best in industry growth rate and has multiplied its user base by four times acquiring more than 10% of all FASTag users added by the Industry. Your Bank is committed to ensuring seamless experience to National Electronic Toll Collection (NETC) FASTag customers through comprehensive customer portal, widest range of FASTag Recharge Options and proactive awareness and customer education to help improve digitisation of tolling and parking payments in India. Your Bank is also working closely with National Payments Corporation of India (NPCI) / Indian Highway Management Company Limited (IHMCCL) on New Technologies and Ecosystem Developments to help improve and add new mobility related use cases to FASTag.

Your Bank has rebranded/repositioned its Current Account product as a business banking solution account and has rolled out various initiatives for its business banking customers to make onboarding convenient and easy. Introduction of 'InstaKit' for all business banking constitutions has now enabled the customers to transact immediately once the account is activated. A business banking customer can now be on-boarded on various value added services with a tick on the account opening form. Your Bank provides connected banking solutions to its Micro, Small and Medium Enterprises ("MSME") customers enabling them to connect with various Enterprise Resource Planning (ERP) service providers and Fintechs. Connected banking solutions would further enable a MSME to connect with industry specific ecosystem and help in improving the overall customer ease and experience. Your Bank has successfully integrated itself with multiple data source systems and platforms digitally and now effectively uses publicly available information to cross sell and upsell to its customers. Your Bank is one of the banking partners on the website of Ministry of Corporate Affairs ("MCA").

On World MSME day, your Bank launched a campaign which celebrated the attitude of India's young entrepreneurs with a series of inspiring videos - 'Empowering Business, Empowering You', which garnered 21 million reach and 14 million views.

Your Bank has been rapidly growing its presence in Digital Payments. It launched 'Kotak.biz', an Android App targeted towards merchants, enabling them to accept digital payments through cards, Bharat QR and Unified Payments Interface ("UPI"). The App is live for existing Point of Service ("POS") Merchants and Current Account customers of the Bank.

Looking at enhancing cash flows for merchants, your Bank has developed a new service called 'Same Day Settlements', which enables a POS Merchant to receive transaction settlements on the same day, instead of the next day.

In an effort to enhance the General Insurance product offering on the Insurance platform, your Bank has made available two unique propositions for its customers this year i.e. 'Cyber Insurance' and 'Kotak Protect'.

The Single Payment Protection Plan, 'Kotak Group Secure One' (KGSO), is a unique solution, especially targeting the millennial and 811 Account Holders.

Your Bank has taken a big leap into creating a digital footprint in FY 2021-22. The Non Resident Indian ("NRI") customers of your Bank can now open Investment Accounts online. This is the most convenient and safe mode of opening Investment Accounts and to start investing in mutual funds. This initiative has led to a three fold rise in NRI Investment Accounts opening in FY 2021-22.

In early FY 2021-22, your Bank enabled National Pension System ("NPS") on Mobile Platforms, both on Android and iOS and is currently, amongst the only two private banks where such facility is being offered to the existing customers. With this enablement, your Bank's individual NPS Account sourcing has moved to Mobile Banking, a big leap in digital initiatives by your Bank.

Your Bank has a complete online mechanism to invest through Bank Application Supported by Blocked Amount (ASBA) and UPI in Initial Public Offer ("IPO") / Further Public Offer ("FPO") / Rights Issues / Issue of Non-Convertible Debentures (NCD) / Sovereign Gold Bond Scheme (SGB). This proposition has been further sweetened with the introduction of instant online IPO Funding facility.

Kotak811 is India's first downloadable bank account. It offers instant and paperless account opening in three minutes and full access to all banking products and services. It has brought a full-fledged bank to the house of every Indian customer, digitally. Initially, it was started as an Acquisition and Fulfilment engine to acquire customers at scale, with Zero balance Savings Account and convenience as the core proposition. From 2021, Kotak811 operates as a 'Semi-Autonomous' Digital Bank within your Bank, with additional focus on engagement and cross sell. As of FY 2021-22, Kotak811 had over 1.2 crore customers residing in more than 1,000 cities and towns across India. In FY 2021-22, while the customer base grew by approximately 50% YoY, cross sell grew by approximately 120%.

Consumer Assets team scaled up business across Unsecured Lending, Credit Cards and Home Loans / Loan against Property (LAP), in spite of the business impact in April-May 2022, on account of COVID-19 2.0.

Home Loan business volumes grew YoY by 129%, backed by a strong campaign highlighting your Bank's rate benefit. Your Bank's Credit Card business posted strong volume growth in the second half of FY 2021-22, crossing 12 lakh cards for the year. The Credit Card business launched a co-brand card, partnering with Indigo Airlines. The business also launched 'Veer Card' dedicated to the armed forces on Rupay platform. Personal Loans business also posted strong volume growth YoY from second half of FY 2021-22. Your Bank's Consumer Finance Business is now clocking over an average 50,000 loans per month, with focus on both online and offline business.

The Healthcare Finance vertical was launched with a targeted approach to meet the financial needs of Business Banking Asset segment. Multiple digital journeys for customer acquisition on assets and cards have been undertaken and will go live during FY 2022-23.

Commercial Banking

Your Bank's Commercial Banking business focuses on meeting the banking and financial needs of various segments. This business has specialised units offering financial solutions in the areas of Commercial Vehicles ("CV"), Construction Equipment ("CE") and Tractor and Agriculture Business. It services the priority sector by providing finance for Tractors, Crop Loans to small enterprises and for Allied Agricultural activities. This business plays a significant role in meeting the financial inclusion goals and financing deep into 'Bharat'.

Currently, India's CE industry is the third largest in the world, which witnessed a drop of 15% over the last financial year. The decline was primarily due to the impact of the pandemic in the first half of the year, along with irregular cash flows from State Government and its agencies. Major impact of cash flow was faced by retail and smaller contractors. Your Bank's disbursement witnessed a 20% growth and improvement in market share since the last financial year. With improvement in economy and tax collection, your Bank is hopeful that cash flows in FY 2022-23 will improve significantly and so will demand for CE equipments. Government of India's ("GOI") push on infrastructure with increased budgetary allocation and key announcements like 'GATI SHAKTI', 'Ghar Ghar Jal Mission' along with Road and Railways, are few things which will keep the industry vibrant for future. Overall order flows are improving as well as the pace of work and utilisation of equipments at ground level. The overall delinquencies percentage in CE retail portfolio has marginally increased but major improvement was seen in Q4 FY2021- 22.

Your Bank's CV business has witnessed a 54% disbursement growth, with increase of 26% in the CV industry numbers. This has led to achieving higher market share in the CV industry. The Passenger Car segment, comprising staff / school bus transportation, tour and travel and public transport operation, has seen some recovery in Q4 FY2021- 22 and is poised for stronger recovery going forward. The overall delinquency percentage of the CV portfolio has come down along with reduction in Gross Non-Performing Assets (GNPA) numbers.

The Agriculture business continued to show a growth despite a first quarter halt to business activities, due to the COVID-19 2.0. The year saw inflationary rise in commodity prices and a significant demand rise for all agro commodities, resulting into request for incremental funding needs by all customers. In FY 2021-22, your Bank completed the digitisation of the on-boarding and renewal experience for the customers, thus requiring limited physical contact / presence of the customers at branches for their banking activities. The business focus towards priority sector assets resulted in further increase in Priority Sector Lending ("PSL") qualifying assets in the division's portfolio. PSL assets now account for 80% of the division's portfolio. A spurt in demand, recommencement of eateries and increased travel also saw an improvement in the turnover and business activities of the clients. Due to late commencement of the physical Courts, the recovery rate was delayed and lower. The business faced interest rate pressure due to intense competition.

During the year, the division also focussed on a couple of new initiatives like the Agri Infrastructure Fund / Agriculture Marketing Infrastructure ("AMI"), a biometric oriented retail farmer on-boarding App and empanelment with government agencies for Farmer Producer Organisations (FPO) lending. There was increasing traction on the e-NAM platform.

The microfinance segment which had been severely impacted by the lockdowns and stoppage of business due to COVID-19 for the past two years, witnessed a significant resurgence in FY 2021-22, growing at over 60% on advances on YoY basis. There was an improvement in collection efficiency to over 95% on a monthly basis and a return to almost normal status of fresh loan disbursements.

Tractor industry had de-grown by 6% in FY 2021-22, mainly due to impact of increase in price and very high growth in FY 2020-21. Your Bank's Tractor Financing business has grown better than the industry on account of YoY growth in disbursement by 8%, improved market share in new tractors and also focus on new products and customer segments. There was a marginal impact on portfolio performance due to COVID-19 impact on cash flows of farmers.

Your Bank has Crop Loan business presence mainly in Punjab, Haryana and Western states of India. During FY 2021-22, portfolio quality improved as compared to last year, due to better resolution and collection focused manpower structure. Better monsoon and good crop yields have also helped in resolution.

In FY 2021-22, your Bank expanded Gold loan branches to 400, with about 24% of the branches being now active for Gold loan processing.

Corporate Banking

Your Bank's Corporate Banking business caters to a wide range of corporate customer segments, including major Indian corporates, conglomerates, financial institutions, public sector undertakings, multinational companies, new age companies, small and medium enterprises and realty businesses.

This business offers a comprehensive portfolio of products and services to these customers including working capital finance, medium term finance, trade finance, foreign exchange services, other transaction banking services, custody services, debt capital markets and treasury services. The core focus of this business has been to deepen existing relationships and acquire new quality customers on a consistent basis, delivering customised solutions through efficient technology platforms, backed by high quality service and advice. Your Bank also aims to secure value addition through cross-selling of varied products and services.

This year too, your Bank faced COVID-19 related challenges of the second and the third wave. Your Bank was better prepared to face the COVID-19 challenges and navigated this period with a suitable balance between growing the business and prudent risk management. The pickup in economic activity was mixed across sectors. The working capital utilisations remained muted during the year, led by the general approach of corporates to deleverage and bring better efficiency in their working capital management. Companies were, by and large, agile in increasing productivity and reducing costs. Significant long term fund requirements arising out of capacity enhancements are yet to be seen. Strong capital markets, both debt and equity, helped corporates raise funds which ensured that leverage remained at comfortable levels on company balance sheets. Moreover, comfortable liquidity in the banking system kept borrowing costs low for these corporates, in spite of interest rates in the bond markets moving upwards.

Your Bank has addressed these growth challenges by remaining focused on adding new customers in a profitable manner as increasing wallet share with existing customers. There is a healthy addition of New-to-Bank customers in all segments, which in turn, sets a strong foundation for future growth in the business.

Your Bank has focussed on the Small and Mid-Size Enterprises ("SME") segment and grown in advances at 25.3% with minimal slippages by gaining market share and is well poised to capture the growth opportunities in this segment. Several initiatives were taken by your Bank to grow the Priority sector business, resulting in healthy growth in Priority sector advances. Loans to NBFCs continued to grow while maintaining focus on quality. Overall, your Bank ended the year with a well-diversified growth across all customer segments.

Your Bank's share of credit substitutes increased significantly during FY 2021-22, as a result of return of liquidity to debt capital markets and replacing of bank borrowings with funds raised in the capital markets, by the corporates. Your Bank also assisted several customers in raising debt through these markets, thus significantly growing its Debt Capital Market and Loan Syndication revenue stream.

Income from other non-credit income streams including from Forex, Cash Management and other Transaction Banking products too grew well.

There has also been greater focus on increasing the liability side of the business by building core Current Account ensuring a better mix and other non-risk income streams. Assets under custody grew substantially given IPO traction and huge Private Equity inflows. Your Bank saw fund managers showing increased interest in setting up GIFT city structures, across both, Alternate Investment Fund ("AIF") II and III structures. Your Bank on-boarded a number of marquee Foreign Portfolio Investment (FPIs), AIFs and Portfolio Management Services (PMS) clients during the year, who started using the Custody, Clearing and Fund Accounting solutions.

In order to capitalise on market opportunities and offer holistic solutions to clients, your Bank has taken steps to improve integration between its different businesses, including Lending, Debt Capital Markets, Private Banking and Investment Banking. These steps have resulted in an increase in cross divisional synergies and execution of complex solutions, such as syndication of structured debt to Private Banking customers, referring of Investment Banking solutions to Wholesale Banking clients and such others. As part of this strategy, your Bank has an integrated Corporate and Investment Banking ("CIB") approach towards certain top conglomerates and large corporates. The CIB model has ramped up well over the years for your Bank.

Improved customer service and product innovations have helped your Bank to increase cross-sell and wallet share in non-credit businesses.

Your Bank has always had robust risk management practices and it is a testimony to these practices that your Bank has been able to end the year again with low credit costs, despite such a challenging environment. Across corporate segments, your Bank has been proactive in rebalancing its portfolios to reflect economic situations and reducing exposure to situations with heightened risk. Your Bank's focus on Risk management has helped the business to optimise its Risk Weighted Assets as a percentage of Assets over the past few years. The use of Risk Adjusted Return on the capital pricing model has become ingrained in the way the Corporate Banking division conducts its business and has helped to optimise pricing, better utilise capital, increase focus on non-capital intensive income streams and improve return on equity.

Your Bank continues to target productivity and efficiency improvements. There is greater focus on measuring and improving employee productivity, including of its Sales force, through use of technology and digital tools. Given high focus in this area, costs have been kept well in control, further improving profitability of the business.

Digital Initiatives and Robust Business Continuity Practices continue to remain the focus of your Bank. Your Bank was also agile in implementing digital signatures and other online platform solutions for execution of customer documentation. Various digital platforms and initiatives across the customer lifecycle were taken live so as to enable smoother and seamless customer experience, safety first for customer and employees, compliances and improvement in turn-around-time. During the year, the Cash Management Portal was upgraded along with mobile interface. Online trade portal went live with

positive initial feedback. Digital on boarding of custody end clients was started. Your Bank has launched 'Kotak FYN', its new enterprise portal exclusive for Business Banking and Corporate clients. Kotak FYN aims to provide customers with a seamless experience in a unified view across all product platforms. The portal assures paperless transactions, straight through processing and the facility to track transactions end-to-end.

Favourable risk-return metrics, strong growth in liability and non-risk fee income, controlled credit costs and bounce back of growth across assets in this year, have ensured that your Bank has been able to grow the profitability of the Corporate Banking business and maintain a healthy Return on Equity.

Your Bank remains committed to build a high quality differentiated corporate franchise and continued to focus on maintaining the health and profitability of the business. In FY 2021-22, your Bank significantly ramped up its income from debt syndication business.

Private Banking

Your Bank's private banking arm, caters to a number of distinguished Indian families and is one of the oldest and the most respected Indian Private Banking firms, managing wealth for more than half of India's top 100 families (Source: Forbes India Rich List 2021), with clients ranging from entrepreneurs to business families and professionals.

Your Bank provides an open architecture proposition to its customers, offering a plethora of Private Banking products. This business has a strong distribution capability for private clients through distribution / referral model across equities, fixed income and alternates catering to Ultra High Net worth Individuals and High Net worth Individual ("HNI") investors. In addition to comprehensive financial solutions that go beyond investments, the division provides a strategic consolidated view on the client's overall portfolio. These also include banking and credit, consolidated reporting, referral for estate planning services and other various products and services to its Private Banking clients. With an in-depth understanding of client requirements and expertise across various asset classes, this business offers the widest range of financial solutions. Your Bank has added approximately 700 new families in FY 2021-22.

Digital and Technology are key pillars of future growth. Delivering products and services to the right set of clients in a smooth and efficient manner will require your Bank to adopt new age technologies that enhance customer experience. Customer segregation for customising their experience is also key to use of available resources in the most optimal manner. Identifying, servicing and retaining clients at scale will require your Bank to adopt best practices and help integrate the right technologies across various functions – sales, products and service.

International Banking Units

Your Bank has two International Banking Units ("IBUs") based at GIFT City, Gandhinagar, Gujarat and DIFC, Dubai, United Arab Emirates. The IBUs have their independent treasuries which not only manage regulatory requirements and liquidity buffers – viz., Liquidity Coverage Ratio (LCR), etc. but also offer banking services through products like term credit facilities for various purposes, trade finance, foreign exchange solutions, etc.

The GIFT City Branch is regulated by the International Financial Services Centre Authority (IFSCA), which facilitates your Bank's participation in syndication of overseas loans, lending to clients in international markets and providing External Commercial Borrowing to eligible Indian corporates. Your Bank also undertakes offshore client's forex and derivative transactions to help them with management of interest rate and currency risks, in addition to investments in offshore bonds.

DIFC Branch is your Bank's first overseas branch at Dubai, regulated by the Dubai Financial Services Authority ("DFSA"). This branch complements your Bank's ability to advise and arrange global investment products, provide loans and accept deposits from its overseas private banking customers that qualify under the Professional client criteria of the DFSA. Your Bank has developed capabilities to advise and arrange global investments through this Branch. The Branch also has tie-ups with some leading names in the international investments space and arranges access to their services to eligible customers of the Branch.

Asset Reconstruction

Your Bank's Asset Reconstruction Division (ARD) looks at opportunities and takes exposure in distressed/ Non Performing Assets ("NPA") accounts through Security Receipts ("SR") investments, Stressed / NPA portfolio buyout from other banks, priority funding and working capital assistance with an aim to resolve and turn them around. As a Qualified Institutional Buyer (QIB), your Bank also invests in SRs issued by Asset Reconstruction Companies. Your Bank is actively participating in distressed asset buyouts and investments space for almost two decades.

The resolution of several accounts was seriously impacted on account of lockdowns due to COVID-19 pandemic and slowdown in the economy. It was impacted this year as well due to disruption in functioning of various judicial forums like Debt Recovery Tribunals (DRTs), Debt Recovery Appellate Tribunal (DRAT), High Courts, including National Company Law Tribunal (NCLT) proceedings under Insolvency and Bankruptcy Code (IBC) which resulted in piling of cases and delay in announcement of awards for various distressed accounts.

However, your Bank adapted to the pandemic situation and it diligently, closely monitored and spared no efforts to resolve the stressed accounts with empathy and compassion.

Now, the economy is exposed to global crises of War, with rise in commodity prices and inflation. However, your Bank is monitoring the impact and will adopt various measures thoughtfully and diligently to resolve the stressed and bad accounts with compassion.

We expect a lot of opportunities in the acquisition side, both corporate and retail stressed loans, which your Bank will analyze. If the prices offered are reasonable and attractive, your Bank shall be open to acquire several of them.

Treasury

Your Bank's Treasury actively contributes by way of:

- i. Balance Sheet Management: The Balance Sheet Management Unit ("BMU") ensures maintenance of regulatory reserves and adequate liquidity buffers and requisite investments. The BMU also manages Interest Rate and Liquidity risk within the overall risk appetite of your Bank.
- ii. Proprietary Trading: The Proprietary Trading Desk actively trades in products such as Fixed Income Securities, Money Markets, Derivatives, Foreign Exchange and Equity. The Proprietary Desk also helps assist interbank access to teams servicing customer requirements. The Primary Dealer Desk, which is a part of the Proprietary Trading Desk, actively participates in primary auctions of Government Securities, makes market in Government securities and engages in retailing of Government securities.
- iii. Customer Transactions: The customer facing desks at the Treasury assist and manage customer transactions across Foreign Exchange, Derivatives and Bullion products. The Forex and Derivatives Desk facilitates customer access to foreign currency markets through cash and derivatives products for remittances, trade transactions and for managing Foreign Exchange and Interest Rate risks.
- iv. Bullion: The Bullion desk provides efficient working capital solutions to domestic jewellery manufacturers as per the prescribed rules of RBI. Your Bank also imports gold and silver to meet the needs of customers, under a license received from the RBI.

RESPONSE TO COVID-19 PANDEMIC

India began the vaccination programme in January 2021 and has stood firmly to manage the unprecedented challenge caused by COVID-19, which continued to test the Indian economy this year as well. However, with lower number of infections and increasing vaccinations, the economy has shown resilience and your Bank is confident that it will emerge out stronger.

In these challenging times, your Bank has taken steps to help, protect and provide relief to its customers, employees and society. The key approach taken by your Bank to mitigate the impact of the pandemic for its customers, employees and society is summarised below:

Well-being of employees

- Continuity with safety: Your Bank has taken all possible steps to protect the workforce including rostering, working with minimal staff presence at branches and offices physically, implementing COVID-19 appropriate behavior and protocols, without affecting customer service.
- Emergency response: Your Bank has created a war room amongst 'Kotakites' who volunteered and have put in place a series of emergency measures including tie-ups for medical emergency response services, isolation facilities, doctor consultation and telemedicine services.
- Financial support: Your Bank offered special financial assistance up to ₹ 5 lakh per employee to needy COVID-19 infected employees and their immediate relatives, to support emergency medical expenses, pending medical insurance approvals, on a case-to-case basis.
- Your Bank introduced the Kotak Pandemic Benevolent Policy to secure the future of families of those colleagues who lost their lives from 1st April, 2020 and subsequently up to 31st March, 2022. Under this, family members / nominees of those employees who lost their lives (irrespective of the cause of death), would receive full monthly fixed salary for two years, beginning June 2021. The family members / nominee of deceased employees, eligible for annual bonus, received the annual year-end bonus for FY 2020-21.
- People balance sheet over financial balance sheet: Your Bank instituted comprehensive remote working policy to protect employees during the pandemic. Also, employees were permitted to work from locations different from their base location. Your Bank introduced remote working allowance to cover wi-fi and other work-related furnishing expenses and a fitness allowance through 'Health to the Power Infinity' program (#HumFitKotakHit). Your Bank carried out a '828' program to ensure robust work-life balance, announced special leave of 15 days for those who were COVID-19 positive, reimbursed the cost of COVID-19 tests for employees and also waived off employees share in the medical insurance premium.
- Kotak VaxShield: Your Bank conducted vaccination drives for employees and their family members and reimbursed employees who paid for their vaccination.

Well-being of customers

- To bring a sharper focus to the healthcare sector with a targeted set of product offerings, your Bank launched a tailored and holistic suite of healthcare financing solutions ranging from healthcare infrastructure loans, medical equipment finance and unsecured healthcare loans, catering to key stakeholders in the healthcare ecosystem including hospitals, laboratories, diagnostic centres, nursing homes, clinics, doctors and medical equipment manufacturers and dealers. Your Bank introduced a comprehensive bouquet of offerings at attractive interest rates to meet the financing requirements of all the key players. This included innovative lending facilities such as the Insta Program for quick approval of loans up to ₹ 50 lakh.
- To deliver essential banking services conveniently to a larger section of consumers living in relatively far-off areas, your Bank launched Micro ATMs across the country. Customers of all banks who possess a debit card can use a Kotak Micro ATM for key banking services, such as cash withdrawals and checking account balances.
- Your Bank completed integration of its Net Banking platform with DigiLocker to allow customers to instantly update their correspondence address with the Bank. With many customers having relocated to their hometowns during the COVID-19 pandemic, this facility gives customers one more option through which they can easily change their correspondence address – instantly and completely online.
- Your Bank offered emergency personal loans exclusively for the treatment of COVID-19. The loan covers expenses incurred for medical treatment of COVID-19 for self as well as for family members. Further, your Bank tied up with leading healthcare brands to provide a range of attractive healthcare offers for its debit and credit cardholders.

Well-being of society

- During the year, your Bank provided ambulances to provide better and timely accessibility of medical services to people from different strata of the society. The ambulances will continue to offer timely and easy access to medical facilities and cater to the medical needs of local residents, largely from the lower socioeconomic background.
- Your Bank launched 'Aadhaar on Wheels' – a mobile Aadhaar Seva Kendra that provides convenient Aadhaar services to citizens including senior citizens, the differently abled, pregnant women and others. This initiative is inspired by Kotak's successful project - ATM on Wheels, which was launched last financial year during the pandemic to help customers with essential banking services during the lockdown period.

Key initiatives and focus areas of FY 2021-22

Kotak Edge - Key metrics reflecting scalability of the business:

- Focus on Digital and Technology has resulted in enhanced productivity and improved customer experience from onboarding and transaction processing to servicing perspective. The continuous engagement and feedback mechanism with all stakeholders has led to on-going process improvement.
- 'Time to execution' and 'bespoke development' are the following two key pillars of your Bank's execution strategy:
 - Your Bank implemented low code platform and cloud based solutions to ensure quick time execution and scalability.
 - Working with both, fintechs and wealthtechs, ensures that your Bank can fulfil both bespoke developments as well as adapt to technological trends and functionalities.
- Green channeling the servicing of / for the Private Banking clients through soft skills and functional trainings. All complaints are addressed on priority.

HUMAN RESOURCES

During FY 2021-22, your Bank witnessed the peak of the COVID-19 outbreak and then the subsequent decrease in cases and relaxation of lockdown norms. The Human Resources ("HR") Department of your Bank implemented various initiatives to transform the HR processes, policies and systems and various employee touchpoints for smooth functioning and business continuity in the new normal scenario. From making great strides in engaging with employees, numerous health and wellness drives, to centralising various HR Processes for aligning employee experience, there have been quite a few measures taken to enhance the experience of employees. It was indeed a proud moment for your Bank to have been certified as 'One of India's Best Employers Among Nation-Builders' by the Great Place to Work® Institute, in 2021.

Key HR Initiatives taken by your Bank were:

- Health and Wellness: Various health and wellness related initiatives were launched through online and onsite interactions such as Emotional Assistance Program, Employee Outreach program, Covid test reimbursements for employees and their families, Special Leave for employees tested COVID-19 positive and online wellness initiatives such as yoga, meditation, zumba, quiz sessions, etc.
- Kotak DNA: Your Bank revamped the Kotak DNA. Also, Kotak DNA microsite and mandatory learning module were launched to create awareness amongst employees.
- Leadership and Manager Connect: Your Bank remains heavily invested in regional initiatives like Leadership Connect / Town Hall, Webcast, Meet forums for building manager connect and skip level and also strengthens the platform for top down communication.
- Diversity and Inclusion: Building diverse and inclusive culture has been a focus for your Bank over few years. Your Bank has framed the Diversity and Inclusion Statement and also launched policies such as New Mother Benefit Policy for Kotak Wonder Women, to promote gender equity. The policy aims to provide assistance to Kotak Wonder Women returning to work, to help set up a reliable support system for them to take care of their infants.
- Hum Fit Kotak Hit: Your Bank has launched a monthly Fitness allowance, with effect from 1st December, 2020, thereby creating a culture of fitness for Kotak employees by encouraging them to update their fitness goals online, driving focus on their health and well-being.
- Kotak Worklife Mobile App: Your Bank focused on automation and enhancing the employee experience in FY 2021-22 with regards to HR processes and transactions. Your Bank moved away from the old employee intranet portal and launched the Kotak Worklife Mobile App which is also available in web format portal and provides functionalities such as attendance, leave, chat groups, chatbot and others on the same platform. Through this App, the aim is to provide all employee services at work and collaboration in a simple and effective manner. Employees are now able to mark their attendance, create and interact with workgroups like WhatsApp, raise and resolve queries on the intuitive chatbot besides various other linkages such as to HRMS, Payroll, Reimburse, Travel, Mediclaim, Fast Track (Internal Job Postings), book a seat (office hot desking), vaccination declaration and booking, IT helpdesk and many more, while employees are on the go.
- Employee Volunteering Policy: Your Bank launched the Employee Volunteering Policy in FY 2021-22 to enable and inspire employees to utilize their time and skills in socially impactful volunteering activities, thereby driving a positive change in your Bank's communities through physical / virtual volunteering and payroll giving.
- Kotak Young Leaders Council: Your Bank actively engages with young talent through this flagship initiative where young Kotakites become change makers and thinkers. It is a valuable learning opportunity where the chosen few who become the council get to interact with the leadership team and work as a cohort with them.
- Eureka: Your Bank has revamped the innovation, idea generation portal where employees can submit open ideas or for specific business problems. Your Bank evaluates the ideas submitted and rewards the best ideas and makes them part of the selected idea implementation process. The platform is also available on the Kotak Worklife Mobile App, on the go for all employees.
- My Kotak My Say: Your Bank has been strengthening the platform for top down communication. At the same time, your Bank has created a listening opportunity for Kotakites to voice through, 'My Kotak My Say', a bi-annual employee engagement survey engaging with the 'Great Place to Work® Institute'. 'My Kotak My Say' Survey was conducted for the second time in August 2021, with an overall 76.15% response rate organisation wide. 77% of employees today believe that Kotak is a Great Place to Work (increased from 72% in previous year). Your Bank has been certified as 'One of India's Best Employers Among Nation-Builders' by Great Place to Work® Institute.

- Employee Development: Your Bank increased focus on e-learning for delivering programs at various stages of employee lifecycle. Programs such as 'Learning A-fair' focused on seven themes, which spanned across 73 sessions. The event had over 10,000 unique employee registrations and cumulative attendance for these 73 sessions was over 35,000. Your Bank also framed External Learning Courses Policy, to encourage employees to take up relevant courses and training and upskill themselves.
- Talent Acquisition: Your Bank has launched 'Kotak Fast Track Plus', an exclusive Internal Job Posting portal for Grade M8 and above roles, where senior employees can explore available internal career opportunities across the Kotak group and advance their careers. To have a diverse workforce and promote women participation, your Bank has made the Internal Job Posting program more attractive for women employees to promote internal talent mobilization and has identified roles that can be filled with a woman candidate only. To bridge the skill gap for roles specially in IT, Digital and Business Intelligence Unit (BIU), your Bank introduced Science, Technology, Engineering and Math (STEM) and Critical to Quality (CTQ) parameters during the candidate screening process to ensure it hires candidates with right skillsets to meet the future demand.
- Your Bank has launched K-Appraise, Rewards and Recognition platform. Through this platform, your Bank has been promoting a culture of appreciation via monetary and non-monetary reward programs. The platform is available to employees on Kotak Worklife Mobile App / Portal. Employees can appreciate their peers and can also avail discounts on various brands on the platform.
- Talent Management: Your Bank continues to review talent at a leadership level. Various interventions have been rolled out for future leadership capability building for key talent.
- Kotakathon@Eureka: Your Bank launched a hackathon named Kotakathon@Eureka, with the single most critical objective of creating the highest levels of Customer Obsession in our minds, which helps deliver real value to customers. This was a challenge for the Branch Banking Business of Consumer Bank in identifying problem areas and proposing solutions to issues that your Bank's customers are facing.
- Your Bank launched DREAM (Digital Readiness Enabler and Awareness Measure), an opportunity to ensure that Bank employees in select grades are exposed to personalized digital awareness learning journeys, after having assessed their Digital Quotient. This is an attempt to prepare employees for the ongoing transformation.
- Digi Q [in partnership with Catalyst Executive Education Institute (CEEI)]: Kotak DigiQ is a customized intervention for the senior leaders of your Bank, designed to instill a sense and urgency to lead in the Indian banking sector through rapid transformation and focused disruption pivoting on Digital initiatives. About 100 plus leaders have been covered so far.

EMPLOYEES

As on 31st March, 2022, the full time employee strength of the Group was over 90,000. The Statndalone Bank had over 66,000 full time employee.

In terms of the proviso to Section 136(1) of the Act, the Directors' Report is being sent to all members, excluding the annexure with respect to employees employed throughout the year who were in receipt of remuneration of ₹ 102 lakh or more per annum and employees employed for part of the year who were in receipt of remuneration of ₹ 8.5 lakh or more per month. The annexure is available for inspection by any member on request. Any member interested in obtaining a copy of the said annexure, may write an email to the Company Secretary at KotakBank.Secretarial@kotak.com.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Bank continues with the belief of zero tolerance towards sexual harassment at workplace and continues to uphold and maintain itself as a safe and non-discriminatory organisation. To achieve the same, your Bank reinforces the understanding and awareness of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). Your Bank has formulated a central Steering Board Committee and Internal Committee at three regions for reporting any untoward instance of sexual harassment. Any complaints pertaining to sexual harassment are diligently reviewed and investigated and treated with great sensitivity. The Internal Committee members have been trained in handling and resolving complaints and have also designed an online e-learning POSH Awareness module, which covers the larger employee base.

As on 1st April, 2021, eight complaints were pending for disposal. All these complaints were disposed off during FY 2021-22.

The following is a summary of sexual harassment complaints received and disposed off during FY 2021-22:

Number of complaints received during FY 2021-22	33
Number of complaints disposed off as on 31 st March, 2022	26
Number of complaints pending as on 31 st March, 2022	7

All the seven complaints pending as on 31st March, 2022, were disposed off as on the date of this Report.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted the Kotak Mahindra Bank Limited - Insider Trading Code of Conduct ("Code") for the prevention of insider trading in the securities of the Bank as well as in other listed and proposed to be listed companies and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI"). The Code, *inter alia*, prohibits dealing in securities by insiders while in possession of UPSI. The said Code has been amended, from time to time, to give effect to the various notifications / circulars of SEBI with respect to the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Bank has also formulated and adopted the Policy for Determination of Materiality of Events or Information of the Bank, in terms of Regulation 30 of the SEBI Listing Regulations. The Policy for Determination of Materiality of Events / Information and the Code of Practices and Procedures for Fair Disclosure of UPSI of the Bank, is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>, in compliance with the SEBI Listing Regulations.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Bank is committed to its 'Vision Statement' of upholding its Global Indian Financial Services Brand, creating an ethos of trust across all constituents, developing a culture of empowerment and a spirit of enterprise thereby becoming the most preferred employer in the financial services sector.

Consistent with the Vision Statement, your Bank is committed to maintain and provide to all its employees and directors, the highest standards of transparency, probity and accountability. The Kotak Group endeavours to develop a culture where it is safe and acceptable for all employees and directors to raise / voice genuine concerns in good faith and in a responsible as well as effective manner.

A vigil mechanism has been implemented through the adoption of a Whistle Blower Policy with an objective to enable employees / directors / suppliers / vendors / service providers / all other applicable stakeholders, raise genuine concern or report evidence of activity by the Bank or its employee or director or vendor that may constitute instances of corporate fraud, unethical business conduct, a violation of Central or State laws, rules, regulations and / or any other regulatory or judicial directives, any unlawful act, whether criminal or civil, irregularities like alteration, forgery or fabrication of documents, impropriety, abuse or wrong doing, misuse of office / position, theft / embezzlement, misappropriation of asset, bribery / corruption, collusion with vendor / customers, deliberate breaches and non-compliance with the Bank's policies, processes, data leakage, questionable accounting / audit matters / financial malpractice, ethics violation, conflict of interest, dual employment and unauthorized disclosure of confidential information about the Bank or any of its customers. The concerns can be reported online on the following websites viz., URL: <https://cwportal.com/kotak> and / or <https://www.speakup.co.in/> which are managed by independent third parties. Safeguards to avoid discrimination, retaliation or harassment and confidentiality have been incorporated in the said policy.

All employees and Directors have access to the Chairman of the Audit Committee in appropriate and exceptional circumstances. Further, the Chairman of the Audit Committee has access rights to the whistle blower portals. The Audit Committee reviews a synopsis of the complaints received and the resolution thereof, every quarter under the said Policy.

Your Bank is taking several initiatives to encourage employees to blow the whistle and report incidences of any fraud or unusual events. During the year under review, your Bank has initiated periodic email campaigns for educating employees on the process of whistle blowing, creating awareness and encouraging employees to blow the whistle and report incidences of any concerns. In addition, the same has been reiterated and made an integral part of your Bank's Code of Conduct and training.

The Policy is available on the Bank's intranet as well as website viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

EMPLOYEE STOCK OPTIONS AND STOCK APPRECIATION RIGHTS SCHEMES

The Bank has formulated and adopted the Kotak Mahindra Share Based Employee Benefit Scheme 2015 to:

- provide means to enable the Bank, its subsidiaries and associate companies, as applicable, to attract and retain appropriate human talent in the employment of the Bank, its subsidiaries and associate companies, as applicable;
- motivate the employees of the Bank, its subsidiaries and associate companies, as applicable, with incentives and reward opportunities;
- achieve sustained growth of the Bank, its subsidiaries and associate companies, as applicable and to create shareholder value by aligning the interests of the employees with the long term interests of the Bank; and
- create a sense of ownership and participation amongst the employees of the Bank, its subsidiaries and associate companies, as applicable.

The Employee Stock Options ("ESOPs") and the Stock Appreciation Rights ("SARs") granted to the employees of the Bank and its subsidiaries currently operate under the following Schemes:

- i. Kotak Mahindra Equity Option Scheme 2015 ("ESOP Scheme")
- ii. Kotak Mahindra Stock Appreciation Rights Scheme 2015 ("SARs Scheme").

During the year, the Bank granted ESOPs and SARs to the eligible employees of the Bank and its subsidiaries, in accordance with the respective Schemes and as approved by the Nomination and Remuneration Committee ("NRC").

SEBI has repealed the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI (SBEB) Regulations, 2014") and brought in force the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB&SE) Regulations, 2021"), with effect from 13th August, 2021. The provisions of SEBI (SBEB&SE) Regulations, 2021 do not apply to cash settled SARs Scheme. As the Bank's SARs Scheme provides only for cash settlement on stock appreciation, the provisions of SEBI (SBEB&SE) Regulations, 2021, are no longer applicable.

The aforesaid Schemes complied with the SEBI (SBEB) Regulations, 2014 and SEBI (SBEB&SE) Regulations, 2021, to the extent applicable. During the year under review, no material changes were made to the Schemes.

The relevant details of the aforesaid Schemes, as required under the SEBI (SBEB&SE) Regulations 2021, are available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html> These details, along with the certificates from the Secretarial Auditor, as required under the SEBI (SBEB&SE) Regulations 2021, stating that the ESOP Scheme and the SARs Scheme have been implemented in accordance with the SEBI (SBEB&SE) Regulations, 2021 and the resolution passed by the members, would be placed and available for inspection by the members during the AGM.

ENVIRONMENT, SOCIAL AND GOVERNANCE PRACTICES AND CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, your Bank has constituted a Board level Corporate Social Responsibility and Environmental Social and Governance Committee ("CSR & ESG Committee").

Your Bank's CSR & ESG Committee is responsible to:

- i. identify, execute and monitor CSR projects, to assist the Board in fulfilling its CSR objectives, to ensure compliance of CSR regulations and to oversee reporting and disclosure of CSR activity;
- ii. oversee the development and implementation of the Group's ESG framework, to assist the Board in defining and fulfilling its ESG goals and objectives, to ensure compliance of ESG regulations and to oversee the reporting and disclosure of the Group's ESG performance; and
- iii. review / approve donations by the Bank, to the not for profit organisations, as per authorisation matrix approved by the Board from time to time.

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Environment, Social and Governance Practices

Keeping pace with the increased global focus on Environment, Social and Governance ("ESG"), your Bank strives to improve its performance on ESG aspects. The ESG practice in the Bank is guided by a curated ESG policy framework which articulates ESG focus areas. Adherence to high standards of corporate ethics and transparency are cornerstones of your Bank's ESG approach. Current policies and processes have been updated to reflect this renewed focus on strengthening systems from a stakeholder perspective, of which, details have been covered in the profile section of this Report. On the social dimension, your Bank continues to focus on customer experience, data privacy, employee well-being and development, financial inclusion and community focused interventions. With regard to environmental performance, your Bank has elevated its focus on its operational and financing footprints. Details of your Bank's operational environmental footprint and climate risk assessment have been covered in the profile section of the Report.

Corporate Social Responsibility

Your Bank's Corporate Social Responsibility ("CSR") Policy sets out your Bank's vision, mission, governance and CSR focus areas to fulfil its inclusive agenda across many geographies of India. The Policy also highlights your Bank's intent to contribute towards the economic, environmental and social growth of the nation and also reflects the organization's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). Your Bank has enhanced its CSR footprint in FY 2021-22 in accordance with the guidelines led out in the CSR Policy, by focusing on sustainable, scalable and perceptible CSR Projects, spreading in focused geographies and aligning to SDGs and the national narrative.

Your Bank's CSR Policy is available on the Bank's website viz., URL: <https://www.kotak.com/en/about-us/corporate-responsibility.html>

Your Bank's CSR Projects and CSR Project Expenditure for FY 2021-22 are compliant with the CSR mandate as specified under Sections 134 and 135 read with Schedule VII of the Act, along with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time and in line with MCA's notifications issued from time-to-time.

The CSR expenditure for FY 2021-22, required as per Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time was ₹ 161.83 crore. After setting off ₹ 0.72 crore from the excess CSR spent of the previous FY 2020-21, your Bank's total CSR obligation for FY 2021-22 was ₹ 161.11 crore.

The actual CSR Expenditure for FY 2021-22 was ₹162.00 crore, which is more than the prescribed CSR expenditure requirement stipulated under Section 135 of the Act. The Bank spent ₹ 62.07 crore as CSR Project Expenditure of FY 2021-22, ₹ 3.87 crore as CSR Administrative Overheads Expenditure for FY 2021-22 and the balance ₹ 96.06 crore, towards ongoing CSR Projects of FY 2021-22, remained unspent and has been accordingly transferred to the 'Kotak Mahindra Bank Limited Unspent CSR Account FY 2021-22', in April 2022. Your Bank is committed to spend the unutilised CSR Expenditure of ongoing CSR Projects of FY 2021-22 within three years i.e. between 1st April, 2022 and 31st March, 2025.

The excess CSR expenditure spend of ₹ 0.88 crore for FY 2021-22 is being carried forward to three succeeding financial years and would be available for set-off in those financial years. A separate Annual Report on CSR activities for FY 2021-22 is annexed to this Report.

Your Bank had transferred an amount of ₹ 63.59 crore to 'Kotak Mahindra Bank Limited Unspent CSR Account FY 2020-21' in April 2021, against Board approved ongoing CSR Projects of FY 2020-21. Out of this, your Bank spent an amount of ₹ 40.02 crore during FY 2021-22 and balance amount was ₹ 23.57 crore as on 31st March, 2022. Your Bank is committed to utilise the balance amount towards completion of Board approved ongoing CSR Projects from 1st April, 2022 to 31st March, 2024.

The implementation of the CSR projects in FY 2021-22 had been done either directly and / or through implementing partner organisations, having proven track record. Also, your Bank's employees have been actively volunteering and providing on the ground support for the Bank's various CSR initiatives, including specific COVID-19 relief operations.

Your Bank, under various CSR Projects, has provided support for upgrading healthcare infrastructure across various hospitals, access to vaccination and supported frontline workers like doctors, nurses, policemen via various means such as contributing masks, face shields, sanitizers, etc. during the COVID-19 pandemic.

A brief outline of the CSR Policy, including the overview of the CSR Projects undertaken, the composition of the CSR & ESG Committee, CSR Project Expenditure during the year under review, have been provided in the Annual Report on CSR activities annexed to this Report and also in the Business Responsibility and Sustainability Report ("BRSR") section of the Annual Report for FY 2021-22.

Business Responsibility and Sustainability Report

In May 2021, SEBI made an amendment to Regulation 34(2)(f) of the SEBI Listing Regulations, by introducing enhanced disclosure requirements regarding ESG parameters through a revised format called BRSR. The BRSR format replaced the previous Business Responsibility Report. The revised disclosures were introduced to increase transparency in reporting and enable market participants to identify and assess sustainability-related risks and opportunities. BRSR is voluntary for FY 2021-22 and mandatory from FY 2022-23. Your Bank endeavours to be at the forefront of sustainability reporting by being an early adopter of BRSR.

The BRSR discloses an overview of an entity's material ESG risks and opportunities, goals and targets related to sustainability and performance against them.

The Bank's disclosure on environmental performance covers aspects such as resource usage (energy and water), Greenhouse Gas (GHG) emissions and waste generated. Disclosure on social aspects covers the workforce diversity (by gender and differently abled employees), turnover rates, median wages, occupational health and safety, trainings, community development and customer centric approach, etc.

BRSR for FY 2021-22 is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html> Any member interested in obtaining a copy of this Report may write to the Company Secretary of the Bank at KotakBank.Secretarial@kotak.com or submit a written request to the Registered Office of the Bank.

TECHNOLOGY AND DIGITISATION

The COVID-19 crisis has created an imperative for your Bank to reconfigure its operations and an opportunity to transform them. As during the pandemic, consumers have moved dramatically towards online channels and your Bank has responded well in turn. In this situation, an area that has

seen tremendous growth is digitisation, meaning everything from online customer service to remote working to supply-chain reinvention to the use of artificial intelligence ("AI") and machine learning has taken front seat to improve the operations and overall experience. Your Bank has ensured the speedup in creating digital or digitally enhanced offerings.

Before embarking on the Digitisation journey, your Bank's strategy has addressed the four core questions only to achieve the digital roadmap:

- Does the existing infrastructure and platform architecture enable the efficient extension of Application services, rollout of innovations and the achievement of processing scale and efficiencies?
- Can the platform decouple legacy workflows, augmenting them with new workflows powered by AI, blockchain, deep learning, and Internet of Things ("IoT")?
- Will the modern architecture, operating model and business strategy operate and scale across established open standards and connect to Application Programming Interfaces ("APIs")?
- Can the current infrastructure adapt to regulatory and institutional changes in the next few years in response to new initiatives i.e. real-time payments, new messaging standards, more stringent requirements governing risk, security, fraud and privacy?

By considering the above points, your Bank has further accelerated the digitisation of Customer Experience and Digital Channels, Future Ready- Technology and Capability Building, so that it could address:

- Seamless connected journeys across the products / platforms
- Applications with a better user experience i.e. Personalization
- 24/7 access and frictionless service
- Innovation by including data protection and security.

Your Bank introduced Supply Chain Finance by leveraging its state of the art technology for the convenience of its customers. Operations gateway supply chain will strengthen the relationship of your Bank with the Corporate World by financing their supply chain partners.

For participating in the Account Aggregation (AA) Ecosystem, your Bank has built technical framework for Financial Information Providers (FIP) and Financial Information Users (FIU). These modules seamlessly connect a company's existing solution to the AA ecosystem and act as a single point to handle all the comprehensive and tedious integration architectures, helping FIPs and FIUs save time in their integrations.

Your Bank has implemented following initiatives from the automation perspective:

- Document to document comparison
- Goods and Service Tax (GST) workflow to streamline process which includes General Ledger tally
- Customer on-boarding journey for existing Current Account and Savings Account HNI customers to apply for Cash Management Services (CMS), Trade, loans, and other corporate products
- Consent Management system.

Open Credit Enablement Network (OCEN) is a framework of APIs for interaction between small borrowers, lenders, loan service providers and account aggregators. The APIs will act as a common language connecting marketplaces to use and create innovative financial credit products. Your Bank has implemented this framework which will enable digital cash flow based lending for MSME.

Being focussed on customer first, it has been your Bank's constant endeavour to provide the most attractive proposition which meets the aspirations and preferences of customers. With travel taking off in a big way, your Bank has partnered with IndiGo to help customers go places with 'Ka-ching'. Kotak-Indigo 'Ka-ching' has been designed to deliver a magical experience to the customers who love to travel. The Kotak-Indigo Credit Card is a valuable addition to your Bank's growing portfolio of cards and will be the preferred card in the customer's wallet.

Government Business Module (GBM) was implemented to ensure the timely rolling out of the government schemes to the customers.

Your Bank has partnered with Online PSB Loans Limited, a fintech company to provide online credit market place to various financial aspirations of borrower MSMEs and individuals, in a simple, quick and hassle-free way through Business Loan or Working Capital products.

Your Bank has also implemented 1Kosmos BlockID, a Multi Factor Authentication Solution (SAAS offering), which provides below functionalities for the customer:

- Open Authorization (Oauth) compliant
- Time based One Time Password (TOTP) option, which works offline after activation
- SMS and Email One Time Password (OTP).

Cheque Clearing being a core function, your Bank has implemented a robust application on a licensed model. This application, will in turn be provided to multiple Business Process Outsourced (BPO) vendors across geographies for processing, thereby ensuring localised continuity and faster processing.

Technology refreshes are no longer about replacing old kit with faster and slicker machines, but about creating agile, on-demand platforms that ensure your business is ready for change. Hence, your Bank has ensured that to cater to internal as well as external customer's network, devices and middleware has been upgraded. Also, contact centre software version upgrade was carried out successfully. As the importance of information has increased, the attacks in years have shown exponential growth. To counter the attacks, your Bank has implemented Machine Learning ("ML") algorithms that are used in applications to detect and respond to attacks. This is achieved by analysing big data sets of security events and identifying patterns of malicious activities. ML works so that when similar events are detected, they are automatically dealt with by the trained ML model.

The changing customer preferences is driving your Bank to provide 24x7 connectivity and increasingly digitized processes, creating new expectations and new risks. Further, your Bank is continuously evolving operational resilience to deliver critical operations through disruption.

Even though Business Continuity Planning has been an integral part of all functions across your Bank due to COVID-19, the rapid shift to remote working was seamlessly catered by Information Technology for the majority of the staff and business associates. Further, the IT operations were being carried out remotely i.e. end of day / beginning of day, backup, application support, end-user support, etc.

Apart from the above, your Bank's technology direction has been formulated to address six areas of strategic importance viz., Platform Building, Modernization and Refresh of Legacy, Analytics and Reporting, Cyber Security and Regulatory, Technology Operations Automation and Adoption of Emerging Technologies.

Cyber Security and Fraud Detection is a continuous evolving space. Your Bank invests significantly in technologies to be at the forefront to prevent, detect and act in situations arising from it.

The technology platforms used by your Bank have adequate level of component / system level redundancy built into the production systems. Critical technology platforms / systems have a Disaster Recovery ("DR") set up at a DR site, which can be utilised in the case of any major outages in the corresponding production system.

SUBSIDIARIES AND ASSOCIATES

As at 31st March, 2022, your Bank had nineteen subsidiaries in various businesses, as listed below:

Sr. No.	Name of the subsidiary	Business activity
i.	Kotak Mahindra Prime Limited	Car Finance and other Lending
ii.	Kotak Mahindra Investments Limited	Investments, Lending
iii.	Kotak Infrastructure Debt Fund Limited	Infrastructure Financing
iv.	Kotak Securities Limited	Stock Broking, E-Broking, Distribution
v.	Kotak Mahindra Capital Company Limited	Investment Banking
vi.	Kotak Mahindra Life Insurance Company Limited	Life Insurance
vii.	Kotak Mahindra General Insurance Company Limited	General Insurance
viii.	Kotak Mahindra Asset Management Company Limited	Mutual Fund
ix.	Kotak Mahindra Trustee Company Limited	Trustee Company
x.	Kotak Mahindra Pension Fund Limited	Pension Fund
xi.	Kotak Investment Advisors Limited	Alternate Asset Management
xii.	Kotak Mahindra Trusteeship Services Limited	Trusteeship Services
xiii.	Kotak Mahindra (UK) Limited	Distribution of financial products and dealing in securities
xiv.	Kotak Mahindra (International) Limited	Advisory Services, Investments
xv.	Kotak Mahindra Inc.	Broker / Dealer
xvi.	Kotak Mahindra Asset Management (Singapore) Pte. Limited	Asset Management
xvii.	Kotak Mahindra Financial Services Limited	Advisory services for Middle East
xviii.	IVY Product Intermediaries Limited	-
xix.	BSS Microfinance Limited	Banking Correspondent

Kotak Mahindra Prime Limited and Kotak Mahindra Investments Limited:

The Passenger Car market in India grew by 12.7% for FY 2021-22 compared to 1.6% de-growth in FY 2020-21. Profits of Kotak Mahindra Prime Limited and Kotak Mahindra Investments Limited in FY 2021-22 increased primarily due to higher disbursements, COVID-19 provision reversal, lower losses and profit from investments. Further, during FY 2021-22, KMPL acquired car finance portfolio of Volkswagen Finance Private Limited and Ford Credit India Limited.

Kotak Securities Limited and Kotak Mahindra Capital Company Limited:

In FY 2021-22, the Indian Equity Capital Markets witnessed a record fundraising year completing 53 IPOs, 1 FPO, 29 Qualified Institutional Placement ("QIP"), 22 Offer for Sale ("OFS") and 10 Rights Issues. FY 2021-22 saw exceptional response in IPOs and ensured successful completion of some of the marquee IPOs in the New Age Tech sector and other sectors such as consumer, financial, healthcare, real estate and speciality chemicals also witnessed strong investor response. Domestic Institutional Investors continued to support the markets with an inflow of US\$ 29 billion versus an outflow of US\$ 17 billion from FIIs. The market average daily volumes (excluding the proprietary segment) has shown a growth in the cash, NSE equity options and NSE equity futures segment from ₹ 48,523 crore to ₹ 51,293 crore, from ₹ 1,401,457 crore to ₹ 3,412,246 crore and from ₹ 79,698 crore to ₹ 88,948 crore, respectively, in FY 2021-22 as compared to the FY 2020-21. Accordingly, Kotak Securities Limited and Kotak Mahindra Capital Company Limited reported higher profits compared to the previous year.

Kotak Mahindra Life Insurance Company Limited:

Kotak Mahindra Life Insurance Company Limited ("KLI") has recorded a growth of 17.3% on the gross written premium, mainly coming from renewal premium and group new business. KLI has solvency ratio of 2.73 against a regulatory requirement of 1.50. The Net worth of KLI increased by 8.5% from ₹ 4,045.50 crore as on 31st March, 2021 to ₹ 4,389.20 crore as on 31st March, 2022. On individual Adjusted Premium Equivalent ("APE") Basis (Single 1/10), KLI was posted 8th rank within the private industry. KLI has registered a growth of 16.2% against insurance industry growth of 15.7%. KLI's market share for Individual New Business premium (APE terms) was 3.8% for FY 2021-22 amongst private insurers. On group APE Basis (Single 1/10), KLI was posted 3rd rank within the private industry. KLI's market share for Group New Business premium (APE terms) was 12.2% for FY 2021-22 amongst private insurers. KLI saw an increase in its Assets Under Management ("AUM") (including shareholders) by 19.4% YoY to ₹ 55,562.61 crore in FY 2021-22. Further, Operating expense ratio has improved to 12.8% as against 13.6% in previous year. This was possible by a 17.3% YoY growth in total premium in FY 2021-22 and is also attributed to improved productivity in addition to increase in distribution strength.

Kotak Mahindra Asset Management Company Limited:

The Mutual Fund industry registered a YoY growth of 20% YoY in Q4 FY 2021-22 over Q4 FY 2020-21 with the Quarterly Average Assets under Management ("QAAUM") for Q4 FY 2021-22 at ₹ 38.84 lakh crore. During the same period, on the basis of percentage growth in QAAUM, Kotak Mahindra Asset Management Company Limited ("KMAMC") was amongst the fifth fastest growing Mutual Fund House and ranked No. 5 in industry. The QAAUM of Kotak Mahindra Mutual Fund which stood at ₹ 286,478 crore for January - March 2022 has seen growth of around 22% in Q4 FY 2021-22 over Q4 FY 2020-21. Market Share in QAAUM has grown to 7.37% in Q4 FY 2021-22 from 7.25% in Q4 FY 2020-21 and 6.86% in Q4 FY 2019-20. The annual AAUM of KMAMC for FY 2021-22 was ₹ 272,938 crore against ₹ 202,826 crore for FY 2020-21, a growth of 35%.

Kotak Mahindra Pension Fund Limited

During the year under review, your Bank acquired 13,080,000 equity shares (46.7% of the issued and paid up equity share capital) of Kotak Mahindra Pension Fund Limited from KMAMC on 17th May, 2020. Post-acquisition of equity shares, KMPFL has now become a direct subsidiary with the Bank now holding 51%.

KLI is a material subsidiary of the Bank. The Bank's Policy for determining material subsidiaries, in line with the SEBI Listing Regulations, is available on the Bank's website viz., URL: <https://www.kotak.com/content/kotakcl/en/investor-relations/governance/policies.html>

The various activities of the subsidiaries and the performance and financial position of the subsidiaries and associate companies are outlined in the Management Discussion and Analysis section appended to this Report. Pursuant to the provisions of Section 129(3) of the Act, the Statement containing the salient features of the Financial Statements of the said subsidiary companies of the Bank, in Form AOC-1, is annexed to this Annual Report.

As at 31st March, 2022, your Bank had the following Associate companies:

- i. Infina Finance Private Limited
- ii. Phoenix ARC Private Limited.

ECA Trading Services Limited is in the process of voluntary liquidation, pursuant to resolution passed by its shareholders on 18th December, 2021 and hence, ceased to be an associate from that date.

Further, pursuant to the provisions of Section 136(1) of the Act, the Annual Report of the Bank, containing the standalone and consolidated financial statements and all other relevant documents required to be annexed thereto are available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html> and the separate audited financial statements in respect of each of the subsidiaries, are available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html>

The financial statements of the subsidiaries used for consolidation of the Bank's consolidated financial statements are special purpose financial statements prepared in accordance with GAAP specified under Section 133 of the Act read with relevant notifications.

DESPATCH OF ANNUAL REPORT

The MCA has issued General Circular No. 20/2020 dated 5th May, 2020, Circular No. 02/2021 dated 13th January, 2021 and Circular No. 02/2022 dated 5th May, 2022 and the Securities and Exchange Board of India ("SEBI") of India has issued Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020, Circular No. SEBI/HO/ CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 in relation to 'Relaxation from compliance with certain provisions of the SEBI Listing Regulations in view of the prevailing situation and owing to the difficulties involved in dispatching of physical copies of the Annual Report and the Notice convening the AGM. Members who wish to have physical copy may write to the Company Secretary of the Bank at KotakBank.Secretarial@kotak.com or submit a written request to the Registered Office of the Bank. In accordance with the aforesaid circulars, the weblink of the Annual Report and the Notice convening the AGM of the Bank is being sent in electronic mode only to members whose e-mail address is registered with the Bank or the Depository Participant(s). Those members, whose email address is not registered with the Bank or with their respective Depository Participant(s) and who wish to receive the Notice of the AGM and the Annual Report for the financial year ended 31st March, 2022, can get their email address registered by following the steps as detailed in the Notice convening the AGM. The Annual Report of your Bank and its subsidiaries are available on your Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html>

BOARD OF DIRECTORS
Board Composition

The composition of the Board of Directors of the Bank is governed by the Act, the BR Act and Regulation 17 of the SEBI Listing Regulations and is in conformity with the same. As on 31st March, 2022, the Board of Directors comprised a combination of twelve Directors viz., Mr. Prakash Apte, Independent Non-Executive Part-time Chairman, Mr. Uday Chander Khanna, Ms. Farida Khambata, Mr. Uday Shankar, Dr. Ashok Gulati and Ms. Ashu Suyash, Independent Directors, Mr. C. Jayaram and Mr. Amit Desai, both Non-Executive Directors, Mr. Uday Kotak, Managing Director & CEO, Mr. Dipak Gupta, Joint Managing Director, Mr. KVS Manian and Mr. Gaurang Shah, both Whole-time Directors. The size of the Board is commensurate with the size and business of the Bank. The Board mix provides a combination of professionalism, knowledge and experience required in the banking industry and also meets the criteria prescribed under the Board Diversity Policy adopted by the Board.

Change in composition of the Board during the year

At the 36th AGM of the Bank held on 25th August, 2021, the members approved the re-appointment of Mr. Uday Chander Khanna as an Independent Director of the Bank, for a second term of three years, with effect from 16th September, 2021.

At the meeting of the Board of Directors of the Bank held on 10th / 11th December, 2021, the Board had approved the appointment of Ms. Ashu Suyash as an Independent Director for a term of five years, with effect from 24th January, 2022 up to 23rd January, 2027 (both days inclusive), subject to the approval of the members of the Bank. Further, the members of the Bank had granted their consent to the aforesaid appointment of Ms. Suyash by way of Postal Ballot on 19th January, 2022.

Further, at the meeting of the Board of Directors of the Bank held on 18th / 19th March, 2022, the Board had approved the appointment of Mr. Amit Desai as an Additional Director of the Bank, with effect from 18th March, 2022, designated as a 'Non-Executive Director', subject to the approval of the members of the Bank. The members of the Bank had granted their consent to the aforesaid appointment of Mr. Desai by way of Postal Ballot on 23rd May, 2022.

Integrated Annual Report 2021-22

The Board of Directors of the Bank at its Meeting held on 4th May, 2022:

- i. Approved the re-appointment of Mr. KVS Manian as a Whole-time Director for a period of three years (post the expiry of his current term on 31st October, 2022), with effect from 1st November, 2022 or from the date of regulatory approvals, whichever is later;
- ii. Accepted the request of Mr. Gaurang Shah, to not continue as a Whole-time Director and Director of the Bank, on expiry of his current term on 31st October, 2022; and
- iii. Approved the appointment of Ms. Shanti Ekambaram as a Whole-time Director for a period of three years, with effect from 1st November, 2022 or from the date of regulatory approvals, whichever is later.

Directors retiring by rotation

At the meeting of the Board of Directors held on 25th June, 2022, the Board approved the proposal for re-appointment of Mr. KVS Manian and Mr. Gaurang Shah (up to the end of his current term as a Whole-time Director i.e. 31st October, 2022), as the Directors of the Bank, liable to retire by rotation at the ensuing AGM, in terms of Section 152 of the Act.

The details of the Directors along with the rationale for their proposed appointment / re-appointment, as mentioned above, are included in the Notice convening the Thirty-Seventh AGM of the Bank.

Declaration from Independent Directors

All the Independent Directors of the Bank have submitted the requisite declarations stating that they meet the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. The Board reviewed and assessed the veracity of the aforesaid declarations, as required under Regulation 25(9) of the SEBI Listing Regulations. In the opinion of the Board, all the Independent Directors fulfil the said conditions as mentioned in Section 149(6) of the Act and SEBI Listing Regulations and are independent of the Management. All the Independent Directors of the Bank have complied with the provisions of sub rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with respect to registration with the Indian Institute of Corporate Affairs for the Independent Directors' Data base and have passed the proficiency test or are exempted from the same. There has been no change in the circumstances affecting their status as Independent Directors of the Bank. In the opinion of the Board, the Independent Directors possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

Certificate on non-debarment or non-disqualification of Directors

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the Bank has obtained a certificate from Ms. Rupal D. Jhaveri, Practising Company Secretary, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the companies either by SEBI or MCA or any other statutory / regulatory authority.

Director e-KYC

MCA has vide amendments to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all Directors. All the Directors of the Bank have complied with said requirement in FY 2021-22.

Directors and Officers Liability Insurance Policy

The Bank has a Directors and Officers Liability Insurance Policy which protects Directors and Officers of the Bank for any breach of fiduciary duty.

Board Evaluation¹

The Board conducted the performance evaluation of the Individual Directors, Board Committees, Board as a whole and the Chairman of the Board in accordance with the provisions of the Act and the SEBI Listing Regulations, including the Guidance Note on Board Evaluation issued by SEBI on 5th January, 2017.

The NRC of the Board approves the criteria and the mechanism for carrying out the said performance evaluation process. Accordingly, the NRC approved the assessment questionnaire designed for the annual performance evaluation which broadly covered the following criteria:

- i. Board - Competencies, composition and structure, board dynamics, process and procedure, functioning, oversight of committee composition and functioning and ethics and compliance
- ii. Committees - Composition and quality, process and procedure, terms of reference and effectiveness in terms of respective roles assigned to the Committees
- iii. Chairman - Key focus areas covering understanding of the role, commitment, team work attributes, utilisation of domain expertise, effective communication, etc. and certain other parameters such as efficient leadership, decision making, professionalism, impartial conduct, devotion of sufficient time, effective communication and facilitation of productive deliberation
- iv. Individual Directors - Understanding of role, commitment, effective contribution, independent view to decision making, utilization of domain expertise, etc.

The aforesaid questionnaire was circulated to all the Directors of the Bank for the annual performance evaluation. The Board evaluated the effectiveness of its functioning and that of the Committees and of individual Directors through the annual Board Evaluation Process.

The Bank had engaged an independent external professional services firm for issuing a report on the Board Evaluation for the Bank, based on the responses received from the Directors. Based on the assessment of the responses received to the questionnaire from the Directors on the annual evaluation of the Board, its Committees, the Chairman and the individual Directors, the Board Evaluation Report was placed before the meeting of the Independent Directors held on 24th June, 2022, for consideration. Similarly, the Board at its meeting held on 25th June, 2022, assessed the performance of the Independent Directors and the outcome of the Board performance evaluation exercise.

¹ GRI 102-28

The Directors noted that the results of the performance evaluation of the Board and its Committees, Chairman and individual directors indicated a high degree of satisfaction amongst the directors. A suggestion given by the Directors was to increase its focus on customer centricity. The Bank has accepted the said suggestion made which emanated from the Board performance evaluation. The status of compliance of the said suggestion will be reviewed and reported to the Board.

Further, the Bank has taken necessary steps to comply with the suggestions which had arisen from the Board performance evaluation for FY 2020-21.

KEY MANAGERIAL PERSONNEL

The following officials of the Bank are the Key Managerial Personnel ("KMP") pursuant to the provisions of Section 203 of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on the date of this Report:

- i. Mr. Uday Kotak, Managing Director & CEO
- ii. Mr. Dipak Gupta, Joint Managing Director
- iii. Mr. KVS Manian, Whole-time Director
- iv. Mr. Gaurang Shah, Whole-time Director
- v. Mr. Jaimin Bhatt, Group Chief Financial Officer
- vi. Ms. Avan Doomasia, Company Secretary

There were no changes in the KMPs during FY 2021-22.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL²

The appointment and remuneration of Directors of the Bank is governed by the provisions of Section 35B of the BR Act. The NRC has formulated the criteria for appointment of Directors and Senior Management Personnel. Based on the criteria set, the NRC recommends to the Board, the appointment of Directors and Senior Management personnel.

The NRC reviews the range of skills, experience and expertise on the Board and identifies its needs. After a detailed search, a master list of candidates is prepared. The NRC then shortlists the candidates from the master list based on the selection criteria viz., qualifications, knowledge, experience, skills, expertise, fit and proper status, positive attributes as per the suitability of the role, independent status and various regulatory / statutory requirements, as may be required of the candidate, and also keeping in view the Bank's Board Diversity Policy. After detailed discussions and deliberations, the NRC recommends the candidate to the Board.

The Bank adheres to the process and methodology prescribed by the RBI in respect of the 'Fit & Proper' criteria as applicable to Private Sector Banks, signing of Deeds of Covenants which binds the Directors to discharge their responsibilities to the best of their abilities, individually and collectively in order to be eligible for being appointed / re-appointed as a Director of the Bank. The prescribed declarations / undertakings given by the Directors, other than that of the Members of the NRC, are placed before the NRC and the declarations / undertakings given by the Members of the NRC are placed before the Board, for its review and noting.

The said declarations / undertakings are obtained from all the Directors on an annual basis and also at the time of their appointment / re-appointment, in compliance with the said laws. An assessment on whether the Directors fulfil the prescribed criteria is carried out by the NRC and the Board, on an annual basis and also at the time of their appointment / re-appointment.

The salient features of the Compensation Policy are, as follows:

Objective:

- To maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals
- To ensure effective governance of compensation and alignment of compensation practices with prudent risk taking
- To have mechanisms in place for effective supervisory oversight and Board engagement in compensation
- To ensure that the compensation practices are within the regulatory framework stipulated from time to time by RBI.

Compensation structure comprises total remuneration consisting of:

- Fixed Pay, which includes perquisite pay / benefits
- Variable Pay, which includes Performance Bonus / Incentive, Long Term Incentive Pay in the form of cash bonuses, all share-linked instruments (e.g. ESOP, SARS, etc.)
- Other payments, which includes Joining / Sign on Bonus, Severance package, Deferred Incentive Plans, etc.

Further, the employees have been broadly classified into following categories:

- i. Category I – Comprising Managing Director & CEO and Whole-time Director ("WTDs")
- ii. Category II – Material Risk Takers ("MRTs")

These include employees whose actions may have material impact on the risk exposures of the Bank and who satisfy both - qualitative and quantitative criteria, as given below:

- a. Qualitative Criteria: Employees in the Grade M10 and above
- b. Quantitative Criteria: Fixed Cost To Company ("FTCTC") is ₹ 1 crore p.a. and above

This excludes employees under Category III.

² GRI 102-37

iii. Category III – Risk control and compliance employees, comprising staff in Grade M9 and above in the following Control functions:

- Risk & Policy function
- Financial Control including group consolidation
- Compliance
- Internal Audit
- Back-office Operations
- Vigilance
- Legal
- Secretarial
- Human Resources
- Corporate Social Responsibility
- Investor Relations

iv. Category IV: Other employees - This includes all employees, not explicitly covered in the first three categories.

The limits on the ratio of total Variable Pay (Including Cash or Non Cash Pay) to Fixed Pay and the limits on the ratio of Cash v/s Non Cash within Variable Pay, is outlined for each category of employee classification. Further, Malus and Clawback clauses are applicable as per the Compensation Policy.

The NRC of the Bank and the Board have reviewed and approved all the amendments to the said Compensation Policy.

The details of the remuneration paid to the Non-Executive Part-time Chairman, Executive and Non-Executive Directors of the Bank, for the year ended 31st March, 2022 is provided in the Report on Corporate Governance annexed to this Report.

Mr. Prakash Apte, the Non-Executive Part-time Chairman of the Bank, receives a fixed amount of remuneration as recommended by the Board and approved by the members of the Bank and RBI, from time to time. Mr. Apte also receives remuneration by way of sitting fees for attending meetings of the Board and its Committees.

The Board of Directors of the Bank (in consultation with the NRC) has formulated and adopted a comprehensive Compensation Policy for Non Executive Directors ("NEDs") (other than Non-Executive Part-time Chairman).

RBI vide its Circular No. RBI/2021-22/24 OR.GOV.REC.8/29.67.001/2021-22 dated 26th April, 2021 titled 'Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board', effective from FY 2021-22, has permitted payment of fixed remuneration to the NEDs, excluding the Non-Executive Part-time Chairperson, up to a sum not exceeding ₹ 20 lakh per annum for each NED. Accordingly, the members at the Thirty-Sixth AGM held on 25th August, 2021 had approved the payment of compensation to each NED (excluding Non-Executive Part-time Chairman) of the Bank, by way of fixed remuneration up to an overall ceiling of ₹ 20 lakh per annum or such higher amount as may be prescribed by RBI, for a period of five years, with effect from FY 2021-22. The aforesaid Compensation Policy for NEDs (other than Non-Executive Part-time Chairman) was amended on 5th April, 2022 to, *inter alia*, give effect to the above referred members' approval.

The salient features of the Compensation Policy for NEDs are, as follows:

- i. Compensation structure is broadly divided into:
 - Sitting fees
 - Re-imbursment of expenses
 - Compensation in the form of Fixed Remuneration.
- ii. Amount of sitting fees and remuneration to be decided by the Board from time to time, subject to the regulatory limits.
- iii. Overall cap on compensation in the form of fixed remuneration for each NED (excluding the Non-Executive Part-time Chairman) of ₹ 20 lakh per annum or such other amount as may be prescribed by the RBI, from time to time.
- iv. NEDs are not eligible for any stock options of the Bank.

The Remuneration paid to the Key Managerial Personnel is in line with the Compensation Policy of the Bank which is based on the RBI Guidelines. The Compensation Policy is available on the Bank's website viz., URL: <https://www.kotak.com/content/kotakcl/en/investor-relations/governance/policies.html>

DISCLOSURES PURSUANT TO RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed to this Report.

REPORT ON CORPORATE GOVERNANCE

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and constantly benchmarks itself with best practices, in this regard.

Pursuant to Regulation 27 of the SEBI Listing Regulations, a separate section titled 'Report on Corporate Governance' has been included in this Annual Report along with the certificate issued by the Statutory Auditors of the Bank confirming compliance with the mandatory requirements relating to Corporate Governance under the SEBI Listing Regulations. The Report of Corporate Governance also contains certain disclosures required under the Act, including the details of the Board meetings held during the financial year ended 31st March, 2022.

The Bank also files with the Stock Exchanges, the quarterly Report on Corporate Governance in terms of Regulation 27(2) of the SEBI Listing Regulations. The said Reports are available on the Bank's website viz., URL: <https://www.kotak.com/content/kotakcl/en/investor-relations/governance/sebi-listing-disclosures.html>

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of your Bank had appointed Parikh & Associates, Company Secretaries, Mumbai, a peer reviewed firm, to act as the Secretarial Auditor of the Bank for FY 2021-22. The Secretarial Audit Report for the financial year ended 31st March, 2022, as required under Section 204 of the Act and Regulation 24A of the SEBI Listing Regulations, is annexed to this Report. Your Bank is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act for FY 2021-22. The Secretarial Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimers and is annexed to this Report.

Kotak Mahindra Life Insurance Company Limited ("KLI"), the Bank's material unlisted subsidiary, has completed its secretarial audit and there are no reservations or adverse remarks or disclaimers made in the Secretarial Audit Report for the financial year ended 31st March, 2022. The said Secretarial Audit Report of KLI is annexed to this Report.

In terms of the SEBI circular dated 8th February, 2019, your Bank has submitted the Annual Secretarial Compliance Report for FY 2021-22 to the Stock Exchanges within the prescribed time and the same is available on websites of the Stock Exchanges i.e. BSE Limited (www.bseindia.com), National Stock Exchange of India Limited (www.nseindia.com) and on the Bank's website viz., URL: <https://www.kotak.com/content/kotakcl/en/investor-relations/governance/sebi-listing-disclosures.html>

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors, based on the representations received from the operating management, confirm in pursuance of Sections 134(3) and 134(5) of the Act, that:

- your Bank has, in the preparation of the annual accounts for the financial year ended 31st March, 2022, followed the applicable accounting standards and guidance provided by The Institute of Chartered Accountants of India along with proper explanations relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Bank as at 31st March, 2022 and of the profit of your Bank for the financial year ended 31st March, 2022;
- they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Bank and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Bank is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html>

STATUTORY AUDITORS

Pursuant to the Bank's Policy on appointment of Statutory Auditors ("Policy") and the Circular No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated 27th April, 2021 issued by RBI ("RBI Circular" / "Guidelines"), prescribing the guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) and upon recommendation of the Audit Committee and the Board and the further approval of the RBI, the members of the Bank had, at the Thirty-Sixth AGM held on 25th August, 2021, re-appointed Walker Chandio & Co LLP, Chartered Accountants (Firm Registration Number: 001076N / N500013) as one of the Joint Statutory Auditors of the Bank, for FY 2021-22, to hold office from the conclusion of the Thirty-Sixth AGM until the conclusion of the Thirty-Seventh AGM of the Bank and appointed Price Waterhouse LLP, Chartered Accountants (Firm Registration Number: 301112E/E300264), as the other Joint Statutory Auditor of the Bank, for a period of three years, with effect from FY 2021-22, to hold office from the conclusion of the Thirty-Sixth AGM until the conclusion of the Thirty-Ninth AGM of the Bank.

The term of Walker Chandio & Co LLP as one of the the Bank's Joint Statutory Auditors expires at the conclusion of the Thirty-Seventh AGM of the Bank.

Pursuant to the RBI Circular and the Policy, the Bank is required to appoint a Joint Statutory Auditor for a period of three years with effect from FY 2022-23 till FY 2024-25, to hold office from the conclusion of the Thirty-Seventh AGM until the conclusion of the Fortieth AGM of the Bank.

In this regard, based on a review of the profile, including the size, experience and area of specialization and recommendation of the Audit Committee and subject to the approval of RBI, the Board has, on 31st March, 2022, *inter alia*, approved and recommended for the approval of the members, the appointment of KKC & Associates LLP (formerly, Khimji Kunverji & Co LLP), Chartered Accountants (Firm Registration Number: 105146W / W-100621), as the second Joint Statutory Auditor of the Bank, for a period of three years with effect from FY 2022-23, to hold office from the conclusion of the Thirty-Seventh AGM until the conclusion of the Fortieth AGM of the Bank for the purpose of the audit of the Bank's standalone and consolidated financial statements, with power to the Board (including the Audit Committee of the Board or any other person(s) authorized by the Board or Audit Committee in this regard), to do all such acts, matters, deeds and things as may be necessary or desirable in connection with or incidental for giving effect to the said appointment of the Joint Statutory Auditors, including but not limited to determination of roles and responsibilities / scope of work of the respective Joint Statutory Auditors, negotiating, finalizing, amending, signing, delivering, executing the terms of appointment, including any contracts or documents in this regard, alter and vary the terms and conditions of remuneration arising out of increase in scope of work, amendment in Accounting Standards or regulations and such other requirements resulting in the change in scope of work, without being required to seek any further consent or approval of the members of the Bank.

KKC & Associates LLP has consented to act as one of the Joint Statutory Auditors of the Bank and have intimated that such appointment would be in accordance with the conditions prescribed in Section 139 of the Act and have also confirmed their eligibility to be appointed as Statutory Auditors, in terms of Section 141 of the Act and applicable rules and RBI Guidelines.

The RBI has, vide its letter bearing No. DOS.CO.RPD.No.S2271/08.30.005/2022-23 dated 5th July, 2022, granted its approval for the aforementioned appointment of KKC & Associates LLP, as one of the Joint Statutory Auditors.

Further, based on the recommendation of the Audit Committee, the Board at its meeting held on 23rd July, 2022, approved an overall audit fee not exceeding ₹3,50,00,000/- (Rupees Three Crore Fifty Lakh Only), plus outlays and taxes, as applicable, for FY 2022-23, subject to the approval of the members, to be allocated by the Bank between M/s. Price Waterhouse LLP, Chartered Accountants and KKC & Associates LLP, depending upon their respective scope of work.

The approval of members of the Bank is, accordingly, being sought pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Act and the relevant Rules thereunder and pursuant to Section 30 of the BR Act and RBI Circular for:

- the aforementioned appointment of KKC & Associates LLP, as one of the Joint Statutory Auditors; and
- fixing the remuneration of the Joint Statutory Auditors for FY 2022-23.

As per the applicable provisions of law, including the RBI Circular and the BR Act, the appointment of Joint Statutory Auditors would be subject to the approval of the RBI every year.

As required under Regulation 33(1)(d) of the SEBI Listing Regulations, the Joint Statutory Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and that they hold a valid certificate issued by the Peer Review Board of ICAI.

There are no qualifications, reservations, adverse remarks or disclaimers made by Walker Chandio & Co. LLP, Chartered Accountants and Price Waterhouse LLP, in the Statutory Auditors Report for FY 2021-22.

Payment of additional fees / remuneration to the Statutory Auditors for FY 2021-22:

At the AGM of the Bank held on 25th August, 2021, the members had approved the appointment of Walker Chandio & Co LLP, Chartered Accountants (Firm Registration Number 001076N / N500013) and Price Waterhouse LLP, Chartered Accountants (Firm Registration Number 301112E / E300264), as Joint Statutory Auditors of the Bank for the purpose of the audit of the Bank's standalone and consolidated financial statements, for FY 2021-22. An overall fee of ₹ 29,000,000/- (Rupees Two Crore Ninety Lakh Only), to be allocated by the Bank between the Joint Statutory Auditors, depending upon their respective scope of work in addition to the out of pocket expenses, outlays and taxes, as applicable, had been approved by the members.

There have been various additional requirements during FY 2021-22 for which the Statutory Auditors have provided additional services, and in respect of which an additional remuneration / fees of ₹ 2,000,000 (Rupees Twenty Lakh Only) plus outlays and taxes at the applicable rates are proposed to be paid to the Joint Statutory Auditors. Based on the approval and recommendation of the Audit Committee, the Board, at its meeting held on 4th May, 2022, approved of the aforementioned payment of additional remuneration / fees to the Joint Statutory Auditors, subject to the approval of the members of the Bank and such other consents / permissions / sanctions as may be required from any regulatory / statutory authority, if any.

Accordingly, approval of the members is now being sought for the payment of additional fees / remuneration to the Joint Statutory Auditors, for FY 2021-22, for the general increase in their efforts, depending upon their respective scope of work, in addition to the out of pocket expenses, outlays and taxes, as applicable.

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirm that your Bank has laid down set of standards, processes and structure which enables it to implement internal financial controls across the organisation with reference to financial statements and that such controls are adequate and are operating effectively. Controls are reviewed / revisited / updated / deleted each year for change in processes / organisational changes / product changes, etc. Given the COVID-19 pandemic, all additional controls that were implemented due to lockdowns and consequential Work From Home requirements were also considered and incorporated. Testing is done for each of the controls with the help of an independent firm of Chartered Accountants, on behalf of Management, who confirm to the Audit Committee of the Bank, the existence and operating effectiveness of controls over financial reporting. During the year under review, no material or serious observations were observed for inefficiency or inadequacy of such controls.

IMPLEMENTATION OF IND AS

The Ministry of Finance, GOI, had vide its press release dated 18th January, 2016 outlined the roadmap for implementation of International Financial Reporting Standards ("IFRS") converged Ind AS for Scheduled Commercial Bank (excluding RRBs), NBFC and Insurance companies. The RBI vide its circular dated 22nd March, 2019, deferred the implementation of Ind AS for Scheduled Commercial Banks ("SCB") till further notice, pending the consideration of some recommended legislative amendments by GOI. The RBI has not issued any further notification on implementation of Ind AS for SCBs.

The Bank has so far taken following steps for implementation of Ind AS:

- Formed Steering Committee for Ind AS implementation. The Steering Committee comprises representatives from Finance, Risk, Information Technology and Treasury. The Committee closely reviews progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation.
- The Bank has identified changes required to its IT systems for automation of Ind AS reporting. The Bank has identified an IT solution for Ind AS reporting and is currently in the process of implementing the solution.

RELATED PARTY TRANSACTIONS³

During the year, the Bank has not entered into any materially significant transaction with its related parties, which could lead to a potential conflict of interest between the Bank and these parties. All the related party transactions that were entered into during the year were on an arm's length basis and in ordinary course of business. Hence, pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Act and Form AOC-2 is not applicable to the Bank.

The members of the Bank had, vide resolutions passed through postal ballot on 19th January, 2022, approved related party transactions by the Bank, as potential Material related party transactions under the then existing provisions of Regulation 23 of the SEBI Listing Regulations, with Infina Finance Private Limited ("Infina") and Mr. Uday Kotak for FY 2022-23, at an arm's length basis and in the ordinary course of business of the Bank. However, during the year, none of the related party transactions of the Bank exceeded the applicable materiality threshold.

The Bank has a Board approved 'Policy on dealing with Related Party Transactions'. The same is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

All related party transactions are placed before the Audit Committee for its review and approval on a quarterly basis. An omnibus approval of the Audit Committee is obtained for the related party transactions which are repetitive in nature. Further, all related party transactions are reviewed by the Statutory Auditors of the Bank. Also, the Bank had engaged the services of an external professional firm for verification of the related party transactions during the year as also their disclosure and for validation of the process followed by the Bank.

Members may refer to Note 7 of Schedule 18 – Notes to Accounts of the Standalone Financial Statement and Note 25 of Schedule 17 - Notes to Accounts of the Consolidated Financial Statement of your Bank, which set out related party disclosures pursuant to Accounting Standards AS-18.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions of Section 186 of the Act except sub-section (1), do not apply to loans made, guarantees given and securities provided by a banking company in the ordinary course of its business and are exempted from the disclosure requirement under Section 134(3)(g) of the Act.

The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

RISK MANAGEMENT POLICY

Pursuant to Regulation 21 of the SEBI Listing Regulations, your Bank has a Risk Management Committee, details of which can be referred to in the Report on Corporate Governance forming part of this Report. Your Bank has a robust Risk Management Framework. While Risk Management is the responsibility of the Board of Directors, it has delegated its powers relating to monitoring and reviewing risks associated with the Bank to the Risk Management Committee. The Bank has also adopted a Group Enterprise-wide Risk Management framework supported by appropriate policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other Risks. Details of identification, assessment, mitigations, monitoring and the management of these risks are mentioned in the Management Discussion and Analysis Report appended to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Bank has undertaken various initiatives for the conservation of energy. Details of the same are available in the BRSR of the Bank which is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html>

The Bank has used information technology extensively in its operations as detailed in the para on 'Technology and Digitisation'. Further, the provisions of Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for Foreign Exchange Earnings are not applicable to your Bank.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, no instances of fraud committed in the Bank by its officers or employees were reported by the Statutory Auditors and Secretarial Auditor under Section 143(12) of the Act, to the Audit Committee or the Board of Directors of the Bank.

MAINTENANCE OF COST RECORDS

Being a Banking company, your Bank is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS IN FUTURE

During the year under review, no significant and / or material order was passed by any regulatory authority or Court or Tribunal against the Bank, which could impact the going concern status or its future operations.

MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments which affected the financial position of your Bank, which occurred between the end of the financial year to which the financial statements relate and up to the date of this Report.

ANNEXURES

The following statements / reports / certificates are annexed to the Directors' Report:

- i. Annual Report on Corporate Social Responsibility Activities of the Bank for the financial year ended 31st March, 2022.
- ii. Certificate confirming that none of the Directors of the Bank have been debarred or disqualified from being appointed or continuing as directors of Companies by SEBI/MCA or any such statutory authority.
- iii. Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- iv. Secretarial Audit Report pursuant to Section 204 of the Act and Regulation 24A the SEBI Listing Regulations.
- v. Report on Corporate Governance pursuant to Schedule V Part C of the SEBI Listing Regulations along with Certificate from the auditors regarding compliance of conditions of Corporate Governance as stipulated in para E of Schedule V of the SEBI Listing Regulations.
- vi. Management Discussion and Analysis Report pursuant to Schedule V Part B of the SEBI Listing Regulations.

ACKNOWLEDGEMENT

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the RBI, the SEBI, Stock Exchanges, Insurance Regulatory and Development Authority and other Government and Regulatory agencies.

Your Directors acknowledge the support of the Members for their continued support and also wish to place on record their appreciation for employees for their commendable efforts, commitment, teamwork and professionalism.

For and on behalf of the Board of Directors

Prakash Apte
Chairman

Date: 23rd July, 2022
Place: Mumbai

³ GRI 102-25

ANNUAL REPORT ON CSR ACTIVITIES OF KOTAK MAHINDRA BANK LIMITED FOR THE FINANCIAL YEAR 2021-22

1. Brief outline on CSR Policy of the Company:

Kotak Mahindra Bank Limited ("Bank") recognises its responsibility to bring about a positive change in the lives of the communities through its business operations and Corporate Social Responsibility ("CSR") initiatives.

Bank aspires to be a trusted partner and contribute significantly towards the economic, environmental and social growth of the nation. It is also committed to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). The Bank's CSR policy sets out its vision, mission, governance and CSR focus areas to fulfill its inclusive growth agenda in India.

While ensuring that it's CSR Policy, projects, programmes and interventions are compliant with the CSR mandate as specified under Sections 134 and 135 read with Schedule VII of the Companies Act, 2013 ("Act") along with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time and in line with the Government of India's notifications issued from time-to-time, your Bank also endeavours to align its CSR projects, programmes and interventions with government initiated social development projects, programmes and interventions and last but not the least, UN's SDGs.

Bank's CSR Policy is available on the Bank's website viz., URL: <https://www.kotak.com/en/about-us/corporate-responsibility.html>

2. Composition of Corporate Social Responsibility and Environmental Social Governance Committee:

Sl. No.	Name of Director	Designation Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Prakash Apte	Non-Executive Part-time Chairman / Independent Director	4	4
2	Mr. C. Jayaram	Member / Non-Executive Director	4	4
3	Mr. Dipak Gupta	Member / Joint Managing Director	4	4

3. Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <https://www.kotak.com/en/about-us/corporate-responsibility.html>

4. Details of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable : The Impact Assessment is mandated to be carried out post one year of completion of the CSR Projects. The CSR Projects which are eligible for impact assessment got completed on 31st March, 2021. Therefore, the impact assessment of these completed CSR Projects will be initiated in FY 2022-23 (one year after completion of these CSR Projects)."

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any –

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	7,198,728/-	7,198,728/-
	TOTAL	7,198,728/-	7,198,728/-

6. Average net profit of the Company as per Section 135(5) of the Act : ₹ 80,915,052,196/-

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act : ₹ 1,618,301,044/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : **Not Applicable**

(c) Amount required to be set off for the financial year, if any : ₹ 7,198,728/-

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 1,611,102,316/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
65,93,87,532/-*	960,562,474/-	27 th April, 2022	N.A.	N.A.	N.A.

* includes administrative overhead of ₹ 3.87 crore

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration (in months)	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Kotak-Deeds "College Preparatory Project"	Special Education	Yes	Maharashtra	Mumbai	24	7,100,000	6,800,000	300,000	No	Deeds Public Charitable Trust	CSR00000703
2	Kotak-Y4J "Job Portal for Persons with Disabilities"	Livelihood enhancement projects	Yes	Pan India	Pan India	48	17,200,000	9,000,000	8,200,000	No	Youth 4 Jobs Foundation	CSR00002046
3	Kotak-IIMPACT "Girl Child Education"	Promoting education	Yes	Odisha, Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh and Uttarakhand	Multiple Districts	24	27,000,000	22,180,000	4,820,000	No	IIMPACT	CSR00002935
4	Kotak- Vichi Inclusive "Education Project"	Promoting education including special education	Yes	Pan India	Pan India	24	8,100,000	6,980,000	1,120,000	No	Vichi Centre for Legal Policy	CSR00000775
5	Kotak-HH "Make India Capable"	Employment enhancing vocational skills	Yes	Karnataka, Maharashtra and Bihar	Kalaburagi, Tumkur, Raichur, Khegaria, Gaya, Araria, Nagpur, Yavatmal	24	16,000,000	15,700,000	300,000	No	Head Held High Foundation	CSR00000919
6	Kotak-KAI "Create Science Content for Secondary Education"	Promoting education	Yes	Pan India	Pan India	24	20,000,000	14,900,000	5,100,000	No	Khan Academy India	CSR00001762
7	Kotak-KEF "Lead School Leadership Development"	Promoting education	Yes	Maharashtra	Mumbai	24	46,900,000	38,200,000	8,700,000	No	Kotak Education Foundation	CSR00001785
8	Kotak-KEF "Guru (Capacity Building of Teachers)"	Promoting education	Yes	Maharashtra	Mumbai	24	25,200,000	19,200,000	6,000,000	No	Kotak Education Foundation	CSR00001785
9	Kotak-KEF "Umang (Spoken English)"	Promoting education	Yes	Maharashtra	Mumbai	24	4,34,00,000	3,66,00,000	68,00,000	No	Kotak Education Foundation	CSR00001785
10	Kotak-KEF "Unnati (Vocational Skill)"	Employment enhancing vocational skills	Yes	Maharashtra	Mumbai	24	44,500,000	33,900,000	10,600,000	No	Kotak Education Foundation	CSR00001785
11	Kotak-KEF "Nirmaan (Infrastructure Support in schools)"	Promoting education	Yes	Maharashtra	Mumbai	24	11,800,000	9,600,000	2,200,000	No	Kotak Education Foundation	CSR00001785

(1) Sl. Name of the Project No.	(2) Item from the list of activities in Schedule VII to the Act	(3) Local area (Yes/No)	(4) Location of the project		(6) Project duration (in months)	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
			State	District						Name	CSR Registration number
12	Kotak-KEF "Parvarish (Capacity building of Parents"	Yes	Maharashtra	Mumbai	24	15,200,000	13,200,000	2,000,000	No	Kotak Education Foundation	CSR00001785
13	Kotak-NFS "Native Nectar & Biodiversity Garden"	Yes	Maharashtra	Mumbai	20	8,000,000	6,750,000	1,250,000	No	Nature Forever Society	CSR00002915
14	Kotak- JISC "AI-ML Centre"	Yes	Karnataka	Bengaluru	45	730,000,000	33,000,000	697,000,000	No	Indian Institute of Science	CSR00007370
15	Kotak-Ganga Foundation "The Spinal India Peer Trainers Quality Rehabilitation"	Yes	Pan India	Pan India	24	5,000,000	4,620,000	380,000	No	The Ganga Foundation	CSR00009550
16	Kotak-Pragati Pratishthan "School Infrastructure"	Yes	Maharashtra	Paighar	18	5,900,000	4,500,000	1,400,000	No	Pragati Pratishthan	CSR00012976
17	Kotak-SOPAN "Education & Livelihood"	Yes	Maharashtra	Raigad	18	8,200,000	2,500,000	5,700,000	No	Society of Parents of Children with Autistic Disorders	CSR00001865
18	Kotak-Wockhardt Foundation "Mobile Medical Vans (MMV)"	Yes	Telangana	Hyderabad	18	10,000,000	9,800,000	200,000	No	Wockhardt Foundation	CSR00000161
19	Kotak-KARO Trust "Cancer and Critical illness treatment and care"	Yes	Pan India	Pan India	18	7,500,000	2,900,000	4,600,000	No	KARO Trust	CSR00008234
20	Kotak-SRCC "Aquatic Therapy Centre for Crippled Children"	Yes	Maharashtra	Mumbai	18	1,300,000	650,000	650,000	No	The Society for the Rehabilitation of Crippled Children	CSR00003225
21	Kotak-BWO "Education & Livelihood for Visually Impaired"	Yes	Maharashtra	Nashik	16	1,150,000	400,000	750,000	No	Blind Welfare Organisation	CSR00006377
22	Kotak-URMEE "Co-scholastic Education"	Yes	Maharashtra	Pune	15	1,050,000	100,000	950,000	No	Urban Rural Management Empowerment and Establishment	CSR00006410



(1) Sl. Name of the Project No.	(2) Item from the list of activities in Schedule VII to the Act	(3) Local area (Yes/No)	(4) Location of the project		(6) Project duration (in months)	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
			State	District						Name	CSR Registration number
23	Kotak Livelihood Enhancement "Electrical Labs"	Yes	Delhi, Telangana	Delhi, Warangal	9	4,300,048	4,300,048	-	Yes	Not Applicable	Not Applicable
24	Kotak-AMHA "Education For Mentally Challenged Children and Adults"	Yes	Kerala	Thrissur	15	2,000,000	900,000	1,100,000	No	Association of Mentally Handicapped Adults	CSR00017917
25	Kotak- IIMB WSP 4.0 "Women Entrepreneurship"	Yes	Pan India	Pan India	25	59,000,000	2,160,000	56,840,000	No	Indian Institute of Management Bangalore	CSR00003458
26	Kotak-Parivaar Seva Kutir "School Education Support Centres"	Yes	Madhya Pradesh	Harda, Chhindwara, Betul, Khandwa, Dewas, Sehore	15	23,000,000	3,700,000	19,300,000	No	Parivaar education Society	CSR00000052
27	Kotak-ITM "Save Energy Mission"	Yes	Tamil Nadu, Maharashtra, Gujarat, Madhya Pradesh, Punjab	Chennai, Mumbai, Gandhinagar, Indore, Ropar	25	65,600,000	2,300,000	63,300,000	No	Indian Institute of Technology, Madras	CSR00004320
28	Kotak-BAIF "Livestock Development Project"	Yes	Karnataka	Mandya	38	23,500,000	672,210	22,827,790	No	BAIF Institute for Sustainable Livelihoods and Development	CSR00000259
29	Kotak- TMC "Livelihood Enhancement for Tribal Women"	Yes	Maharashtra	Raigad	13	20,000,000	11,000,000	9,000,000	No	Tata Memorial Hospital	CSR00001287
30	Kotak-MSSI "Support for Multiple Sclerosis Patients"	Yes	Delhi/ NCR, Jammu & Kashmir, Punjab, Uttar Pradesh, Rajasthan, Uttarakhand, Himachal Pradesh & Haryana	Multiple Districts	14	2,000,000	525,000	1,475,000	No	Multiple Sclerosis Society of India	CSR00004961
31	Kotak - DFY "Sehat Ka Safar (Truck Drivers)"	Yes	Pan India	Pan India	13	4,700,000	148,500	4,551,500	No	Doctors For You	CSR00000608
32	Kotak- ABET "Mental Healthcare for Children"	Yes	Pan India	Pan India	13	7,500,000	246,545	7,253,455	No	Aditya Birla Education Trust	CSR00004879

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration (in months)	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
33	Kotak-BAN "Hospital Medical Infrastructure"	Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	17	10,000,000	-	No		Bharatiya Arogya Nidhi	CSR000008123
34	Kotak -PRAWES "Ambulance"	Promoting health care including preventive health care	Yes	Madhya Pradesh	Indore	13	930,000	-	No		Param Pujya Rakshak Aadinath Welfare & Educational Society	CSR000020908
35	Kotak- NAMCO "Ambulance"	Promoting health care including preventive health care	Yes	Maharashtra	Nashik	7	2,786,054	-	No		NAMCO Charitable Trust	CSR00014946
36	Kotak-BAVP "Ambulance"	Promoting health care including preventive health care	Yes	Maharashtra	Aurangabad	13	2,789,414	-	No		Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan	CSR00000181
37	Kotak- VMRF "Ambulance"	Promoting health care including preventive health care	Yes	Maharashtra	Latur	13	2,793,404	-	No		Vivekanand Medical Foundation & Research Centre	CSR000005514
38	Kotak- AMS "Ambulance"	Promoting health care including preventive health care	Yes	Telangana	Hyderabad	13	3,392,000	-	No		Andhra Mahila Sabha	CSR00016213
39	Kotak - AILSG "Model School Project Ratnagiri"	Promoting education	Yes	Maharashtra	Ratnagiri	13	5,960,000	5,894,729	No		All India Institute of Local Self Government	CSR00000373
					Total		1,300,740,920	340,178,446				960,562,474

Notes :

1. Amount in paise rounded off to nearest Rupee.

2. The CSR Projects which are being operated/ implemented on PAN India basis, are not restricted to particular State or District.

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project* (in ₹)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Kotak (Direct) "COVID-19"	Disaster management, including relief, rehabilitation and reconstruction activities	Yes	PAN India	PAN India	134,730,399	Yes	Not Applicable	Not Applicable
2	Kotak - TPSWT "COVID-19 -Meals to Smiles"	Disaster management, including relief, rehabilitation and reconstruction activities	Yes	Maharashtra	Mumbai	7,500,000	No	Taj Public Service Welfare Trust	CSR00000540
3	Kotak (Direct) "Ambulance"	Promoting health care including preventive health care	Yes	Gujarat, West Bengal and Maharashtra	Ahmedabad Nadia and Mumbai	10,911,630	Yes	Not Applicable	Not Applicable
4	Kotak (Direct) "COVID-19" (Round-2)	Disaster management, including relief, rehabilitation and reconstruction activities	Yes	PAN India	PAN India	25,086,328	Yes	Not Applicable	Not Applicable
5	Kotak-ITfC "Transforming School Education through Technology Integration"	Promoting education	Yes	Karnataka, Rajasthan and Uttar Pradesh.	Multiple Districts	#12,742,874	No	IT for Change	CSR00009141
6	Kotak -Pratham "Vocational Training"	Employment enhancing vocational skills	Yes	Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, Maharashtra, Chattisgarh, Jharkhand and Telangana.	Multiple Districts	37,500,000	No	Pratham Education Foundation	CSR00000258
7	Kotak-KEF "Health for School Children"	Promoting education	Yes	Maharashtra	Mumbai	13,400,000	No	Kotak Education Foundation	CSR00001785
8	Kotak-NSCCI "School Education"	Promoting education	Yes	Maharashtra	Mumbai	2,500,000	No	National Society for Clean Cities-India	CSR00007539
9	Kotak-DMT "Healthy Food Healthy Kids for Paediatric Cancer"	Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	1,600,000	No	Dhanwantari Medical Trust	CSR00003761
10	Kotak-Samarpan "School Education"	Promoting education	Yes	Delhi	Delhi	4,400,000	No	Samarpan Foundation	CSR00000382
11	Kotak (Direct) "Flood Relief & COVID-19"	Disaster management, including relief, rehabilitation and reconstruction activities	Yes	Karnataka, Tamilnadu, Maharashtra, Bihar	Multiple districts	14,999,883	Yes	Not Applicable	Not Applicable
12	Kotak (Direct) "Swatch Bharat Mission in Lucknow"	Promoting health care including preventive health care	Yes	Uttar Pradesh	Lucknow	#9,101,697	Yes	Not Applicable	Not Applicable
13	Kotak (Direct) "KNR University"	Promoting education	Yes	Telangana	Warangal	1,700,000	Yes	Not Applicable	Not Applicable
14	Kotak (Direct) "Ambulance"	Promoting health care including preventive health care	Yes	Gujarat	Surat	1,826,523	Yes	Not Applicable	Not Applicable
15	Kotak-GGIMS "Path Lab"	Promoting health care including preventive health care	Yes	Uttar Pradesh	Gorakhpur	2,500,000	No	Guru Gorakchha Nath Institute of Medical Sciences	CSR00006712
		Total				280,499,334			

Notes:

1. Amount in paise rounded off to nearest Rupee.

2. The CSR Projects which are being operated / implemented on PAN India basis, are not restricted to particular State or District.

3. *Includes Project specific other direct cost allocated to CSR Projects

(d) Amount spent in Administrative Overheads: ₹ 38,709,752/-

(e) Amount spent on Impact Assessment, if applicable: Not Applicable for FY'22

(f) Total amount spent for the Financial Year: ₹ 659,387,532/-*

(8b+8c+8d+8e)

*Excludes unspent amount transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY 2021-22.

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rupees.)
(i)	Two percent of average net profit of the Company as per Section 135(5) of the Act	1,618,301,044
(ii)	Total amount spent for the financial year	1,619,950,006**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,648,962
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1,648,962***

**Includes unspent amount transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY 2021-22 and administrative overheads

*** Including set off amount of ₹7,198,728 for FY 2021-22, the overall surplus available for set off is ₹ 8,847,690

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹) *	Amount spent in the reporting Financial Year (in ₹) *	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹) *
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	635,924,600	400,174,962	Nil	Nil	Nil	235,749,638
	TOTAL	635,924,600	400,174,962	Nil	Nil	Nil	235,749,638

* Amount in Paise rounded off to Rupees

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (in months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1.	7	Relief and Rehabilitation - COVID 19	2020-21	18	80,000,000	49,500,000	80,000,000	Completed
2.	39	Relief & Rehabilitation - COVID 19 (Dry Ration Kit, Health Hygiene Facilities)	2020-21	24	4,000,000	423,534	4,000,000	Completed
3.	45	Relief & Rehabilitation - COVID 19 (Protecting the Protector Round-2)	2020-21	18	10,000,000	5,449,956	10,000,000	Completed
4.	46	Relief & Rehabilitation - COVID 19 (Direct)	2020-21	15	16,000,000	9,051,109	16,000,000	Completed
5.	59	KEF - Education & Livelihood - (Project Digital learning Solution- (DLS)	2020-21	24	127,000,000	90,000,000	127,000,000	Completed
6.	10	SOPAN - Education & Livelihood (Inclusiveness)	2020-21	24	38,000,000	16,000,000	34,000,000	Ongoing
7.	23A	Sarthak - Education & Livelihood (Inclusiveness)	2020-21	15	12,900,000	10,500,000	12,900,000	Completed
8.	63	NM Sadguru - Education & Livelihood (Rural)	2020-21	36	52,000,000	-	18,000,000	Ongoing
9.	57	ABET - Healthcare (Mental Health)	2020-21	15	7,500,000	4,500,000	7,500,000	Completed

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (in months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
10	66	Wockhardt - Healthcare (Primary Healthcare on wheels)	2020-21	18	27,100,000	5,000,000	27,100,000	Completed
11	62	Cankids - Healthcare (Cancer care and Home away from home)	2020-21	36	90,000,000	17,400,000	55,900,000	Ongoing
12	67	Cansupport - Healthcare (Cancer Support)	2020-21	36	12,225,000	2,770,000	6,995,000	Ongoing
13	5A	HPPCT - Environment & sustainable development (Green Crematorium)	2020-21	24	24,000,000	6,500,000	16,500,000	Ongoing
14	58	Environment and Sustainable Development (Biodiversity)	2020-21	24	8,000,000	4,000,000	8,000,000	Completed
15	6A	Sports (Olympics)	2020-21	18	130,000,000	90,000,000	130,000,000	Completed
16	61	Sports (Olympics)	2020-21	24	340,000,000	89,080,362	189,080,362	Ongoing
TOTAL					978,725,000	400,174,962	742,975,362	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a) Date of creation or acquisition of the capital asset(s):

S. No.	CSR Focus Area	Partner NGO/Direct Implementation	Amount of CSR spent for creation or acquisition of asset (in ₹)	Date of creation of assets	Details of assets	Project Location and complete address	Address of Implementing Agency / Asset Owner	Ownership of Asset
1	Promoting education	IT for change	250,287	FY 2021-22	Laptops and peripheral services	Karnataka, Rajasthan and Uttar Pradesh across multiple districts	No.393, 17 th Main, 35 th Cross, Jayanagar 4 th T Block, Bengaluru - 560041	IT for change
2	Employment enhancing vocational skills	Pratham Education Foundation	261,181	FY 2021-22	Computers and Printers	Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, Maharashtra, Chhattisgarh, Jharkhand and Telangana across multiple districts.	1 st Floor, B-4/58 Safdarjung Enclave, New Delhi-110029	Pratham Education Foundation
3	Healthcare	Direct Implementation	10,911,630	FY 2021-22	Four ambulances with medical equipment	1. Nadia district, West Bengal 2. Nidhrad, taluka Sanand, district Ahmedabad 3. Ghatkopar, Mumbai	1. Nadia district, West Bengal 2. Sant Muni Seva Aarogya Dham (Muni Seva Hospital) 3. H J Doshi Hindusabha Ghatkopar Hospital	1. Sri Mayapur Community Hospital 2. Sant Muni Seva Aarogya Dham (Muni Seva Hospital) 3. H J Doshi Hindusabha Ghatkopar Hospital
4	Promoting education	Khan Academy India	946,595	FY 2021-22	Tablets and other peripherals, office equipments, etc.	PAN India	A-22, 2 nd Floor, Green Park Main Aurobindo Marg, New Delhi- 110016	Khan Academy India
5	Promoting education	Kotak Education Foundation	1,946,983	FY 2021-22	Computers and Printers	Mumbai, Maharashtra	1 st floor, North Side, Ujagar Silk Mills Compound, Sunder Baug, Opp. Deonar Bus Depot, Off Sion - Trombay Road, Deonar, Mumbai - 400088	Kotak Education Foundation
6	Environment & Sustainable Development	Indian Institute of Technology, Madras	670,847	FY 2021-22	Laptops- 6 nos Light Level Meter, Vane Anemometer, Tachometer-Contact & Non contact	Indian Institute of Technology, Madras Chennai- 600 036	Indian Institute of Technology, Madras Chennai- 600 036	Indian Institute of Technology, Madras
7	Livelihood enhancement projects	BAIF Institutes for Sustainable Livelihoods & Development	425,000	FY 2021-22	5 Motor Cycles, Hero HF Delux i3S	Malavali Taluka, Mandya District, Karnataka	BAIF Bhavan, Dr. Manbhai Desai Nagar, Warje, Pune- 411058,	BAIF Institutes for Sustainable Livelihoods & Development
8	Healthcare	Direct implementation	8,983,107	FY 2021-22	Mobile handsets for empowering sanitation workers	Triloknath Road, Lalbagh, Lucknow, Uttar Pradesh -226001	Triloknath Road, Lalbagh, Lucknow, Uttar Pradesh -226001	Lucknow Nagar Nigam
9	Healthcare	Bharatiya Arogya Nidhi	10,000,000	FY 2021-22	Upgradation of medical infrastructure old bedside monitor, central monitor and ventilators	K.C. Parikh General Hospital Juhu, Mumbai 400 049	N. S. Road 13, Juhu Scheme, Vile Parle (West), Mumbai- 400049	Bharatiya Arogya Nidhi
10	Promoting education	Direct implementation	1,700,000	FY 2021-22	Infrastructure development of University	Warangal, Telangana	Warangal, Telangana	Kaloji Narayan Rao University of Health Sciences
11	Healthcare	Direct implementation	1,826,523	FY 2021-22	One ambulance	Surat, Gujarat	Surat, Gujarat	New Civil Govt Hospital



S. No.	CSR Focus Area	Partner NGO/Direct Implementation	Amount of CSR spent for creation or acquisition of asset (in ₹)	Date of creation of assets	Details of assets	Project Location and complete address	Address of Implementing Agency / Asset Owner	Ownership of Asset
12	Healthcare	Guru Gorakchha Nath Institute of Medical Sciences	2,500,000	FY 2021-22	Medical equipment for pathology lab	Gorakhpur, Uttar Pradesh	Gram-Sonbarsa, Post Maniram, Gorakhpur Uttar Pradesh - 273007	Guru Gorakchha Nath Institute of Medical Sciences
13	Employment enhancing vocational skills	Direct implementation	4,300,048	FY 2021-22	Electrical products for setting up electrician training lab infrastructure	1. Warangal, Telangana 2. New Delhi	1. Warangal, Telangana 2. New Delhi	1. National Academy of Construction 2. Delhi Skill & Entrepreneurship University
14	Livelihood enhancement projects	Tata Memorial Centre	11,000,000	FY 2021-22	Purchase of land City Survey No. 31 situated at Raigad District to set up livelihood training centre	Village Donvat, Taluka Khalapur, District Raigad having City Survey No. 31	Tata Memorial Hospital, Dr. E Borges road, Parel, Mumbai -400 012	Tata Memorial Centre
15	Healthcare	Param Puja Rakshak Aadinath Welfare & Educational Society	930,000	FY 2021-22	One ambulance	351, Hammal Colony, Chhota Bangarda, Indore, Pin- 452002	351, Hammal Colony, Chhota Bangarda, Indore, Pin- 452002	Param Puja Rakshak Aadinath Welfare & Educational Society
16	Healthcare	NAMCO Charitable Trust	2,786,054	FY 2021-22	One ambulance with medical equipment	Sunderbai Goverdandas Samsukha Cancer Hospital, Nashik	Peth Road, Panchavati, Nashik, Maharashtra -422004,	NAMCO Charitable Trust
17	Healthcare	Dr Babasaheb Ambedkar Vaidkiya Pratishtan	2,789,414	FY 2021-22	One ambulance with medical equipment	Dr. Hedgewar Hospital, Aurangabad	Jawhar Colony, Garkheda Area, Aurangabad, Maharashtra	Dr Babasaheb Ambedkar Vaidkiya Pratishtan
18	Healthcare	Vivekananda Medical Foundation & Research Centre	2,793,404	FY 2021-22	One ambulance with medical equipment	Vivekanand Medical Foundation & Research Centre,	Vidya Nagar, Signal Camp, Latur, Maharashtra- 413512	Vivekanand Medical Foundation & Research Centre
19	Healthcare	Andhra Mahila Sabha	3,392,000	FY 2021-22	One ambulance with medical equipment	Durgabai Deshmukh Hospital and Research Centre	University Road, Vidya Nagar, Hyderabad, Telangana- 500044	Andhra Mahila Sabha
Total			68,413,073					

Notes : (a) The above mentioned Capital assets are owned by the implementing agencies / institutions and none of the Capital assets are owned by the Bank

(b) Amount of CSR spent for creation or acquisition of capital asset : ₹ 68,413,073 (Rupees Six Crore Eighty Four Lakh Thirteen thousand Seventy Three Only)

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Details provided in Point No. 10(a) above

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Details provided in Point No. 10(a) above

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) of the Act : Not Applicable

Uday Kotak
Managing Director & CEO

Date : 25th June, 2022
Place : Mumbai

Prakash Apte
Chairman – Corporate Social Responsibility and Environmental Social Governance Committee

Date : 25th June, 2022
Place : Mumbai

Change

Financial Highlights

Consolidated Financial Statements

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Bank Reports and Statements
Directors' Report

To,
The Members
Kotak Mahindra Bank Limited
27BKC, C 27, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kotak Mahindra Bank Limited** having CIN **L65110MH1985PLC038137** and having registered office at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in Company*
1	Mr. Prakash Apte	00196106	18 th March, 2011
2	Mr. Uday Khanna	00079129	16 th September, 2016
3	Ms. Farida Khambata	06954123	7 th September, 2014
4	Mr. Uday Shankar	01755963	16 th March, 2019
5	Dr. Ashok Gulati	07062601	6 th March, 2021
6	Ms. Ashu Suyash	00494515	24 th January, 2022
7	Mr. C Jayaram	00012214	1 st October, 1999
8	Mr. Amit Desai	00310510	18 th March, 2022
9	Mr. Uday Kotak	00007467	21 st November, 1985
10	Mr. Dipak Gupta	00004771	1 st October, 1999
11	Mr. KVS Manian	00031794	1 st November, 2019
12	Mr. Gaurang Shah	00016660	1 st November, 2019

* Date of appointment is taken from MCA

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Rupal Dhiren Jhaveri
FCS No: 5441
Certificate of Practice No.: 4225
ICSI UDIN: F005441D000491069
Peer Review Certificate No.: 1139/2021

Place: Mumbai
Date: June 14, 2022

DISCLOSURE PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. Ratio of the remuneration of each Director to the median remuneration of the employees for the financial year:⁴

Directors	Title	Ratio
Mr. Prakash Apte	Non-Executive Part-time Chairman	11.18x
Mr. Uday Khanna	Independent Director	6.77x
Ms. Farida Khambata	Independent Director	4.93x
Mr. Uday Shankar	Independent Director	5.05x
Dr. Ashok Gulati	Independent Director	4.87x
Ms. Ashu Suyash (with effect from 24 th January, 2022)	Independent Director	0.80x
Mr. C. Jayaram	Non-Executive Director	8.01x
Mr. Amit Desai (with effect from 18 th March, 2022)	Non-Executive Director	0.20x
Mr. Uday Kotak	Managing Director & CEO	0.08x
Mr. Dipak Gupta	Joint Managing Director	66.64x
Mr. KVS Manian	Whole-time Director	80.24x
Mr. Gaurang Shah	Whole-time Director	77.25x

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Directors*/Key Managerial Personnel	Title	% increase in remuneration	% increase in remuneration excluding Stock Appreciation Rights ("SARs")
Mr. Prakash Apte	Non-Executive Part-time Chairman	3.33	3.33
Mr. Uday Khanna	Independent Director	4.97	4.97
Ms. Farida Khambata	Independent Director	(9.56)	(9.56)
Mr. Uday Shankar	Independent Director	3.28	3.28
Dr. Ashok Gulati*	Independent Director	-	-
Ms. Ashu Suyash (with effect from 24 th January, 2022)	Independent Director	-	-
Mr. C. Jayaram	Non-Executive Director	10.50	10.50
Mr. Amit Desai (with effect from 18 th March, 2022)	Non-Executive Director	-	-
Mr. Uday Kotak#	Managing Director & CEO	(99.75)	(99.75)
Mr. Dipak Gupta [§]	Joint Managing Director	(15.50)	(15.50)
Mr. KVS Manian [§]	Whole-time Director	(1.79)	11.60
Mr. Gaurang Shah [§]	Whole-time Director	(5.27)	6.35
Mr. Jaimin Bhatt	Group Chief Financial Officer	20.64	36.73
Ms. Avan Doomasia [@]	Company Secretary	-	-

* Please refer to note (iii) below

* Please refer to note (v) below

Please refer to note (vi) below

§ Please refer to note (vii) below

@ Please refer to note (viii) below

3. Percentage increase in the median remuneration of employees in the financial year:

For employees other than managerial personnel who were in employment for the whole of FY 2020-21 and FY 2021-22, increase in the median remuneration is 15.67%.

4. Number of permanent employees on the rolls of Bank at the end of the year: 66,473

⁴ GRI 102-38, 102-39

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

For employees, other than managerial personnel, who were in employment for the whole of FY 2020-21 and FY 2021-22, the average increase was 15.67% and 16.07%, respectively, excluding SARs.

Average increase for managerial personnel is 8.18% [excluding SARs:14.15%]

6. Affirmation that the remuneration is as per the remuneration policy of the Bank:

The Bank is in compliance with its Compensation Policy.

Notes:

- i. Remuneration includes Fixed Pay + Variable Pay paid during the year + perquisite value as calculated under the Income Tax Act, 1961. Remuneration does not include value of Stock Options.
- ii. SARs are awarded as Variable Pay. These are settled in cash and are linked to the average market price / closing market price of the Bank's stock on specified value dates. Cash paid out during the year is included for the purposes of remuneration.
- iii. For FY 2020-21, the Independent Directors (other than the Non-Executive Part-time Chairman) and Non-Executive Directors of the Bank were paid commission and sitting fees for attending meetings of the Board and Committees (including non-Board Committees), held during that year. Their remuneration for FY 2021-22 comprises compensation by way of fixed remuneration and sitting fees for attending meetings of the Board and Committees (including non-Board Committees) held during that period.
- iv. The remuneration of the Independent Directors (other than the Non-Executive Part-time Chairman) and Non-Executive Directors of the Bank, for FY 2021-22, comprises (i) compensation in the form of fixed remuneration as per limits prescribed under the RBI's circular dated 26th April, 2021 on Corporate Governance in Banks – Appointment of Directors and Constitution of Committees of the Board and the relevant resolution passed by the members at the Thirty-Sixth Annual General Meeting and (ii) sitting fees for attending the Board / Committee meetings (including Non-Board Committees). The Non-Executive Part-time Chairman received sitting fees for attending meetings of the Board / Committees and a fixed remuneration, as approved by the Board and the RBI, within the limit approved by the members of the Bank.
- v. Dr. Ashok Gulati was appointed as an Additional Director and Independent Director of the Bank, with effect from 6th March, 2021, subject to the approval of the members of the Bank. In view of the same, the percentage increase is not given since the remuneration received for FY 2020-21, was for part of the year.
- vi. In view of the COVID-19 pandemic, Mr. Uday Kotak had opted to forego his fixed salary and accepted a token amount of ₹ 1 for FY 2021-22.
- vii. The Reserve Bank of India ("RBI") has approved the revision in remuneration of Mr. Dipak Gupta, Joint Managing Director, Mr. KVS Manian, Whole-time Director and Mr. Gaurang Shah, Whole-time Director, for FY 2021-22, as per the terms and conditions stated therein.
- viii. The Bank appointed Ms. Avan Doomasia as the Company Secretary and Key Managerial Personnel of the Bank, with effect from 1st December, 2020, consequent upon the retirement of Ms. Bina Chandarana from the close of business hours on 30th November, 2020. The percentage increase has not been given since the salary received for FY 2020-21, was for part of the year.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Kotak Mahindra Bank Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Mahindra Bank Limited (hereinafter called the Bank). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank, to the extent the information provided by the Bank, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Bank for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable and as amended from time to time:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client: (Not Applicable to the Bank during the audit period);
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021: (Not Applicable to the Bank during the audit period);
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: (Not Applicable to the Bank during the audit period);
 - i) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
 - j) The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;
 - k) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020;
 - l) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - m) The Securities and Exchange Board of India (Investment Advisors) Regulations 2013;
 - n) The Securities and Exchange Board of India (Custodian) Regulations, 1996;
 - o) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008;
 - p) The Securities and Exchange Board of India (Certification of Associated Persons in the Securities Market) Regulations, 2007;
 - q) The Securities and Exchange Board of India (KYC (Know Your Client) Registration Agency) Regulations, 2011;
 - r) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019;
 - s) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003;
 - t) The Securities and Exchange Board of India-guidelines for Anti-Money Laundering Measures;

- (vi) Other laws applicable specifically to the Bank namely:
- (a) Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines issued by the RBI and as amended from time to time
 - (b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board of Directors (SS-1) and General Meetings (SS-2).
- (ii) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except where meeting was held at a short notice to transact urgent business and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Bank were carried out unanimously. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following events occurred during the year which have a major bearing on the Bank's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred to above.

- (i) During the year, the Bank issued 28,26,092 Equity Shares of the face value of ₹ 5 each under the Employee Stock option Scheme of the Bank.
- (ii) During the year, Unsecured, Redeemable Non-Convertible, Subordinated Debt Bonds aggregating ₹ 150 crore and Senior Unsecured Rated Redeemable Long Term Bonds in the nature of Non-Convertible Debentures aggregating ₹ 962 crore, were redeemed.

For **Parikh & Associates**
Company Secretaries

Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488D000529483
PR No.: 1129/2021

Place : Mumbai
Date : 25.06.2022

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members
Kotak Mahindra Bank Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Bank.

For **Parikh & Associates**
Company Secretaries

Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488D000529483
PR No.: 1129/2021

Place : Mumbai
Date : 25.06.2022

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

(Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
KOTAK MAHINDRA LIFE INSURANCE COMPANY LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Mahindra Life Insurance Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 and amendments from time to time; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other Regulations applicable specifically to the Company namely:-
 - Insurance Act, 1938 and Regulations, Guidelines and Directions issued by the Insurance Regulatory & Development Authority of India (IRDAI)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We report that the Company has spent an amount of ₹ 7.062 crores against the amount of ₹ 11.940 crores to be spent during the year towards Corporate Social Responsibility and has transferred the balance amount of ₹ 4.878 crores on April 25, 2022 to the Unspent CSR Account, in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no event occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, guidelines etc.

For **Parikh & Associates**
Company Secretaries

Sarvari Shah
Partner
FCS No: 9697 CP No: 11717
UDIN : F009697D000237804
PR No.: 1129/2021

Place : Mumbai
Date : April 29, 2022

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,
The Members

KOTAK MAHINDRA LIFE INSURANCE COMPANY LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

Sarvari Shah
Partner
FCS No: 9697 CP No: 11717
UDIN : F009697D000237804
PR No.: 1129/2021

Place : Mumbai
Date : April 29, 2022